

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934 for the fiscal quarter ended July
31, 1999.

FEDERATED DEPARTMENT STORES, INC.
151 West 34th Street
New York, New York 10001
(212) 494-1602
and
7 West Seventh St.
Cincinnati, Ohio 45202
(513) 579-7000

Delaware 1-13536 13-3324058
(State of Incorporation) (Commission File No.) (I.R.S. Employer
Identification Number)

The Registrant has filed all reports required to be filed by
Section 12, 13 or 15 (d) of the Act during the preceding 12
months and has been subject to such filing requirements for the
past 90 days.

209,940,549 shares of the Registrant's Common Stock, \$.01 par
value, were outstanding as of August 28, 1999.

PART I -- FINANCIAL INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Income
(Unaudited)

(millions, except per share figures)

| | 13 Weeks Ended | | 26 Weeks Ended | |
|----------------------|------------------|-------------------|------------------|-------------------|
| | July 31, 1999 | August 1, 1998 | July 31, 1999 | August 1, 1998 |
| Net Sales | \$ 4,111 | \$ 3,523 | \$ 7,818 | \$ 6,979 |
| Cost of sales | 2,409 | 2,101 | 4,675 | 4,207 |
| Selling, general and | | | | |

| | | | | |
|---|--------|--------|---------|--------|
| administrative expenses | 1,384 | 1,155 | 2,600 | 2,324 |
| Operating Income | 318 | 267 | 543 | 448 |
| Interest expense | (87) | (76) | (165) | (159) |
| Interest income | 2 | 2 | 5 | 8 |
| Income Before Income Taxes | 233 | 193 | 383 | 297 |
| Federal, state and local income tax expense | (96) | (86) | (159) | (130) |
| Net Income | \$ 137 | \$ 107 | \$ 224 | \$ 167 |
| Basic earnings per share | \$.65 | \$.51 | \$ 1.07 | \$.80 |
| Diluted earnings per share | \$.61 | \$.47 | \$ 1.02 | \$.74 |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

FEDERATED DEPARTMENT STORES, INC.

Consolidated Balance Sheets (Unaudited)

(millions)

| | July 31, 1999 | January 30, 1999 | August 1, 1998 |
|--|------------------|---------------------|-------------------|
| ASSETS: | | | |
| Current Assets: | | | |
| Cash | \$ 357 | \$ 307 | \$ 281 |
| Accounts receivable | 3,512 | 2,209 | 2,111 |
| Merchandise inventories | 3,635 | 3,259 | 3,361 |
| Supplies and prepaid expenses | 221 | 117 | 118 |
| Deferred income tax assets | 142 | 80 | 105 |
| Total Current Assets | 7,867 | 5,972 | 5,976 |
| Property and Equipment - net | 6,689 | 6,572 | 6,381 |
| Intangible Assets - net | 1,807 | 631 | 677 |
| Other Assets | 516 | 289 | 317 |
| Total Assets | \$16,879 | \$13,464 | \$13,351 |
| LIABILITIES AND SHAREHOLDERS' EQUITY: | | | |
| Current Liabilities: | | | |
| Short-term debt | \$ 1,402 | \$ 524 | \$ 34 |
| Accounts payable and accrued liabilities | 2,905 | 2,446 | 2,517 |
| Income taxes | 46 | 98 | 67 |
| Total Current Liabilities | 4,353 | 3,068 | 2,618 |
| Long-Term Debt | 4,704 | 3,057 | 3,890 |
| Deferred Income Taxes | 1,240 | 1,060 | 977 |
| Other Liabilities | 586 | 570 | 557 |
| Shareholders' Equity | 5,996 | 5,709 | 5,309 |
| Total Liabilities and Shareholders' Equity | \$16,879 | \$13,464 | \$13,351 |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(millions)

| | 26 Weeks Ended July 31, 1999 | 26 Weeks Ended August 1, 1998 |
|---|---------------------------------|----------------------------------|
| Cash flows from operating activities: | | |
| Net income | \$ 224 | \$ 167 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 324 | 298 |
| Amortization of intangible assets | 36 | 13 |
| Amortization of financing costs | 3 | 4 |
| Amortization of unearned restricted stock | - | 1 |
| Changes in assets and liabilities: | | |
| Decrease in accounts receivable | 178 | 331 |
| Increase in merchandise inventories | (211) | (122) |
| Increase in supplies and prepaid expenses | (19) | (3) |
| (Increase) decrease in other assets not separately identified | (20) | 4 |
| Increase in accounts payable and accrued liabilities not separately identified | 30 | 45 |
| Decrease in current income taxes | (52) | (21) |
| Increase (decrease) in deferred income taxes | 1 | (9) |
| Decrease in other liabilities not separately identified | (7) | (8) |
| Net cash provided by operating activities | 487 | 700 |
| Cash flows from investing activities: | | |
| Acquisition of Fingerhut Companies, Inc., net of cash acquired | (1,539) | - |
| Purchase of property and equipment | (241) | (189) |
| Capitalized software | (21) | - |
| Investments in affiliated companies | (49) | - |
| Disposition of property and equipment | 23 | 22 |
| Decrease in notes receivable | - | 200 |
| Net cash provided (used) by investing activities | (1,827) | 33 |
| Cash flows from financing activities: | | |
| Debt issued | 1,299 | 300 |
| Financing costs | (10) | (7) |
| Debt repaid | (31) | (851) |
| Increase in outstanding checks | 81 | 79 |
| Acquisition of treasury stock | - | (154) |
| Issuance of common stock | 51 | 39 |
| Net cash provided (used) by financing activities | 1,390 | (594) |

(Continued)

FEDERATED DEPARTMENT STORES, INC.

Consolidated Statements of Cash Flows
(Unaudited)

(millions)

| | 26 Weeks Ended July 31, 1999 | 26 Weeks Ended August 1, 1998 |
|-----------------------------|---------------------------------|----------------------------------|
| Cash flows from | | |
| Net increase in cash | \$ 50 | \$ 139 |
| Cash at beginning of period | 307 | 142 |
| Cash at end of period | \$ 357 | \$ 281 |

Supplemental cash flow information:

| | | |
|---|--------|--------|
| Interest paid | \$ 144 | \$ 147 |
| Interest received | 4 | 11 |
| Income taxes paid (net of refunds received) | 194 | 150 |
| Schedule of non cash investing and financing activities: | | |
| Debt assumed in acquisition | 125 | - |
| Equity issued in acquisition | 12 | - |
| Consolidation of net assets and debt of previously unconsolidated subsidiary | 1,132 | - |

The accompanying notes are an integral part of these unaudited Consolidated Financial Statements.

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

A description of the Company's significant accounting policies is included in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1999 (the "1998 10-K"). The accompanying Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and notes thereto in the 1998 10-K.

Because of the seasonal nature of the general merchandising business, the results of operations for the 13 and 26 weeks ended July 31, 1999 and August 1, 1998 (which do not include the Christmas season) are not indicative of such results for the fiscal year.

Substantially all department store merchandise inventories are valued by the retail method and stated on the LIFO (last-in, first-out) basis, which is generally lower than market. Direct-to-customer merchandise inventories are stated at the lower of FIFO (first-in, first-out) cost or market.

The Consolidated Financial Statements for the 13 and 26 weeks ended July 31, 1999 and August 1, 1998, in the opinion of management, include all adjustments (consisting only of normal recurring adjustments) considered necessary to present fairly, in all material respects, the consolidated financial position and results of operations of the Company and its subsidiaries.

2. Acquisition

On March 18, 1999, the Company purchased Fingerhut Companies, Inc. ("Fingerhut"), a database marketing company that sells a broad range of products and services directly to consumers via catalogs, direct marketing and the Internet. The total

purchase price of the Fingerhut acquisition was approximately \$1,720 million, including the assumption of \$125 million of debt and transaction costs.

The Fingerhut acquisition is being accounted for under the purchase method of accounting and, accordingly, the Company's results of operations do not include any revenues or expenses related to the acquisition prior to the closing date and the purchase price has been allocated to Fingerhut's assets and liabilities based on the estimated fair value of these assets and liabilities as of that date.

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements (Unaudited)

3. Segment Data

The Company conducts its business through two segments, department stores and direct-to-customer. The Company operates over 400 department stores throughout the country that sell a wide range of merchandise, including men's, women's and children's apparel and accessories, cosmetics, home furnishings and other consumer goods. On March 18, 1999, the Company acquired Fingerhut which, together with Bloomingdale's By Mail, Macy's By Mail, macys.com and certain other direct marketing activities, comprises its direct-to-customer segment. This segment sells a broad range of products and services directly to consumers via catalogs, direct marketing and the Internet. Corporate and other consists of the assets and liabilities, and related income or expense, associated with the corporate office and certain items managed on a company-wide basis (e.g., intangibles, financial instruments, income taxes, retirement benefits and properties held for sale or disposition).

The financial information for each segment is reported on the basis used internally by the Company to evaluate performance and allocate resources. Prior year results have not been restated to conform to the current presentation as it is not practicable to do so.

| | 13 Weeks Ended | | 26 Weeks Ended | |
|---|----------------|-----------|----------------|-----------|
| | July 31, | August 1, | July 31, | August 1, |
| (millions) | 1999 | 1998 | 1999 | 1998 |
| Revenues by segment were as follows: | | | | |
| Department Stores | \$3,674 | \$3,523 | \$7,218 | \$6,979 |
| Direct-to-Customer | 437 | - | 600 | - |
| Total | \$4,111 | \$3,523 | \$7,818 | \$6,979 |
| Operating income by segment was as follows: | | | | |
| Department Stores | \$ 398 | \$ 299 | \$ 671 | \$ 519 |
| Direct-to-Customer | (27) | - | (29) | - |
| Total segment operating income | 371 | 299 | 642 | 519 |
| Corporate and other | (53) | (32) | (99) | (71) |
| Operating income | \$ 318 | \$ 267 | \$ 543 | \$ 448 |
| Depreciation and amortization | | | | |

by segment was as follows:

| | | | | |
|---------------------|--------|--------|--------|--------|
| Department Stores | \$ 151 | \$ 148 | \$ 304 | \$ 295 |
| Direct-to-Customer | 14 | - | 17 | - |
| Corporate and other | 22 | 8 | 39 | 16 |
| Total | \$ 187 | \$ 156 | \$ 360 | \$ 311 |

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements (Unaudited)

| (millions) | 26 Weeks Ended | |
|------------|------------------|-------------------|
| | July 31, 1999 | August 1, 1998 |

Year-to-date capital expenditures
(purchase of property and equipment)
by segment were as follows:

| | | |
|---------------------|--------|--------|
| Department Stores | \$ 235 | \$ 187 |
| Direct-to-Customer | 6 | - |
| Corporate and other | - | 2 |
| Total | \$ 241 | \$ 189 |

Total assets for each segment at the
end of the reporting period were as follows:

| | | |
|---------------------|----------|----------|
| Department Stores | \$12,214 | \$12,119 |
| Direct-to-Customer | 2,288 | - |
| Corporate and other | 2,377 | 1,232 |
| Total | \$16,879 | \$13,351 |

4. Earnings Per Share

The following tables set forth the computation of basic and
diluted earnings per share:

| (millions, except per share data) | 13 Weeks Ended | | | |
|--|----------------|--------|----------------|--------|
| | July 31, 1998 | | August 1, 1998 | |
| | Shares | Income | Shares | Income |
| Net income and average number of shares outstanding | 209.5 | \$ 137 | 210.2 | \$ 107 |
| Shares to be issued under deferred compensation plans | .4 | - | .3 | - |
| | 209.9 | \$ 137 | 210.5 | \$ 107 |
| Basic earnings per share | \$.65 | | \$.51 | |
| Effect of dilutive securities: | | | | |
| Warrants | 8.8 | 8.9 | | |
| Stock options | 3.2 | 2.8 | | |
| Convertible notes | - | - | 10.2 | 2 |
| | 221.9 | \$ 137 | 232.4 | \$ 109 |
| Diluted earnings per share | \$.61 | | \$.47 | |

FEDERATED DEPARTMENT STORES, INC.

Notes to Consolidated Financial Statements

(Unaudited)

| 13 Weeks Ended | | | | |
|---|--------|----------------|--------|--------|
| July 31, 1998 | | August 1, 1998 | | |
| (millions, except per share data) | Shares | Income | Shares | Income |
| Net income and average number of shares outstanding | 209.0 | \$ 224 | 210.3 | \$ 167 |
| Shares to be issued under deferred compensation plans | .4 | - | .3 | - |
| | 209.4 | \$ 224 | 210.6 | \$ 167 |
| Basic earnings per share | \$1.07 | | \$.80 | |
| Effect of dilutive securities: | | | | |
| Warrants | 7.3 | 8.5 | | |
| Stock options | 2.5 | 2.7 | | |
| Convertible notes | - | - | 10.2 | 5 |
| | 219.2 | \$ 224 | 232.0 | \$ 172 |
| Diluted earnings per share | \$1.02 | | \$.74 | |

In addition to the warrants and stock options reflected in the foregoing tables, warrants and stock options to purchase .8 million and .6 million shares of common stock at prices ranging from \$52.94 to \$79.44 per share were outstanding at July 31, 1999 and August 1, 1998, respectively, but were not included in the computation of diluted earnings per share because the exercise price thereof exceeded the average market price and would have been antidilutive.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company acquired Fingerhut on March 18, 1999. The acquisition is being accounted for under the purchase method of accounting and, accordingly, the Company's results of operations do not include any revenues or expenses related to the acquisition prior to the closing date. The results of operations of Fingerhut have been grouped with the Company's Bloomingdale's By Mail, Macy's By Mail and macys.com operations and certain other direct marketing activities as the direct-to-customer segment.

For purposes of the following discussion, all references to "second quarter of 1999" and "second quarter of 1998" are to the Company's 13-week fiscal periods ended July 31, 1999 and August 1, 1998, respectively, and all references to "1999" and "1998" are to the Company's 26-week fiscal periods ended July 31, 1999 and August 1, 1998, respectively.

Results of Operations

Comparison of the 13 Weeks Ended July 31, 1999 and August 1, 1998

Net sales for the second quarter of 1999 totaled \$4,111 million, compared to net sales of \$3,523 million for the second quarter of 1998, an increase of 16.7%. Net sales for department stores for the second quarter of 1999 were \$3,674 million compared to \$3,523 million for the second quarter of 1998, an increase of 4.2%. On a comparable store basis (sales from stores opened prior to February 1, 1998), net sales for

the second quarter of 1999 increased 5.9% compared to the second quarter of 1998. Net sales for the direct-to-customer segment were \$437 million for the second quarter of 1999.

Cost of sales was 58.6% of net sales for the second quarter of 1999, compared to 59.6% for the second quarter of 1998. Cost of sales as a percent of net sales for department stores improved 0.3% in the second quarter of 1999 compared to the same period a year ago, benefiting from the continued favorable economic environment. The lower cost of sales from the direct-to-customer segment in the second quarter of 1999, compared to cost of sales for department stores, along with the improvement in the cost of sales rate for department stores contributed to the overall 1.0% decrease in the cost of sales rate. Cost of sales was not impacted by the valuation of department store merchandise inventory on the last-in, first-out basis in the second quarter of 1999 or in the second quarter of 1998.

Selling, general and administrative ("SG&A") expenses were 33.7% of net sales for the second quarter of 1999 compared to 32.8% for the second quarter of 1998. Department store SG&A expenses improved 2.0% as a percent of department store net sales, reflecting the impact of higher sales with flat nonpayroll expenses and lower bad debt expense, which was partially offset by reduced finance charge income resulting from lower average receivable balances. The higher SG&A expense rate for the direct-to-customer segment, including recently launched businesses, and higher amortization expense due to the Fingerhut acquisition combined to offset the strong department store performance and produce a 0.9% increase in the SG&A expense rate compared to the second quarter of 1998.

Net interest expense was \$85 million for the second quarter of 1999, compared to \$74 million for the second quarter of 1998. The higher interest expense for the second quarter of 1999 is due mainly to the increased outstanding debt resulting from the Fingerhut acquisition.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

The Company's effective income tax rate of 41.3% for the second quarter of 1999 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets and from other non-deductible items.

Comparison of the 26 Weeks Ended July 31, 1999 and August 1, 1998

Net sales for 1999 totaled \$7,818 million, compared to net sales of \$6,979 million for 1998, an increase of 12.0%. Net sales for department stores for 1999 were \$7,218 million compared to \$6,979 million for 1998, an increase of 3.4%. On a comparable store basis (sales from stores opened prior to February 1, 1998), net sales for 1999 increased 5.0% compared to 1998. Net sales for the direct-to-customer segment were \$600 million for 1999.

Cost of sales was 59.8% of net sales for 1999, compared to 60.3% for 1998. Cost of sales as a percent of net sales for department stores in 1999 was relatively flat compared to 1998. The lower cost of sales from the direct-to-customer segment in 1999, compared to cost of sales for department stores, contributed to the 0.5% improvement in the cost of sales rate. Cost of sales was not impacted by the valuation

of department store merchandise inventory on the last-in, first-out basis in 1999 or in 1998.

SG&A expenses were 33.3% of net sales for 1999 and 1998. Department store SG&A expenses improved 2.0% as a percent of department store net sales, reflecting the impact of higher sales with flat nonpayroll expenses and lower bad debt expense, which was partially offset by reduced finance charge income resulting from lower average receivable balances. The higher SG&A expense rate for the direct-to-customer segment, including recently launched businesses, and higher amortization expense due to the Fingerhut acquisition combined to offset the strong department store performance.

Net interest expense was \$160 million for 1999, compared to \$151 million for 1998. The higher interest expense for 1999 is due mainly to the increased outstanding debt resulting from the Fingerhut acquisition.

The Company's effective income tax rate of 41.6% for 1999 differs from the federal income tax statutory rate of 35.0% principally because of the effect of state and local income taxes and permanent differences arising from the amortization of intangible assets and from other non-deductible items.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash from operations, cash on hand and certain available credit facilities.

Net cash provided by operating activities in 1999 was \$487 million, a decrease of \$213 million compared to the \$700 million provided in 1998. The improved operating results were more than offset by smaller reductions in customer accounts receivable, mainly as a result of higher credit sales, and greater increases in merchandise inventories principally due to seasonal fluctuations of Fingerhut inventories.

Net cash used by investing activities was \$1,827 million for 1999, including the purchase of Fingerhut. Investing activities for 1999 also included purchases of property and equipment totaling \$241 million and \$49 million invested in affiliated companies. During 1999, the Company opened two new department stores and plans to open two additional department stores and two new furniture galleries during the remainder of 1999.

Net cash provided by the Company from all financing activities was \$1,390 million for 1999. The Company funded the acquisition of Fingerhut through a combination of cash on hand and short-term borrowings. During March of 1999, the Company issued \$350 million of 6.3% Senior Notes due 2009 and \$400 million of 6.9% Senior Debentures due 2029, the proceeds of which were used to refinance a portion of the short-term borrowings used by the Company to acquire Fingerhut.

In July 1999, the Company took certain actions which required the consolidation of the Fingerhut Master Trust for financial reporting purposes. The principle assets and liabilities of the Fingerhut Master Trust, which were not included in the Company's Consolidated Financial Statements prior to July 31,

1999, consisted of accounts receivable transferred from Fingerhut in transactions treated as sales under Statement of Financial Accounting Standards No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and the related debt issued by the Trust. As a result of the Company's actions, the transfer of receivables and debt are being treated as secured borrowings as of and subsequent to July 31, 1999. At July 31, 1999, these actions increased net assets by \$1,132 million, short-term debt by \$232 million and long-term debt by \$900 million.

Management believes the department store business and other retail businesses will continue to consolidate. Accordingly, the Company intends from time to time to consider additional acquisitions of, and investments in, department stores, Internet-related companies, catalog companies and other complementary assets and companies.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Management of the Company believes that, with respect to its current operations, cash on hand and funds from operations, together with its credit facilities, will be sufficient to cover its reasonably foreseeable working capital, capital expenditure and debt service requirements. Acquisition transactions, if any, are expected to be financed through a combination of cash on hand and from operations and the possible issuance from time to time of long-term debt or other securities. Depending upon conditions in the capital markets and other factors, the Company will from time to time consider the issuance of debt or other securities, or other possible capital markets transactions, the proceeds of which could be used to refinance current indebtedness or for other corporate purposes.

Year 2000

The Company relies on computer-based technology and utilizes a variety of third-party hardware and proprietary and third-party software. The Company's retail functions, such as merchandise procurement and distribution, inventory control, point-of-sale information systems and proprietary credit card account servicing, generally use proprietary software, with third-party software being used more extensively for administrative functions, such as accounting and human resource management. In addition to such information technology ("IT") systems, the Company's operations rely on various non-IT equipment and systems that contain embedded computer technology, such as elevators, escalators and energy management systems. Third parties with whom the Company has commercial relationships, including vendors of merchandise for resale by the Company and of products and services used by the Company in its operations (such as banking and financial services, data processing services, telecommunications services and utilities), are also highly reliant on computer-based technology.

In February 1996, the Company commenced an assessment of the potential effects of the Year 2000 issue on the Company's business, financial condition and results of operations. In conjunction with such assessment, the Company developed and commenced the implementation of the compliance program described below.

As discussed separately under the caption "Fingerhut" below, Fingerhut undertook a similar program prior to being acquired by the Company.

The Company's Year 2000 Compliance Program

Proprietary IT Systems. Pursuant to the Company's Year 2000 compliance program, the Company has undertaken an examination of the Company's proprietary IT systems. All such systems that have been identified as relating to a critical function and as not being Year 2000 compliant have been substantially remediated or replaced. The Company believes that the remediation of its proprietary IT systems is substantially complete, and nearly all of the proprietary IT systems that have been remediated have been installed and placed into production. The Company commenced testing of such remediated systems for Year 2000 compliance in August 1998 and has completed a comprehensive, integrated test of all of its main-frame and mid-range IT systems (including third-party and proprietary hardware, software, network components and interfaces) and has substantially completed varying levels of follow-up testing of selected systems.

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Third-Party IT Systems. The strategy instituted by the Company to identify and address Year 2000 issues affecting third-party IT systems used by the Company includes contacting all third-party providers of computer hardware and software to secure appropriate representations to the effect that such hardware or software is or will timely be Year 2000 compliant. The Company has received Year 2000 compliant versions of almost all third-party software and has substantially completed testing of those third-party software programs that have been identified as being critical to the Company's operations.

Non-IT Systems. The Company has undertaken a review of its non-IT systems and has substantially completed the remediation of those systems that are within the Company's control. In addition, the Company's centralized real estate department has communicated to the developers, landlords and property managers of all of the Company's properties the Company's expectation that the systems utilized in the management and operation of such properties that are not within the Company's control are or will timely be Year 2000 compliant. As a further step, the Company has engaged in written or oral communications with its key developers, landlords and property managers in order to assess the Year 2000 readiness of such systems. These communications have not revealed to the Company any information that has caused the Company to believe that such systems will fail to timely be Year 2000 compliant in any respect that is material to the Company's business, financial condition or results of operations.

Non-IT Vendors and Suppliers. The Company procures its merchandise for resale and supplies for operational purposes from a vast network of vendors located both within and outside the United States, and is not dependent on any one vendor for more than 5% of its merchandise purchases. The Company procures its private label merchandise, which constitutes approximately 15% of the Company's total sales, principally from manufacturers located outside the United States. All of the Company's vendors have been notified in writing of the Company's expectation that the systems and operations of such vendors will timely be Year 2000 compliant. As a further

step, the Company has engaged in written or oral communications with selected key vendors in order to assess the Year 2000 readiness of their respective operations. These communications have not revealed to the Company any information that has caused the Company to believe that the operations of such vendors will fail to timely be Year 2000 compliant in any respect that is material to the Company's business, financial condition or results of operations.

Contingency Planning. The Company's Year 2000 compliance program is directed primarily towards ensuring that the Company will be able to continue to perform three critical functions: (i) effect sales, (ii) order and receive merchandise, and (iii) pay its employees. The Company has substantially completed the development of a contingency plan intended to address, to the extent within the Company's reasonable control, the potential effects on these mission critical functions of a failure of the Company's Year 2000 compliance program to be fully effective. The Company has designed its contingency plan as an extension of its current business recovery plan, which prescribes the measures to be taken upon the occurrence of a variety of contingencies. In addition to relying on the fundamental

FEDERATED DEPARTMENT STORES, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations (Continued)

principles of recovery contained in the Company's business recovery plan, the Company's Year 2000 contingency plan focuses on assuring that key personnel - including managerial, technical, maintenance, security and other personnel employed at its stores and in its IT and logistics support functions - will be available to identify and seek to rectify as promptly as possible any disruptions that may result from the date change on January 1, 2000. The Company's contingency plan also provides for assuring its ability to pay its employees by preprinting payroll checks covering a few pay periods following December 31, 1999 and utilizing electronic time clock data or historical data in the event it is unable to access current payroll data. The Company currently is engaged in disseminating its contingency plan Company-wide and taking appropriate steps to ensure the proper execution of such plan if necessary.

Fingerhut. Fingerhut implemented a program to address the effects of the Year 2000 issue prior to being acquired by the Company. The actions contemplated by Fingerhut's Year 2000 compliance program, including contingency planning, have been substantially completed and substantially all of the costs Fingerhut expected to incur have been incurred. The foregoing discussion of the Company's Year 2000 compliance program does not address Fingerhut's systems or vendors or any aspect of Fingerhut's Year 2000 compliance program. However, the discussion below of risks associated with the Year 2000 issue apply equally to the Company and Fingerhut and their respective Year 2000 compliance programs.

Costs. The Company (excluding Fingerhut) has incurred to date approximately \$33 million of costs to implement its Year 2000 compliance program, of which approximately 20% represents capitalized expenditures for hardware purchases. The Company does not expect that future expenditures relating to its Year 2000 compliance program will be material. All of the Company's Year 2000 compliance costs have been or are expected to be funded from operating cash flows. The Company's Year 2000 compliance budget does not include material amounts for hardware replacement because the Company

has historically employed a strategy to continually upgrade its main-frame and mid-range computer systems and to install state of the art point-of-sale systems with respect to both pre-existing operations and in conjunction with the acquisitions and mergers effected by the Company in recent years. Consequently, the Company's Year 2000 budget has not required the diversion of funds from or the postponement of the implementation of other planned IT projects.

Risks. The novelty and complexity of the issues presented and the proposed solutions therefor and the Company's dependence on the technical skills of employees and independent contractors and on the representations and preparedness of third parties are among the factors that could cause the Company's Year 2000 compliance efforts to be less than fully effective. Moreover, Year 2000 issues present a number of risks that are beyond the Company's reasonable control, such as the failure of utility companies to deliver electricity, the failure of telecommunications companies to provide voice and data services, the failure of financial institutions to process transactions and transfer funds, the failure of vendors to deliver merchandise or perform services required by the Company and the collateral effects on the Company of the effects of Year 2000 issues on the economy in general or on the Company's business partners and customers in particular. Although the Company believes that its Year 2000 compliance program, including its contingency plan, are designed to appropriately identify and address those Year 2000 issues that are subject to the Company's reasonable control, there can be no assurance that the Company's efforts in this regard will be fully effective or that Year 2000 issues will not have a material adverse effect on the Company's business, financial condition or results of operations.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC.

Item 5. Other Information

This report and other reports, statements and information previously or subsequently filed by the Company with the Securities and Exchange Commission (the "SEC") contain or may contain forward-looking statements. Such statements are based upon the beliefs and assumptions of, and on information available to, the management of the Company at the time such statements are made. The following are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (i) statements preceded by, followed by or that include the words "may," "will," "could," "should," "believe," "expect," "future," "potential," "anticipate," "intend," "plan," "estimate," or "continue" or the negative or other variations thereof and (ii) statements regarding matters that are not historical facts. Such forward-looking statements are subject to various risks and uncertainties, including (i) risks and uncertainties relating to the possible invalidity of the underlying beliefs and assumptions, (ii) possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and (iii) actions taken or omitted to be taken by third parties, including customers, suppliers, business partners, competitors and legislative, regulatory, judicial and other governmental authorities and officials. In addition to any risks and uncertainties specifically identified in the text surrounding such forward-looking statements, the statements in the immediately preceding

sentence and the statements under captions such as "Risk Factors" and "Special Considerations" in reports, statements and information filed by the Company with the SEC from time to time constitute cautionary statements identifying important factors that could cause actual amounts, results, events and circumstances to differ materially from those reflected in such forward-looking statements.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 10.1 Second Amended and Restated Credit Agreement, dated as of July 26, 1999, by and among the Company, the Initial Lenders named therein, Citibank, N.A., as Administrative Agent and Paying Agent, The Chase Manhattan Bank, as Administrative Agent, BankBoston, N.A., as Syndication Agent, and The Bank of America, National Trust & Savings Association, as Documentation Agent.
- 10.2 Second Amendment to the Series 1998-3 Supplement, dated as of July 29, 1999, by and among Fingerhut Receivables, Inc., as Transferor, Axsys National Bank (formerly Fingerhut National Bank), as Servicer, and The Bank of New York (Delaware), as Trustee.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC. (Company)

- 10.3 Security Purchase Agreement, dated as of July 30, 1998, by and among Fingerhut Receivables, Inc. (the "Transferor"), Kitty Hawk Funding Corporation ("Kitty Hawk"), Falcon Asset Securitization Corporation ("Falcon"), Four Winds Funding Corporation ("Four Winds" and, collectively with Kitty Hawk and Falcon, the "Conduit Purchasers"), Bank of America, N.A. ("BofA" or the "Administrative Agent"), The First National Bank of Chicago ("First Chicago"), Norddeutsche Landesbank Girozentrale, New York Branch and/or Cayman Island Branch ("Norddeutsche"), and Commerzbank Aktiengesellschaft, Chicago Branch ("Commerzbank" and collectively with BofA, First Chicago and Norddeutsche, the "Alternate Purchasers" and collectively with BofA and First Chicago, the "Managing Agents").
- 10.4 First Amendment Agreement to Fingerhut Receivables, Inc. Security Purchase Agreement, dated as of July 29, 1999, by and among Fingerhut Receivables, Inc., Kitty Hawk, Falcon, Four Winds, the Conduit Purchasers, the Alternate Purchasers and the Managing Agents.
- 10.5 Series 1999-1 Variable Funding Supplement, dated as of July 6, 1999, to the Pooling and Servicing Agreement by and among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, and The Chase Manhattan Bank, as Trustee.
- 10.6 Class A Certificate Purchase Agreement, dated as of July 6, 1999, by and among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, The Class A Purchasers, and PNC Bank, National Association, as Agent and Administrative

Agent.

10.7 First Amendment to Class A Certificate Purchase Agreement, dated as of August 3, 1999, by and among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, The Class A Purchasers, and PNC Bank, National Association, as Agent and Administrative Agent.

10.8 Class B Certificate Purchase Agreement, dated as of July 6, 1999, by and among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, The Class A Purchasers, and PNC Bank, National Association, as Agent and Administrative Agent.

10.9 First Amendment to Class B Certificate Purchase Agreement, dated as of August 3, 1999, by and among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, The Class A Purchasers, and PNC Bank, National Association, as Agent and Administrative Agent.

PART II -- OTHER INFORMATION

FEDERATED DEPARTMENT STORES, INC. (Company)

27 Financial Data Schedule

(b) Reports on Form 8-K

No reports were filed on Form 8-K during the quarter ended July 31, 1999.

FEDERATED DEPARTMENT STORES, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunder duly authorized.

FEDERATED DEPARTMENT
STORES, INC.

Date September 14, 1999 /s/ Dennis J. Broderick
Dennis J. Broderick
Senior Vice President,
General Counsel and Secretary

/s/ Joel A. Belsky

Joel A. Belsky
Vice President and Controller
(Principal Accounting Officer)

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of July 26, 1999

FEDERATED DEPARTMENT STORES, INC., a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (collectively, the "Initial Lenders") party hereto, CITIBANK, N.A., as an administrative agent (together with any successor thereto appointed pursuant to Article VII of the Existing Credit Agreement referred to below, in such capacity, an "Administrative Agent") for the Lenders (as defined in the Existing Credit Agreement referred to below) and as paying agent (in such capacity, the "Paying Agent") for the Lenders and as joint book manager and joint lead arranger, THE CHASE MANHATTAN BANK, as an administrative agent (together with any successor thereto appointed pursuant to Article VII of the Existing Credit Agreement referred to below, in such capacity, an "Administrative Agent"; the Administrative Agents and the Paying Agent being, collectively, the "Agents") for the Lenders and as joint book manager and joint lead arranger, BANKBOSTON, N.A., as syndication agent, and THE BANK OF AMERICA, NATIONAL TRUST & SAVINGS ASSOCIATION, as documentation agent, hereby agree as follows:

PRELIMINARY STATEMENTS

(1) The Borrower is party to a 364-Day Amended and Restated Credit Agreement dated as of July 27, 1998 (as amended, supplemented or otherwise modified from time to time to (but not including) the date of this Amendment and Restatement, the "Existing Credit Agreement") with the banks, financial institutions and other institutional lenders party thereto and Citibank, N.A. and The Chase Manhattan Bank, as Agents for the Lenders and such other lenders. Capitalized terms not otherwise defined in this Amendment and Restatement shall have the same meanings as specified in the Existing Credit Agreement.

(2) The parties to this Amendment and Restatement desire to amend the Existing Credit Agreement as set forth herein and to restate the Existing Credit Agreement in its entirety to read as set forth in the Existing Credit Agreement with the following amendments.

(3) The Borrower has requested that the Lenders agree to extend credit to it from time to time in an aggregate principal amount of up to \$500,000,000 for general corporate purposes of the Borrower and its Subsidiaries not otherwise prohibited under the terms of this Amendment and Restatement. The Lenders have indicated their willingness to agree to extend credit to the Borrower from time to time in such amount on the terms and conditions of this Amendment and Restatement.

SECTION 1. Amendments to the Existing Credit Agreement.

(a) Section 1.01 of the Existing Credit Agreement is, effective as of July 26, 1999 and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended by deleting the definition of "Revolver Termination Date" set forth therein and replacing it with the following new definition thereof:

"Revolver Termination Date" means the earlier of (a) July 24, 2000 (subject to the extension thereof pursuant to Section 2.15) and (b) the date of termination in whole of the Revolving Credit Commitments pursuant to Section 2.04 or 6.01; provided, however, that the Revolver Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to Section 2.15 shall be the Revolver Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement and any Notes.

(b) Section 1.01 of the Existing Credit Agreement is, effective as of July 26, 1999 and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended by adding the following definition of "Applicable Utilization Fee":

"Applicable Utilization Fee" means, as of any date on which the aggregate Advances exceed 33.3% of the aggregate Commitments, a percentage equal to 0.20% per annum.

(c) Section 2.06(a)(i) and (ii) of the Existing Credit Agreement are, effective as of July 26, 1999 and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended in full to read as follows:

"(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time plus (z) the Applicable Utilization Fee, if any, in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time plus (z) the Applicable Utilization Fee, if any, in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full."

(d) Section 2.15(c)(i) of the Existing Credit Agreement is, effective as of July 26, 1999 and subject to the satisfaction of the conditions precedent set forth in Section 2, hereby amended in full to read as follows:

"(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Revolving Credit Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid facility fees or utilization fees owing to such Non-Consenting Lender as of the effective date of such assignment;"

(e) Schedule I to the Existing Credit Agreement is, effective as of July 26, 1999 and subject to the satisfaction of the conditions precedent set forth in Section 2, deleted in its entirety and replaced with Schedule I to this Amendment and Restatement.

SECTION 2. Conditions of Effectiveness of this Amendment and Restatement. This Amendment and Restatement shall become effective as of the date first above written (the "Amendment Effective Date") when and only if:

(a) The Paying Agent shall have received counterparts of this Amendment and Restatement executed by the Borrower, the Agents and all of the Initial Lenders or, as to any of the Initial Lenders, advice satisfactory to the Paying Agent that such Initial Lender has executed this Amendment and Restatement.

(b) The Paying Agent shall have received on or before July 26, 1999 the following, each dated such date and (unless otherwise specified below) in form and substance satisfactory to the Paying Agent and in sufficient copies for each Initial Lender: the Revolving Credit Notes payable to the order of each of the Lenders that have requested Revolving Credit Notes prior to July 26, 1999.

(c) The representations and warranties contained in Section 4.01 of the Existing Credit Agreement shall be correct on and as of the Amendment Effective Date, before and after giving effect to the Amendment Effective Date, as though made on and as of such date.

(d) No event shall have occurred and be continuing, or shall occur as a result of the occurrence of the Amendment Effective Date, that constitutes a Default.

SECTION 3. Reference to and Effect on the Existing Credit Agreement and the Notes.

(a) On and after the effectiveness of this Amendment and Restatement, each reference in the Existing Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Existing Credit Agreement, and each reference in the Notes to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Existing Credit Agreement, shall mean and be a reference to the Existing Credit Agreement, as amended by this Amendment and Restatement.

(b) The Existing Credit Agreement and the Notes, as specifically amended by this Amendment and Restatement, are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed.

(c) Without limiting any of the other provisions of the Existing Credit Agreement, as amended by this Amendment and Restatement, any references in the Existing Credit Agreement to the phrases "on the date hereof", "on the date of this Agreement" or words of similar import shall mean and be a reference to July 28, 1997.

(d) Upon the effectiveness of this Amendment and Restatement pursuant to Section 2(a), the Commitments under the Existing Credit Agreement are automatically terminated and the Commitments under this Amendment and Restatement are automatically effective.

SECTION 4. Costs and Expenses. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of the Agents in connection with the preparation, execution, delivery and administration, modification and amendment of this Amendment and Restatement, the Notes and the other documents to be delivered hereunder (including, without limitation, the reasonable and documented fees and expenses of counsel for the Agents with respect hereto and thereto) in accordance with the terms of Section 8.04 of the Existing Credit Agreement.

SECTION 5. Execution in Counterparts. This Amendment and Restatement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment and Restatement by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment and Restatement.

SECTION 6. Governing Law. This Amendment and Restatement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Restatement to be executed by their respective

officers thereunto duly authorized, as of the date first above written.

THE BORROWER

FEDERATED DEPARTMENT STORES, INC.,

By /s/ Karen M. Hoguet
Name: Karen M. Hoguet
Title: Senior Vice President and
Chief Financial Officer

THE AGENTS

CITIBANK, N.A.,
as an Administrative Agent and
as Paying Agent

By /s/ Laura A. Siracuse
Name: Laura A. Siracuse
Title:

THE CHASE MANHATTAN BANK,
as an Administrative Agent

By /s/ Barry K. Bergman
Name: Barry K. Bergman
Title: Vice President

BANKBOSTON, N.A.,
as Syndication Agent

By /s/ Judith C.E. Kelly
Name: Judith C.E. Kelly
Title: Vice President

THE BANK OF AMERICA, NT & SA,
as Documentation Agent

By /s/ Bridget Garavalia
Name: Bridget Garavalia
Title: Managing Director

THE INITIAL LENDERS

CITIBANK, N.A.

By /s/ Laura A. Siracuse
Name: Laura A. Siracuse
Title:

THE CHASE MANHATTAN BANK

By /s/ Barry K. Bergman
Name: Barry K. Bergman
Title: Vice President

BANKBOSTON, N.A.

By /s/ Judith C.E. Kelly
Name: Judith C.E. Kelly
Title: Vice President

THE BANK OF AMERICA, NT & SA

By /s/ Bridget Garavalia
Name: Bridget Garavalia
Title: Managing Director

ARAB BANK PLC, GRAND CAYMAN

By /s/ Nosal Barbar
Name: Nosal Barbar
Title:

THE BANK OF NEW YORK

By /s/ Michael Flnnery
Name: Michael Flannery
Title: Vice President

NATIONSBANK

By /s/ Bridget Garavalia
Name: Bridget Garavalia
Title: Managing Director

CREDIT AGRICOLE INDOSUEZ

By /s/ David Bouhl
Name: David Bouhl
Title: First Vice President and
Managing Director

By /s/ Theodore D. Tice
Name: Theodore D. Tice
Title: Senior Relationship Manager

COMERICA BANK

By /s/ Lisa M. Kotula
Name: Lisa M. Kotula
Title: Account Officer

CREDIT SUISSE FIRST BOSTON

By /s/ Bill O'Daly
Name: Bill O'Daly
Title: Vice President

By /s/ Chris T. Horgan
Name: Chris T. Horgan
Title: Vice President

THE FIFTH THIRD BANK

By /s/ Tom Welch
Name: Tom Welch
Title: Assistant Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Catherine A. Muszyniski
Name: Catherine A. Muszynsky
Title: Vice President

ALLFIRST BANK

By /s/ Robert M. Beaver
Name: Robert M. Beaver
Title: Vice President

FLEET NATIONAL BANK

By /s/ Christopher J. Kampe
Name: Christopher J. Kampe
Title: Vice President

MELLON BANK, N.A.

By /s/ Richard J. Soherish
Name: Richard J. Soherish
Title: Vice President

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

By /s/ Robert Bottamedi
Name: Robert Bottamedi
Title: Senior Vice President

NATIONAL BANK OF KUWAIT SAK -
NEW YORK

By /s/ Muhammad Kamal
Name: Muhammad Kamal
Title: General Manager

By /s/ Robert J. McNeill
Name: Robert J. McNeill
Title: Executive Manager

PNC BANK, OHIO, NATIONAL ASSOCIATION

By /s/ Bruce A. Kintner
Name: Bruce A. Kintner
Title: Vice President

STANDARD CHARTERED BANK, N.A.

By /s/ Shafiq Ur Rahman
Name: Shafiq Ur Rahman
Title: Standard Chartered Bank

By /s/ Peter G.R. Dodds
Name: Peter G.R. Dodds
Title: Coin 98/62

FIRSTAR BANK, N.A.

By /s/ Derek S. Roudebush
Name: Derek S. Roudebush
Title: Vice President

SUMITOMO BANK, LIMITED

By /s/ J. Bruce Meredith
Name: J. Bruce Meredith
Title: Senior Vice President

SUNTRUST BANK CENTRAL FLORIDA, N.A.

By /s/ Margaret A. Jaketic
Name: Margaret A. Jaketic
Title: Vice President

UNION BANK OF CALIFORNIA, N.A.

By /s/ Timothy P. Streb
Name: Timothy P. Streb
Title: Vice President

WACHOVIA BANK, N.A.

By /s/ Brad Walkins
Name: Brad Walkins
Title: Vice President

WELLS FARGO BANK, N.A.

By /s/ Suzanne Morys
Name: Suzanne Morys
Title: Vice President

By /s/ Bradley A. Hardy
Name: Bradley A. Hardy
Title: Vice President

SCHEDULE I TO THE AMENDMENT AND RESTATEMENT
COMMITMENTS AND APPLICABLE LENDING OFFICES

| Name of Initial Lender | Revolving Credit Commitment | Domestic Lending Office | Eurodollar Lending Office |
|--------------------------------------|-----------------------------------|---|---|
| Citibank, N.A. | \$55,000,000 | Credit: 399 Park Avenue, 12th Floor New York, NY 10043 Attn: Marc Merlino Phone: (212) 559- 1875 Fax: (212) 793- 7585 Administrative: 2 Penns Plaza Suite 200 New Castle, DE 19720 Attn: Leonard Sarcona Phone: (718) 248- 4536 Fax: (718) 248- 4844 | Credit: 399 Park Avenue, 12th Floor New York, NY 10043 Attn: Marc Merlino Phone: (212) 559- 1875 Fax: (212) 793- 7585 Administrative: 2 Penns Plaza Suite 200 New Castle, DE 19720 Attn: Leonard Sarcona Phone: (718) 248- 4536 Fax: (718) 248- 4844 |
| The Chase Manhattan Bank, N.A. | \$55,000,000 | Credit: 270 Park Avenue, 48th Fl. New York, NY 10017 Attn: Barry Bergman Phone: (212) 270- 0203 | Credit: 270 Park Avenue, 48th Fl. New York, NY 10017 Attn: Barry Bergman Phone: (212) 270- 0203 |

| | |
|-------------------------|-------------------------|
| Fax: (212) 270-5646 | Fax: (212) 270-5646 |
| Administrative: | Administrative: |
| 1 Chase Manhattan Plaza | 1 Chase Manhattan Plaza |
| 8th Floor | 8th Floor |
| New York, NY 10081 | New York, NY 10081 |
| Attn: Amy Labinger | Attn: Amy Labinger |
| Phone: (212) 552-4025 | Phone: (212) 552-4025 |
| Fax: (212) 552-7500 | Fax: (212) 552-7500 |

| | | | |
|------------------|-------------------------|-------------------------|-------------------------|
| BankBoston, N.A. | \$42,000,000 | Credit: | Credit: |
| | 100 Federal Street | 100 Federal Street | 100 Federal Street |
| | Mail Stop 01-09-05 | Mail Stop 01-09-05 | Mail Stop 01-09-05 |
| | Boston, MA 02106 | Boston, MA 02106 | Boston, MA 02106 |
| | Attn: Judy Kelly | Attn: Judy Kelly | Attn: Judy Kelly |
| | Phone: (617) 434-5280 | Phone: (617) 434-5280 | Phone: (617) 434-5280 |
| | Fax: (617) 434-6685 | Fax: (617) 434-6685 | Fax: (617) 434-6685 |
| | Administrative: | Administrative: | Administrative: |
| | 100 Federal Street | 100 Federal Street | 100 Federal Street |
| | Mail Stop 01-21-01 | Mail Stop 01-21-01 | Mail Stop 01-21-01 |
| | Boston, MA 02110 | Boston, MA 02110 | Boston, MA 02110 |
| | Attn: Michelle Taglione | Attn: Michelle Taglione | Attn: Michelle Taglione |
| | Phone: (617) 434-4039 | Phone: (617) 434-4039 | Phone: (617) 434-4039 |
| | Fax: (617) 434-6685 | Fax: (617) 434-6685 | Fax: (617) 434-6685 |

| | | | |
|------------------------------|--------------------------|--------------------------|--------------------------|
| The Bank of America, NT & SA | \$50,500,000 | Credit: | Credit: |
| | 231 South LaSalle Street | 231 South LaSalle Street | 231 South LaSalle Street |
| | Chicago, IL 60697 | Chicago, IL 60697 | Chicago, IL 60697 |
| | Attn: Sandy Ober | Attn: Sandy Ober | Attn: Sandy Ober |
| | Phone: (312) 828-1307 | Phone: (312) 828-1307 | Phone: (312) 828-1307 |
| | Fax: (312) 987-0303 | Fax: (312) 987-0303 | Fax: (312) 987-0303 |
| | Administrative: | Administrative: | Administrative: |
| | 231 South LaSalle Street | 231 So. LaSalle Street | 231 So. LaSalle Street |
| | Chicago, IL 60697 | Chicago, IL 60697 | Chicago, IL 60697 |
| | Attn: Sandra Kramer | Attn: Sandra Kramer | Attn: Sandra Kramer |
| | Phone: (312) 828-6645 | Phone: (312) 828-6645 | Phone: (312) 828-6645 |
| | Fax: (312) 987-5833 | Fax: (312) 987-5833 | Fax: (312) 987-5833 |

| | | | |
|----------------------|-----------------------|-----------------------|-----------------------|
| The Bank of New York | \$24,000,000 | Credit: | Credit: |
| | One Wall Street, | One Wall Street, | One Wall Street, |
| | 22nd Floor | 22nd Floor | 22nd Floor |
| | New York, NY 10286 | New York, NY 10286 | New York, NY 10286 |
| | Attn: Paula Regan | Attn: Paula Regan | Attn: Paula Regan |
| | Phone: (212) 635-7867 | Phone: (212) 635-7867 | Phone: (212) 635-7867 |
| | Fax: (212) 635-1483 | Fax: (212) 635-1483 | Fax: (212) 635-1483 |
| | Administrative: | Administrative: | Administrative: |
| | One Wall Street, | One Wall Street, | One Wall Street, |
| | 22nd Floor | 22nd Floor | 22nd Floor |
| | New York, NY 10286 | New York, NY 10286 | New York, NY 10286 |

Attn: Susan Attn: Susan
Baratta Baratta
Phone: (212) Phone: (212)
635-6761 635-6761
Fax: (212) 635- Fax: (212) 635-
6397 6397

Credit Suisse \$24,000,000 Credit: Credit:
First Boston 11 Madison Ave., 11 Madison Ave.,
19th Fl. 19th Fl.
New York, NY New York, NY
10010 10010
Attn: Chris Hogan Attn: Chris Hogan
Phone: (212) 325- Phone: (212) 325-
9157 9157
Fax: (212) 325- Fax: (212) 325-
8309 8309
Administrative: Administrative:
11 Madison Ave. 11 Madison Ave.
New York, NY New York, NY
10010 10010
Attn: Gina Attn: Gina
Manginello Manginello
Phone: (212) 325- Phone: (212) 325-
9149 9149
Fax: (212) 325- Fax: (212) 325-
8319 8319

Fleet \$24,000,000 Credit: Credit:
National Bank One Federal Street One Federal Street
MA OF 0320 MA OF 0320
Boston, MA 02110 Boston, MA 02110
Attn: Richard Attn: Richard
Seufert Seufert
Phone: (617) 346- Phone: (617) 346-
0611 0611
Fax: (617) 346- Fax: (617) 346-
0689 0689
Administrative: Administrative:
One Federal Street One Federal Street
MA OF 0308 MA OF 0308
Boston, MA 02110 Boston, MA 02110
Attn: Michael Attn: Michael
Araujo Araujo
Phone: (617) 346- Phone: (617) 346-
0601 0601
Fax: (617) 346- Fax: (617) 346-
0595 0595

PNC Bank, \$24,000,000 Credit: Credit:
Ohio, 201 East 5th 201 East 5th
National Street Street
Association Cincinnati, OH Cincinnati, OH
45202 45202
Attn: Joe Attn: Joe
Richardson Richardson
Phone: (513) 651- Phone: (513) 651-
8688 8688
Fax: (513) 651- Fax: (513) 651-
8951 8951
Administrative: Administrative:
201 E. 5th Street 201 E. 5th Street
Cincinnati, OH Cincinnati, OH
45202 45202
Attn: Sandy Wilson Attn: Sandy Wilson
Phone: (513) 651- Phone: (513)
8984 651- 8984
Fax: (513) 651- Fax: (513) 651-
8951 8951

Sumitomo \$20,000,000 Credit: Credit:
Bank, Limited U.S. Corporate U.S. Corporate
Dept. Dept.

| | |
|--|--|
| 277 Park Avenue, 6th Floor New York, NY 10172 Attn: Rohn Laudenschlager Phone: (212) 224- 4226 Fax (212) 418-4384 Administrative: International Finance Dept. 277 Park Avenue, 6th Floor New York, NY 10172 Attn: Ivelesse Mena-Garcia Phone: (212) 224- 4150 Fax (212) 224-5197 | 277 Park Avenue, 6th Floor New York, NY 10172 Attn: Rohn Laudenschlager Phone: (212) 224- 4226 Fax (212) 418-4384 Administrative: International Finance Dept. 277 Park Avenue, 6th Floor New York, NY 10172 Attn: Ivelesse Mena-Garcia Phone: (212) 224- 4150 Fax (212) 224-5197 |
|--|--|

| | | |
|--------------------------------------|--|---|
| Union Bank of California, N.A. | \$23,750,000 Credit: 350 California St., 11th Fl. San Francisco, CA 94104 Attn: Timothy P. Streb, VP Phone: (415) 705- 7021 Fax: (415) 705- 7085 Administrative: 350 California St., 11th Fl. San Francisco, CA 94104 Attn: Richard A. Sutter, VP Phone: (415) 705- 7090 Fax: (415) 705- 7085 | Credit: 350 California St., 11th Fl. San Francisco, CA 94104 Attn: Timothy P. Streb, VP Phone: (415) 705- 7021 Fax: (415) 705- 7085 Administrative: 350 California St., 11th Fl. San Francisco, CA 94104 Attn: Richard A. Sutter, VP Phone: (415) 705- 7090 Fax: (415) 705- 7085 |
|--------------------------------------|--|---|

| | | |
|----------------------|--|---|
| Mellon Bank, N.A. | \$19,000,000 Credit: One Mellon Bank Center, Room 370 Pittsburgh, PA 15258-0001 Attn: Rick Schaich Phone: (412) 234- 4420 Fax: (412) 236- 1914 Administrative: Three Mellon Bank Center Room 2305 Pittsburgh, PA 15259-0003 Attn: Greg Klino Phone: (412) 234- 1867 Fax: (412) 234- 5049 | Credit: One Mellon Bank Center, Room 370 Pittsburgh, PA 15258-0001 Attn: Rick Schaich Phone: (412) 234- 4420 Fax: (412) 236- 1914 Administrative: Three Mellon Bank Center Room 2305 Pittsburgh, PA 15259-0003 Attn: Greg Klino Phone: (412) 234- 1867 Fax: (412) 234- 5049 |
|----------------------|--|---|

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|--------------------------------|--|---|
| Credit Agricole Indosuez | \$12,500,000 Credit: 55 E. Monroe Street Suite 4700 Chicago, IL 60603 | Credit: 55 E. Monroe Street Suite 4700 Chicago, IL 60603 |
|--------------------------------|--|---|

| | |
|--|--|
| Attn: Ray Falkenberg Phone: (312) 917-7426 Fax: (312) 372- 3724 Administrative: 55 E. Monroe Street Suite 4700 Chicago, IL 60603 Attn: James Barrett Phone: (312) 917-7429 Fax: (312) 372- 4421 | Attn: Ray Falkenberg Phone: (312) 917-7426 Fax: (312) 372- 3724 Administrative: 55 E. Monroe Street Suite 4700 Chicago, IL 60603 Attn: James Barrett Phone: (312) 917-7429 Fax: (312) 372- 4421 |
|--|--|

| | | |
|--|---|--|
| The First National Bank of Chicago | \$21,250,000 Credit: One First National Plaza Chicago, IL 60670 Attn: Diane Stark Phone: (312) 732- 8251 Fax: (312) 336- 4380 Administrative: One First National Plaza Chicago, IL 60670 Attn: Karen Hannusch Phone: (312) 732- 9868 Fax: (312) 732- 2715 | Credit: One First National Plaza Chicago, IL 60670 Attn: Diane Stark Phone: (312) 732- 8251 Fax: (312) 336- 4380 Administrative: One First National Plaza Chicago, IL 60670 Attn: Karen Hannusch Phone: (312) 732- 9868 Fax: (312) 732- 2715 |
|--|---|--|

| | | |
|--|--|---|
| Morgan Guaranty Trust Company of New York | \$15,000,000 Credit: 60 Wall Street New York, NY 10260- 0060 Attn: Deborah Boodheim Phone: (212) 648- 8063 Fax: (212) 648- 5018 Administrative: 500 Stanton Christiana Ctr. Newark, DE 19713- 2107 Attn: Vickie Fedele Phone: (302) 634- 4225 Fax: (302) 634- 1852 | Credit: 60 Wall Street New York, NY 10260- 0060 Attn: Deborah Boodheim Phone: (212) 648- 8063 Fax: (212) 648- 5018 Administrative: 500 Stanton Christiana Ctr. Newark, DE 19713- 2107 Attn: Vickie Fedele Phone: (302) 634- 4225 Fax: (302) 634- 1852 |
|--|--|---|

| | | |
|-------------------------------|--|---|
| Standard Chartered Bank | \$15,000,000 Credit: 7 World Trade Center 27th Floor New York, NY 10048 Attn: David Cutting Phone: (212) 667- 0469 Fax: (212) 667- 0225 | Credit: 7 World Trade Center 27th Floor New York, NY 10048 Attn: David Cutting Phone: (212) 667- 0469 Fax: (212) 667- 0225 |
|-------------------------------|--|---|

| | |
|-------------------|-------------------|
| Administrative: | Administrative: |
| 707 Wilshire | 707 Wilshire |
| Blvd., W-8-33 | Blvd., W-8-33 |
| Los Angeles, CA | Los Angeles, CA |
| 90017 | 90017 |
| Attn: Qustanti | Attn: Qustanti |
| Shiber | Shiber |
| Phone: (213) 614- | Phone: (213) 614- |
| 5037 | 5037 |
| Fax: (213) 614- | Fax: (213) 614- |
| 4270 | 4270 |

| | | | |
|---------------|--------------------|-----------------|---------|
| Wachovia Bank | \$10,000,000 | Credit: | Credit: |
| of Georgia, | 191 Peachtree | 191 Peachtree | |
| N.A. | Street, N.E. | Street, N.E. | |
| | 28th Floor, GA-370 | 28th Floor, GA- | |
| | Atlanta, GA 30303 | 370 | |
| | Attn: Brad Watkins | Atlanta, GA | |
| | Phone: (404) 332- | 30303 | |
| | 7093 | Attn: Brad | |
| | Fax: (404) 332- | Watkins | |
| | 6898 | Phone: (404) | |
| | Administrative: | 332-7093 | |
| | 191 Peachtree | Fax: (404) 332- | |
| | Street, N.E. | 6898 | |
| | 28th Floor, GA-370 | Administrative: | |
| | Atlanta, GA 30303 | 191 Peachtree | |
| | Attn: Christy N. | Street, N.E. | |
| | Howard | 28th Floor, GA- | |
| | Phone: (404) 332- | 370 | |
| | 6261 | Atlanta, GA | |
| | Fax: (404) 332- | 30303 | |
| | 6898 | Attn: Christy | |
| | | N. Howard | |
| | | Phone: (404) | |
| | | 332-6261 | |
| | | Fax: (404) 332- | |
| | | 6898 | |

| | | | |
|---------------|-------------------|-------------------|---------|
| Comerica Bank | \$7,500,000 | Credit: | Credit: |
| | 500 Woodward Ave. | 500 Woodward Ave. | |
| | MC 3268 | MC 3268 | |
| | Detroit, MI 48226 | Detroit, MI 48226 | |
| | Attn: Hugh Porter | Attn: Hugh Porter | |
| | Phone (313) 222- | Phone (313) 222- | |
| | 6192 | 6192 | |
| | Fax: (312) 222- | Fax: (312) 222- | |
| | 9514 | 9514 | |
| | Administrative: | Administrative: | |
| | 500 Woodward Ave. | 500 Woodward Ave. | |
| | MC 3268 | MC 3268 | |
| | Detroit, MI 48226 | Detroit, MI 48226 | |
| | Attn: Beverly | Attn: Beverly | |
| | Jones | Jones | |
| | Phone (313) 222- | Phone (313) 222- | |
| | 3805 | 3805 | |
| | Fax: (312) 222- | Fax: (312) 222- | |
| | 3351 | 3351 | |

| | | | |
|---------------|-------------------|-------------------|---------|
| National Bank | \$7,500,000 | Credit: | Credit: |
| of Kuwait SAK | 299 Park Avenue | 299 Park Avenue | |
| - - New York | New York, NY | New York, NY | |
| | 10171-0023 | 10171-0023 | |
| | Attn: Jeff Ganter | Attn: Jeff Ganter | |
| | Phone: (212) 303- | Phone: (212) 303- | |
| | 9828 | 9828 | |
| | Fax: (212) 319- | Fax: (212) 319- | |
| | 8269 | 8269 | |
| | Administrative: | Administrative: | |
| | 299 Park Avenue | 299 Park Avenue | |
| | New York, NY | New York, NY | |
| | 10171-0023 | 10171-0023 | |
| | Attn: Jeff Ganter | Attn: Jeff Ganter | |

(212) 303-9868 (212) 303-9868
(212) 319-8269 (212) 319-8269

Arab Bank \$6,250,000 Credit: Credit:
PLC, Grand 520 Madison Ave. 520 Madison Ave.
Cayman New York, NY New York, NY
10022 10022
Attn: Samer Tamimi Attn: Samar Tamimi
Phone: (212) 715- Phone: (212) 715-
9712 9712
Fax: (212) 593- Fax: (212) 593-
4632 4632
Administrative: Administrative:
520 Madison Ave. 520 Madison Ave.
New York, NY New York, NY
10022 10022
Attn: Justo Attn: Justo
Huapaya Huapaya
Phone: (212) 715- Phone: (212) 715-
9713 9713
Fax: (212) 593- Fax: (212) 593-
4632 4632

The Fifth- \$6,250,000 Credit: Credit:
Third Bank 38 Fountain 38 Fountain
Square Plaza Square Plaza
Cincinnati, OH Cincinnati, OH
45263 45263
Attn: Andy Hauck Attn: Andy Hauck
Phone: (513) Phone: (513)
579-4178 579-4178
Fax: (513) 579- Fax: (513) 579-
5226 5226
Administrative: Administrative:
38 Fountain 38 Fountain
Square Plaza Square Plaza
Cincinnati, OH Cincinnati, OH
45263 45263
Attn: Daniel Attn: Daniel
Mullen Mullen
Phone: (513) Phone: (513)
579-4104 579-4104
Fax: (513) 579- Fax: (513) 579-
4226 4226

Allfirst Bank \$7,500,000 Credit: Credit:
25 S. Charles 25 S. Charles
Street Street
Baltimore, MD Baltimore, MD
21201 21201
Attn: Jerome Attn: Jerome
Ratliffe Ratliffe
Phone: (410) Phone: (410)
244-4852 244-4852
Fax: (410) 545- Fax: (410) 244-
2047 2047
Administrative: Administrative:
25 S. Charles 25 S. Charles
Street Street
Baltimore, MD Baltimore, MD
21201 21201
Attn: Emilia Attn: Emilia
Schwartz Schwartz
Phone: (410) Phone: (410)
244-4201 244-4201
Fax: (410) 244- Fax: (410) 244-
4294 4294

Firstar Bank, \$7,500,000 Credit: Credit:
N.A. 425 Walnut Street, 425 Walnut Street,
ML: 8160 ML: 8160
Cincinnati, OH Cincinnati, OH
45202 45202

| | |
|-----------------------|-----------------------|
| Attn: Derek | Attn: Derek |
| Roudebush | Roudebush |
| Phone: (513) 632-4010 | Phone: (513) 632-4010 |
| Fax: (513) 762-2068 | Fax: (513) 762-2068 |
| Administrative: | Administrative: |
| 425 Walnut Street | 425 Walnut Street |
| Cincinnati, OH 45202 | Cincinnati, OH 45202 |
| Attn: Patty Gambert | Attn: Patty Gambert |
| Phone: (513) 632-4034 | Phone: (513) 632-4034 |
| Fax: (513) 632-3099 | Fax: (513) 632-3099 |

| | | | |
|---------------------|-------------|--------------------------|--------------------------|
| SunTrust Bank, N.A. | \$6,250,000 | Credit: | Credit: |
| | | 200 S. Orange Ave. | 200 S. Orange Ave. |
| | | MC 0-1043 | MC 0-1043 |
| | | Orlando, FL 32801 | Orlando, FL 32801 |
| | | Attn: Stephen L. Leister | Attn: Stephen L. Leister |
| | | Phone: (407) 237-4705 | Phone: (407) 237-4705 |
| | | Fax: (407) 237-6894 | Fax: (407) 237-6894 |
| | | Administrative: | Administrative: |
| | | 200 S. Orange Ave. | 200 S. Orange Ave. |
| | | MC 0-1043 | MC 0-1043 |
| | | Orlando, FL 32801 | Orlando, FL 32801 |
| | | Attn: Lois Keezel | Attn: Lois Keezel |
| | | Phone: (407) 237-4855 | Phone: (407) 237-4855 |
| | | Fax: (407) 237-6894 | Fax: (407) 237-6894 |

| | | | |
|------------------------|--------------|---------------------------|---------------------------|
| Wells Fargo Bank, N.A. | \$16,250,000 | Credit: | Credit: |
| | | 230 W. Monroe St. | 230 W. Monroe St. |
| | | Suite 2900 | Suite 2900 |
| | | Chicago, IL 60606 | Chicago, IL 60606 |
| | | Attn: Suzanne Morys, V.P. | Attn: Suzanne Morys, V.P. |
| | | Phone: 312-845-8605 | Phone: 312-845-8605 |
| | | Fax: 312-553-4783 | Fax: 312-553-4378 |
| | | Administrative: | Administrative: |
| | | 707 Wilshire Blvd. | 707 Wilshire Blvd. |
| | | MAC 2818-165 | MAC 2818-165 |
| | | Los Angeles, CA 90017 | Los Angeles, CA 90017 |
| | | Attn: Matt Frey | Attn: Matt Frey |
| | | Phone: 213-614-5038 | Phone: 213-614-5038 |
| | | Fax: 213-623-5674 | Fax: 213-623-5674 |

TOTAL OF COMMITMENTS: \$500,000,000

FINGERHUT RECEIVABLES, INC.,

Transferor

AXSYS NATIONAL BANK
(formerly Fingerhut National Bank),

Servicer

and

THE BANK OF NEW YORK (DELAWARE),

Trustee

on behalf of Series 1998-3 Securityholders

of the Fingerhut Master Trust

SECOND AMENDMENT

Dated as of July 29, 1999

to

SERIES 1998-3 SUPPLEMENT

Dated as of July 30, 1998

to

AMENDED AND RESTATED POOLING AND SERVICING AGREEMENT

Dated as of March 18, 1998

SECOND AMENDMENT dated as of July 29, 1999 ("Second Amendment") to SERIES 1998-3 SUPPLEMENT, by and among Fingerhut Receivables, Inc., as Transferor (the "Transferor"), Axsys National Bank (formerly named Fingerhut National Bank), as Servicer (the "Servicer") and The Bank of New York (Delaware), as Trustee (the "Trustee"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Agreement (as hereinafter defined).

WHEREAS, the Transferor, the Servicer and the Trustee have heretofore executed and delivered the Amended and Restated Pooling and Servicing Agreement dated as of March 18, 1998, by and among the Transferor, the Servicer and the Trustee, as supplemented by the Series 1998-3 Supplement dated as of July 30, 1998 to the Pooling and Servicing Agreement, as amended by the First Amendment dated March 17, 1999 (the "Series Supplement"). The Pooling and Servicing Agreement, as supplemented by the Series Supplement is referred to herein as the "Agreement"; and

WHEREAS, the Section 13.1(b) of the Pooling and Servicing Agreement provides that the Transferor, the Servicer and the Trustee with the consent of the Holders of Investor Securities representing not less than 66-2/3% of the Invested

Amount of each and every Series or Participation adversely affected, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement, or of modifying in any manner the rights of the Investor Securityholders of any Series then issued and outstanding, provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, distributions which are required to be made on any Investor Security of such Series without the consent of all of the related Investor Securityholders, (ii) change the definition of or the manner of calculating the interest of any Investor Securityholder of such Series without the consent of the related Investor Securityholder or (iii) reduce the aforesaid percentage required to consent to any such amendment, in each case without the consent of all such Investor Securityholders.

NOW, THEREFORE, the Transferor, the Servicer and the Trustee hereby amend the Series Supplement as follows:

SECTION 1.1 The definitions of "Bank Rate," "Capped Interest Rate," "Class A Facility Usage Fee," "Class A Program Fee," "Class B Facility Usage Fee," "Class B Program Fee," "Class C Facility Usage Fee," "Class C Program Fee," "Facility Unused Fee," "Interest Component," "Required Senior Securityholders" and "Specified Termination Date" from Section 2 of the Series Supplement are hereby amended and restated in their entirety to read as follows:

"Bank Rate" shall mean, for any Funding Period, an interest rate per annum equal to the sum of (a) LIBOR and (b) 0.50% per annum, provided, however, that:

"(i) if any Purchaser or Liquidity Provider determines that (A) it would be contrary to law or to the directive of any central bank or other governmental authority to obtain United States dollars in the London interbank market to fund its investment in a Senior Security for such Funding Period, or (B) it is unable, by reason of circumstances affecting the London interbank market generally, to obtain United States dollars in such market to fund its investment in such Senior Security for such Funding Period, then the Bank Rate for such Funding Period shall be the Federal Funds Effective Rate plus 0.50%; and

(ii) following the occurrence and during the continuance of a Pay Out Event, the Bank Rate shall be an interest rate per annum equal to the sum of (A) the Prime Rate and (B) two percent (2%) per annum."

"Capped Interest Rate" shall mean LIBOR plus 0.50%."

"Class A Facility Usage Fee" shall mean, for any Business Day, an amount equal to the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.150% and (iii) the Class A Invested Amount on the preceding Business Day."

"Class A Program Fee" shall mean, for any Business Day, an amount equal to the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.100% and (iii) the Class A Invested Amount on the preceding Business Day."

"Class B Facility Usage Fee" shall mean, for any Business Day, an amount equal to the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.2125% and (iii) the Class B Invested Amount on the preceding Business Day."

"Class B Program Fee" shall mean, for any Business Day, an amount equal to the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.275% and (iii) the Class B Invested Amount on the preceding Business Day."

"Class C Facility Usage Fee" shall mean, for any Business Day, an amount equal to the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.2125% and (iii) the Class C Invested Amount on the preceding Business Day."

"Class C Program Fee" shall mean, for any Business Day, an amount equal to the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.475% and (iii) the Class C Invested Amount on the preceding Business Day."

"Facility Unused Fee" shall mean, for any Business Day, an amount equal to the sum of (A) the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.150% and (iii) the excess of (a) the Class A Maximum Invested Amount minus the Class A Invested Amount as of the preceding Business Day and (B) the product of (i) a fraction the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.2125% and (iii) the excess of (x) the sum of the Class B Maximum Invested Amount and the Class C Maximum Invested Amount over (y) the sum of the Class B Invested Amount and the Class C Invested Amount, each as of the preceding Business Day."

"Interest Component" shall mean, with respect to any Commercial Paper (i) issued on a discount basis, the portion of the face amount of such Commercial Paper representing the discount incurred in respect thereof and (ii) issued on an interest-bearing basis, the interest payable on such Commercial Paper (in each case including the related Commercial Paper dealer fees payable in connection with the issuance of such Commercial Paper and any fees due and owing pursuant to Section 2.03 of the Security Purchase Agreement)."

"Required Senior Securityholders" shall mean (a) prior to the Specified Termination Date, the Holders of Senior Securities whose Purchaser Group Percentages aggregate more than 50% and (b) after the Specified Termination Date, the Holders of Senior Securities evidencing undivided interests aggregating more than 50% of the sum of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount."

"Specified Termination Date' shall mean July 27, 2000, or such later date to which the Specified Termination Date may be extended pursuant to Section 2.05 of the Security Purchase Agreement."

SECTION 1.2 The definition of "Purchaser Group Funded Portion" is hereby added to Section 2 of the Series Supplement:

"Purchaser Group Funded Portion" shall mean at any time, with respect to any Purchaser Group, the aggregate amount of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as the case may be, held by such Purchaser Group at such time."

SECTION 1.3 The first paragraph of Subsection 6.15(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

"(b) Notwithstanding anything in Section 6.15(a) hereof to the contrary, any acquisition of Additional Invested Amounts pursuant to Section 6.15(a) hereof may be allocated other than pursuant to the Purchaser Group Percentages; provided, however, that in no event shall the Purchaser Group Funded Portion of the Senior Securities held at any one time by Four Winds Funding Corporation and its related Purchaser Group exceed the Purchaser Group Funded Portion of the Senior Securities held at such time by Kitty Hawk Funding Corporation and its related Purchaser Group; provided, further, that no Series 1998-3 Securityholder shall be allocated more than the Purchaser Group Percentage of the Facility Limit; and provided, further, that the Invested Amounts of each Class of Series 1998-3 Securities are increased proportionately."

SECTION 1.4 Subsection 10(n) of the Series Supplement is hereby amended and restated in its entirety to read as follows:

"(n) Each of the Transferor and the Servicer hereby agrees and consents to the assignment by each Conduit Purchaser from time to time of all or any part of its rights under, interest in and title to this Agreement and the Senior Securities of its Purchaser Group to any Liquidity Provider or Program Support Provider for such Conduit Purchaser. In addition, each of the Transferor and the Servicer hereby consents to the assignment by each Conduit Purchaser of all of its rights under, interest in and title to its Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount, as applicable, to the related Alternate Purchaser in the event such Conduit Purchaser determines not to fund any Additional Invested Amount hereunder. Notwithstanding anything to the contrary in this subsection 10(n), the Transferor and the Servicer do not consent to the assignment by each Conduit Purchaser of all or any part of its rights under, interest in and title to (i) the Senior Securities of its Purchaser Group or (ii) its Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount, as applicable, in each case if (A) such attempted assignment will cause the number of Persons in any Purchaser Group holding any interests described above to exceed five (5) or (B) such attempted transfer would cause the number of Targeted Holders to exceed one-hundred."

SECTION 2. Ratification of Agreement. As amended by

this Second Amendment, the Series Supplement is in all respects ratified and confirmed, and the Series Supplement as so amended by this Second Amendment shall be read, taken and construed as one and the same instrument.

SECTION 3. No Waiver. The execution and delivery of this Second Amendment shall not constitute a waiver of a past default under the Agreement or impair any right consequent thereon.

SECTION 4. Counterparts. The Second Amendment may be executed in two or more counterparts including telecopy transmission thereof (and by different parties on separate counterparts), each of which shall be an original, but all of which together shall constitute one and the same instrument.

SECTION 5. GOVERNING LAW. THIS SECOND AMENDMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 6. Effective Date. This Second Amendment shall automatically become effective as of the date upon which it has been executed by the Transferor, the Trustee, and the Servicer, and has been consented to by the holders of all of the Senior Securityholders.

IN WITNESS WHEREOF, the Transferor, the Servicer, the Trustee and the Senior Securityholders have caused this Second Amendment to be duly executed by their respective officers, thereunto duly authorized, as of the day and year first above written.

FINGERHUT RECEIVABLES, INC.,
as Transferor

By: /s/ Brian M. Szames
Name: Brian M. Szames
Title: President

AXSYS NATIONAL BANK
(formerly named Fingerhut National Bank),
as Servicer

By: /s/ Brian M. Szames
Name: Brian M. Szames
Title: Treasurer

THE BANK OF NEW YORK (Delaware),
as Trustee

By: /s/ Reyne A. Macadaeg
Name: Reyne A. Macadaeg
Title: Assistant Vice President

By signing this Second Amendment, the following Senior Securityholders hereby consent to such Second Amendment.

BANK OF AMERICA, N.A.,
as Senior Securityholder

By: /s/ Elliott T. Lemon
Name: Elliott T. Lemon
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO,
as Senior Securityholder

By: /s/ Brooks P. Crankshaw
Name: Brooks P. Crankshaw
Title: First Vice President

COMMERZBANK AKTIENGESELLSCHAFT, CHICAGO
BRANCH, as Senior Securityholder

By: /s/ Carl H. Jackson
Name: Carl H. Jackson
Title: Vice President

By: /s/ James F. Ahern
Name: James F. Ahern
Title: Vice President

SECURITY PURCHASE AGREEMENT

among

FINGERHUT RECEIVABLES, INC.,
as the Transferor,

and

KITTY HAWK FUNDING CORPORATION,
FALCON ASSET SECURITIZATION CORPORATION,
FOUR WINDS FUNDING CORPORATION,
as Conduit Purchasers,

and

THE FINANCIAL INSTITUTIONS
FROM TIME TO TIME PARTIES HERETO,
as Alternate Purchasers,

and

NATIONSBANK, N.A.,
THE FIRST NATIONAL BANK OF CHICAGO,
COMMERZBANK AKTIENGESELLSCHAFT, CHICAGO BRANCH,
as Managing Agents,

and

NATIONSBANK, N.A.,
as Administrative Agent for the Purchasers

Dated as of July 30, 1998

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SECURITY PURCHASE AGREEMENT

THIS SECURITY PURCHASE AGREEMENT, entered into and dated as of July 30, 1998 (as hereinafter amended, restated, supplemented or otherwise modified from time to time, the "Agreement"), is by and among FINGERHUT RECEIVABLES, INC., a Delaware corporation (the "Transferor"), KITTY HAWK FUNDING CORPORATION, a Delaware corporation ("Kitty Hawk"), as a Conduit Purchaser, FALCON ASSET SECURITIZATION CORPORATION, a Delaware corporation ("Falcon"), as a Conduit Purchaser, FOUR WINDS FUNDING CORPORATION, a Delaware corporation ("Four Winds"), as a Conduit Purchaser, NATIONS BANK, N.A., a national banking association ("NationsBank"), in its capacity as a Managing Agent

and individually as an Alternate Purchaser, THE FIRST NATIONAL BANK OF CHICAGO, a national banking association ("FNBC"), in its capacity as a Managing Agent and individually as an Alternate Purchaser, COMMERZBANK AKTIENGESELLSCHAFT, CHICAGO BRANCH, a bank organized under the laws of the Republic of Germany, acting through its Chicago branch ("Commerzbank"), in its capacity as a Managing Agent and individually as an Alternate Purchaser, THE OTHER FINANCIAL INSTITUTIONS PARTIES HERETO FROM TIME TO TIME, as Alternate Purchasers, and NATIONSBANK, as Administrative Agent for the Purchasers.

WITNESSETH:

WHEREAS, the Transferor has conveyed and proposes to convey Receivables and certain other assets to the Fingerhut Master Trust (the "Trust") pursuant to an Amended and Restated Pooling and Servicing Agreement dated as of March 18, 1998, among the Transferor, Fingerhut National Bank, a national banking association, in its capacity as servicer (the "Servicer"), and The Bank of New York, in its capacity as trustee (the "Trustee") of the Trust (as amended, restated, supplemented or otherwise modified from time to time, the "Pooling and Servicing Agreement").

WHEREAS, on the Closing Date, the Transferor will be the owner of Class A Securities, Series 1998-3 representing a fluctuating principal amount of not more than \$336,363,636 (the "Class A Securities"), Class B Securities, Series 1998-3 representing a fluctuating principal amount of not more than \$9,090,909 (the "Class B Securities"), and Class C Securities, Series 1998-3 representing a fluctuating principal amount of not more than \$54,545,455 (the "Class C Securities", and together with the Class A Securities and the Class B Securities, collectively, the "Senior Securities"), each as issued by the Trust pursuant to the Series 1998-3 Supplement dated as of July 30, 1998 among the Transferor, the Servicer and the Trustee (as amended, restated, supplemented or otherwise modified from time to time, the "Series Supplement") to the Pooling and Servicing Agreement.

WHEREAS, the Transferor wishes to sell to the Purchasers and the Purchasers wish to buy from the Transferor, the Senior Securities on the terms and conditions stated herein.

NOW, THEREFORE, In consideration of the premises and the mutual covenants herein contained, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Certain Defined Terms. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Pooling and Servicing Agreement or in the Series Supplement, as applicable. As used in this Agreement, the terms defined in the foregoing paragraphs shall have their defined meanings when used herein, and the following terms shall have the following meanings:

"Accredited Investor" shall mean an accredited investor within the meaning of Rule 501(a) under the Securities Act.

"Administrative Agent" shall mean NationsBank or any successor administrative agent appointed as herein provided.

"Alternate Purchaser" shall mean, individually, each of (i) with respect to the Purchaser Group of which Kitty Hawk is a member, NationsBank and its respective successors and assigns, (ii) with respect to the Purchaser Group of which Falcon is a member, FNBC and its respective successors and assigns, (iii) with respect to the Purchaser Group of which

Four Winds is a member, Commerzbank and its respective successors and assigns, and (iv) with respect to any other Purchaser Group, the financial institutions specified as such in any supplement hereto and their respective successors and permitted assigns, and "Alternate Purchasers" shall mean, collectively, all of the foregoing.

"Assignment" shall mean, with respect to each Purchaser Group, an assignment pursuant to an Assignment and Assumption Agreement by which a Conduit Purchaser or Alternate Purchaser may assign its interests in one or more Classes of the Senior Securities of its Purchaser Group pursuant to Section 8.01 hereof.

"Assignment Amount" shall mean, at any time with respect to an Assignment:

(a) by a Conduit Purchaser in the Purchaser Group with respect to which NationsBank is the Managing Agent to an Alternate Purchaser in such Purchaser Group, an amount equal to the sum of (i) the lesser of (A) such Alternate Purchaser's Pro Rata Share of the portion of the related Purchaser Group Percentage of the Class A Invested Amount, if any, being assigned at such time and (B) such Alternate Purchaser's unused Class A Commitment Amount, (ii) the lesser of (A) such Alternate Purchaser's Pro Rata Share of the portion of the related Purchaser Group Percentage of the Class B Invested Amount, if any, being assigned at such time and (B) such Alternate Purchaser's unused Class B Commitment Amount and (iii) the lesser of (A) such Alternate Purchaser's Pro Rata Share of the portion of the related Purchaser Group Percentage of the Class C Invested Amount, if any, being assigned at such time and (B) such Alternate Purchaser's unused Class C Commitment Amount;

(b) by a Conduit Purchaser in the Purchaser Group with respect to which FNBC is the Managing Agent to an Alternate Purchaser in such Purchaser Group, an amount determined in accordance with the Liquidity Provider Agreement with respect to such Conduit Purchaser; and

(c) by a Conduit Purchaser in the Purchaser Group with respect to which Commerzbank is the Managing Agent to an Alternate Purchaser in such Purchaser Group, an amount determined in accordance with the Liquidity Provider Agreement with respect to such Conduit Purchaser.

"Assignment and Assumption Agreement" shall mean an Assignment and Assumption Agreement substantially in the form of Exhibit A attached hereto.

"Class A Commitment Amount" shall mean, with respect to each Alternate Purchaser, the maximum amount of the Class A Invested Amount to be funded by such Alternate Purchaser as set forth on Schedule II hereto or in an Assignment and Assumption Agreement, as such amount may be reduced as a result of an Assignment and/or pursuant to a reduction in the Facility Limit in accordance with the proviso of the definition of the term "Facility Limit" in the Series Supplement.

"Class B Commitment Amount" shall mean, with respect to each Alternate Purchaser, the maximum amount of the Class B Invested Amount to be funded by such Alternate Purchaser as set forth on Schedule II hereto or in an Assignment and Assumption Agreement, as such amount may be reduced as a result of an Assignment and/or pursuant to a reduction in the Facility Limit in accordance with the proviso of the definition of the term "Facility Limit" in the Series Supplement.

"Class C Commitment Amount" shall mean, with respect to each Alternate Purchaser, the maximum amount of the Class C

Invested Amount to be funded by such Alternate Purchaser as set forth on Schedule II hereto or in an Assignment and Assumption Agreement, as such amount may be reduced as a result of an Assignment and/or pursuant to a reduction in the Facility Limit in accordance with the proviso of the definition of the term "Facility Limit" in the Series Supplement.

"Conduit Assignee" shall mean, with respect to any Purchaser Group, any commercial paper conduit administered by the applicable Managing Agent and designated from time to time to accept an Assignment from the related Conduit Purchaser (and thus becoming a Conduit Purchaser hereunder) of all or a portion of the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount.

"Conduit Purchaser" shall mean, individually, each of (i) with respect to the Purchaser Group of which Kitty Hawk is a member, Kitty Hawk and any related Conduit Assignee, (ii) with respect to the Purchaser Group of which Falcon is a member, Falcon and any related Conduit Assignee, and (iii) with respect to the Purchaser Group of which Four Winds is a member, Four Winds and any related Conduit Assignee, and "Conduit Purchasers" shall mean, collectively, all of the foregoing.

"Excluded Taxes" has the meaning given to such term in Section 6.03(a) hereof.

"Fee Letter" shall mean the letter agreement of even date herewith, among the Transferor, the Administrative Agent and each Managing Agent, regarding certain fees payable by the Transferor under or in connection with this Agreement, as the same may be amended, restated or otherwise modified from time to time.

"Funding Period" shall mean each period determined pursuant to Section 2.03 to which all or a portion of each Purchaser Group Percentage of the Invested Amount is allocated for the purposes of determining the Cost of Funds for such Invested Amount.

"Increased Costs" shall mean Indemnified Amounts, Section 6.02 Costs, Taxes and any amounts payable pursuant to Section 6.05 hereof, as applicable.

"Indemnified Amounts" has the meaning given to such term in Section 6.01(a) hereof.

"Indemnified Claim" has the meaning given to such term in Section 6.01(b) hereof.

"Indemnified Parties" has the meaning given to such term in Section 6.01(a) hereof.

"Interest Payment" has the meaning given to such term in Section 2.04(a) hereof.

"Liquidity Provider" shall mean the Person or Persons who will provide liquidity support to a Conduit Purchaser pursuant to a Liquidity Provider Agreement.

"Liquidity Provider Agreement" shall mean an agreement between a Conduit Purchaser and a Liquidity Provider evidencing the obligation of such Liquidity Provider to provide liquidity support to such Conduit Purchaser in connection with the issuance by such Conduit Purchaser of Commercial Paper.

"Managing Agents" shall mean, (i) with respect to the Purchaser Group of which Kitty Hawk is a member, NationsBank, (ii) with respect to the Purchaser Group of

which Falcon is a member, FNBC, (iii) with respect to the Purchaser Group of which Four Winds is a member, Commerzbank, and (iv) with respect to any other Purchaser Group, the financial institution or other Person identified as such in any supplement hereto for such Purchaser Group.

"Principal Agreements" shall mean this Agreement, the Pooling and Servicing Agreement, the Series Supplement and the Senior Securities.

"Program Support Agreement" shall mean an agreement between a Conduit Purchaser and a Program Support Provider evidencing the obligation of such Program Support Provider to provide liquidity or credit enhancement or asset purchase facilities for or in respect of any assets or liabilities of any Conduit Purchaser in connection with the issuance by such Conduit Purchaser of Commercial Paper.

"Program Support Provider" shall mean the Person or Persons who will provide program support to a Conduit Purchaser pursuant to a Program Support Agreement.

"Pro Rata Share" shall mean, with respect to each Alternate Purchaser at any time, (i) with respect to the Class A Securities, a percentage equal to such Alternate Purchaser's Class A Commitment Amount at such time divided by the aggregate Class A Commitment Amounts of all Alternate Purchasers in the same Purchaser Group as such Alternate Purchaser at such time; (ii) with respect to the Class B Securities, a percentage equal to such Alternate Purchaser's Class B Commitment Amount at such time divided by the aggregate Class B Commitment Amounts of all Alternate Purchasers in the same Purchaser Group as such Alternate Purchaser at such time; and (iii) with respect to the Class C Securities, a percentage equal to such Alternate Purchaser's Class C Commitment Amount at such time divided by the aggregate Class C Commitment Amounts of all Alternate Purchasers in the same Purchaser Group as such Alternate Purchaser at such time.

"Purchaser Group" shall mean each group of Purchasers consisting of a Conduit Purchaser and any Conduit Assignee(s) of such Conduit Purchaser, the related Alternate Purchaser, the related Liquidity Provider(s) and Program Support Provider(s), if any, the related Managing Agent and their respective assigns and participants.

"Purchaser" shall mean a Conduit Purchaser or an Alternate Purchaser, as the context requires, and "Purchasers" shall mean all of the Conduit Purchasers and Alternate Purchasers, collectively.

"Section 6.02 Costs" has the meaning given to such term in Section 6.02(c) hereof.

"Specified Termination Date" shall mean July 29, 1999, or such later date to which the Specified Termination Date may be extended in accordance with Section 2.05 hereof.

"Taxes" has the meaning given to such term in Section 6.03(a) hereof.

Section 1.02 Other Rules of Construction. References in this Agreement to sections, schedules and exhibits are to sections of and schedules and exhibits to this Agreement unless otherwise indicated. The words "hereof", "herein", "hereunder" and comparable terms refer to the entirety of this Agreement and not to any particular article, section or other subdivision hereof or attachment hereto. Words in the singular include the plural and in the plural include the singular. The word "or" is not exclusive. The word "including" shall be deemed to mean "including, without limitation". The section and article headings and table of contents contained in this Agreement are for reference purposes only and shall not affect in any way the

meaning or interpretation of this Agreement. Except as otherwise specified herein, all references herein (a) to any Person shall be deemed to include such Person's successors and assigns and (b) to any law, rule or regulation of any Governmental Authority specifically defined or referred to herein shall be deemed references to such law, rule or regulation as the same may be supplemented, amended, waived, consolidated, replaced or modified from time to time, but only to the extent permitted by, and effected in accordance with, the terms thereof.

Section 1.03 Computation of Time Periods. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding."

ARTICLE II PURCHASE OF SENIOR SECURITIES

Section 2.01 Sale and Delivery of the Senior Securities. (a) On the terms and subject to the conditions set forth in this Agreement, the Pooling and Servicing Agreement and the Series Supplement, and in reliance on the covenants, representations, warranties and agreements set forth herein, the Pooling and Servicing Agreement and the Series Supplement, the Transferor agrees to sell to each Managing Agent on behalf of the Purchasers in the related Purchaser Group, and each Conduit Purchaser, acting through its Managing Agent, may, in its discretion, and the related Alternate Purchasers, acting through the applicable Managing Agent, shall, if the related Conduit Purchaser determines not to so purchase, purchase from the Transferor, on the Closing Date, (i) a Class A Security issued to its Managing Agent having an aggregate maximum face amount equal to the related Purchaser Group Percentage of the Class A Maximum Invested Amount, (ii) a Class B Security issued to its Managing Agent having an aggregate maximum face amount equal to the related Purchaser Group Percentage of the Class B Maximum Invested Amount and (iii) a Class C Security issued to its Managing Agent having an aggregate maximum face amount equal to the related Purchaser Group Percentage of the Class C Maximum Invested Amount. Without limiting any other provision of this Agreement, the obligation of any Purchaser to purchase an interest in the Senior Securities of its Purchaser Group on the Closing Date is subject to the satisfaction of the conditions precedent set forth in Section 3.01 hereof. On the Closing Date, the Transferor shall deliver to each Managing Agent on behalf of the Purchasers in the related Purchaser Group a Class A Security, a Class B Security and a Class C Security as described above, each duly executed by the Transferor and duly authenticated by the Trustee, registered in the name of (x) with respect to the Purchaser Group of which Kitty Hawk is a member, "NationsBank, N.A., in its capacity as Managing Agent for the members of the Purchaser Group of which Kitty Hawk Funding Corporation and NationsBank, N.A. are members", (y) with respect to the Purchaser Group of which Falcon is a member, "The First National Bank of Chicago, in its capacity as Managing Agent for the members of the Purchaser Group of which Falcon Asset Securitization Corporation and The First National Bank of Chicago are members", and (z) with respect to the Purchaser Group of which Four Winds is a member, "Commerzbank Aktiengesellschaft, Chicago branch, in its capacity as Managing Agent for the members of the Purchaser Group of which Four Winds Funding Corporation and Commerzbank Aktiengesellschaft, Chicago branch, are members".

(b) On the Closing Date, as payment in full for the Senior Securities being delivered to it pursuant to Section 2.01(a) of this Agreement, each Managing Agent on behalf of the Purchasers in the related Purchaser Group shall deliver to the Transferor or, at the direction of the Transferor, to any account or entity as specified by the Transferor, by the wire transferor of immediately available funds, an amount equal to such Purchaser Group Percentage of the sum of the Class A Initial Invested

Amount, the Class B Initial Invested Amount and the Class C Initial Invested Amount. It is understood and agreed that the obligation of the Transferor to deliver the Senior Securities to each Managing Agent on behalf of the Purchasers in the related Purchaser Group is conditioned upon the Transferor's receipt of such payment from such Managing Agent.

(c) Each Managing Agent on behalf of the Purchasers in the related Purchaser Group agrees to execute and deliver to the Transferor and the Trustee on the Closing Date an Investment Letter in the form attached hereto as Exhibit B with respect to the Senior Securities.

Section 2.02 Increases and Decreases in the Invested Amounts. (a) Each Conduit Purchaser, through its respective Managing Agent, may (but is not committed to), prior to the Increase Termination Date and subject to the provisions of Section 6.15 of the Pooling and Servicing Agreement, purchase the related Purchaser Group Percentage of any Additional Class A Invested Amount, Additional Class B Invested Amount and Additional Class C Invested Amount from time to time requested by the Transferor from the Purchasers in accordance with the procedures described in Section 6.15 of the Pooling and Servicing Agreement. If any Conduit Purchaser chooses at any time not to purchase such Purchaser Group Percentage of any Additional Class A Invested Amount, Additional Class B Invested Amount and/or Additional Class C Invested Amount when requested by the Transferor, each related Alternate Purchaser, through the applicable Managing Agent, shall, prior to the Increase Termination Date and subject to the provisions of Section 6.15 of the Pooling and Servicing Agreement, purchase its Pro Rata Share of the related Purchaser Group Percentage of such Additional Class A Invested Amount, Additional Class B Invested Amount and/or Additional Class C Invested Amount, as applicable.

(b) As payment in full for each purchase by a Purchaser of the Additional Invested Amounts pursuant to Section 2.02(a), on the date of such purchase each Managing Agent on behalf of the Purchasers in the related Purchaser Group shall deliver to the Transferor, the amount equal to the related Purchaser Group Percentage of the Additional Invested Amounts determined in accordance with Section 6.15 of the Pooling and Servicing Agreement at the time and in the manner set forth in such Section.

(c) Each Purchaser agrees that its Class A Invested Amount, Class B Invested Amount and Class C Invested Amount may be decreased from time to time pursuant to subsections 4.9(b) and 4.9(c) and Section 4.12 of the Pooling and Servicing Agreement and Section 9A of the Series Supplement; provided, however, that the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount shall in no event be reduced below zero.

Section 2.03 Selection of Funding Periods. With respect to any portion of the Invested Amount which is funded by a Conduit Purchaser through the issuance of Commercial Paper, the Transferor may, subject to the applicable Managing Agent's approval and the limitations described below, request that the Invested Amount so funded by a Conduit Purchaser be allocated among one or more Funding Periods, so that the aggregate amounts so allocated with respect to such Conduit Purchaser at all times shall equal the Invested Amount held by such Conduit Purchaser. No such Funding Period applicable to Invested Amounts funded by the issuance of Commercial Paper shall be longer than 270 days and no such Funding Period applicable to Invested Amounts funded other than by the issuance of Commercial Paper shall be longer than one month. The Transferor shall give each Managing Agent irrevocable notice by telephone of the new requested Funding Period(s) at least one (1) Business Days prior to the expiration of any then existing Funding Period; provided, however, that the applicable Conduit Purchaser or the related Managing Agent may select any such new Funding Period if (1) the Transferor fails to provide such notice on a timely basis or (ii) such Conduit

Purchaser or the related Managing Agent determines, in its sole discretion, that the Funding Period requested by the Transferor is unavailable or for any reason commercially undesirable.

Section 2.04 Distribution of Interest and Principal Payments. (a) On each day on which the Administrative Agent receives a payment under the Pooling and Servicing Agreement or Series Supplement in respect of interest on the Senior Securities (an "Interest Payment"), the Administrative Agent shall distribute such amounts as follows:

(i) to the extent such Interest Payment relates to the accrued Interest Component of Commercial Paper of a Conduit Purchaser maturing on such day, to the applicable Managing Agent, for the benefit of such Conduit Purchaser, an amount equal to such accrued Interest Component;

(ii) to the extent such Interest Payment relates to the interest accrued on amounts borrowed by a Conduit Purchaser under a Liquidity Provider Agreement which have been allocated to a Funding Period maturing on such day, to the applicable Managing Agent, for the benefit of such Conduit Purchaser, an amount equal to such accrued interest;

(iii) to the extent such Interest Payment relates to the interest accrued on amounts funded by an Alternate Purchaser which have been allocated to a Funding Period maturing on such day, to the applicable Managing Agent, for the benefit of such Alternate Purchaser, an amount equal to such accrued interest; and

(iv) to the extent such Interest Payment is made on a Distribution Date under Section 4.11(b) of the Pooling and Servicing Agreement in respect of the accrued Interest Component of Commercial Paper of a Conduit Purchaser, interest accrued on amounts borrowed by a Conduit Purchaser under a Liquidity Provider Agreement or interest accrued on amounts funded by an Alternate Purchaser, in each case, which interest does not relate to maturing Commercial Paper or the last day of a Funding Period, to the applicable Managing Agent(s) for the benefit of the applicable Purchaser(s), the portion of such interest payment as notified by each Managing Agent to the Administrative Agent.

In the event that the Interest Payment received by the Administrative Agent on any day is insufficient to fully pay the accrued and unpaid interest described in clauses (i), (ii) and (iii) above, such Interest Payment shall be allocated pro rata among the applicable Purchaser Groups (based upon each Purchaser Group's funded portion of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount, as applicable) and further allocated pro rata among the Purchasers within each Purchaser Group (based upon each Purchaser Group's funded portion of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount, as applicable) unless otherwise agreed among the Purchasers in such Purchaser Group.

(b) On each day on which the Administrative Agent receives a payment under the Pooling and Servicing Agreement or Series Supplement in respect of Program Fees, Class A Facility Usage Fees, Class B Facility Usage Fees, Class C Facility Usage Fees or Facility Unused Fees, the Administrative Agent shall distribute such amounts to the applicable Managing Agent, for the benefit of the applicable Purchaser(s) in the related Purchaser Group, an amount equal to such Purchaser Group's pro rata share of such fees.

(c) On each day on which the Administrative Agent receives a payment under the Pooling and Servicing Agreement or Series Supplement in respect of Increased Costs, the Administrative Agent shall distribute such amounts to the applicable Managing Agent, for the benefit of the applicable Purchaser(s) in the related Purchaser Group, an amount equal to

the Increased Costs for such Purchaser Group.

(d) On each Business Day on which the Administrative Agent receives a payment in respect of the principal of the Senior Securities pursuant to the Pooling and Servicing Agreement, the Administrative Agent shall distribute, to each Managing Agent, for the benefit of the applicable Purchaser(s) in the related Purchaser Group, the related Purchaser Group's pro rata share of the Class A Principal, the Class B Principal and the Class C Principal (based upon each Purchaser Group's funded portion of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount, as applicable); provided, however, that, with respect to each such Business Day which occurs prior to the Early Amortization Period and to the extent that any Purchaser Group's funded portion of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount exceeds such Purchaser Group's pro rata share thereof (based on the applicable Purchaser Group Percentage), such payments of principal shall be paid to the applicable Managing Agent, for the benefit of the applicable Purchaser(s) in such Purchaser Group, on a non-pro rata basis to the extent necessary to return the related Purchaser Group to its pro rata status based on the applicable Purchaser Group Percentage.

(e) All distributions by the Administrative Agent to the Managing Agents hereunder shall be made by wire transfer of immediately available funds to such depository account as each such Managing Agent directs the Administrative Agent in writing prior to the applicable Distribution Date. Each Managing Agent shall further distribute the amounts received by it in accordance with subsection (a) , (b), (c) and (d) of this Section 2.04 to the applicable members of its related Purchaser Group.

Section 2.05 Extension of Term. The Transferor may, at any time during the period which is no more than sixty (60) days or less than thirty (30) days immediately preceding the Specified Termination Date (as such date may have previously been extended pursuant to this Section 2.05), request that the then applicable Specified Termination Date be extended for an additional 364 days; provided, however, that with respect to the first extension hereunder, the Transferor may request such extension between February 1, 1999 and March 31, 1999. Any such request shall be in writing and delivered to each Managing Agent, and shall be subject to the following conditions: (i) at no time will this Agreement have a remaining term of more than 364 days and, if any such request would result in a remaining term of more than 364 days, such request shall be deemed to have been made for such number of days so that, after giving effect to such extension from the date approved, such remaining term will not exceed 364 days, (ii) no Purchaser shall have any obligation to extend the Specified Termination Date at any time, and (iii) any such extension shall be effective only upon the written agreement of the Administrative Agent, each Managing Agent, each Purchaser and the Transferor. Each Managing Agent will (on behalf of the applicable Purchasers) respond to any such request within thirty (30) days of its receipt of such request, provided, that a failure by any Managing Agent to respond within such 30-day period shall be deemed to be a rejection of the requested extension.

Section 2.06 Certain Payment. In consideration of the agreements of the Purchasers hereunder, the Transferor agrees that if on any Transfer Date the portion of the Facility Unused Fee payable on the next succeeding Distribution Date exceeds the aggregate amount of funds available pursuant to the applicable provisions of the Series Supplement to pay such Facility Unused Fee, the Transferor shall pay to the Administrative Agent, for distribution to each Managing Agent for each Purchaser Group, on such Distribution Date an amount equal to such excess; provided, however, that, notwithstanding the foregoing, in no event shall the amount of any payment made pursuant to this Section 2.06 on any date exceed the remaining principal amount of the FCI Note on such date. All payments pursuant to this Section 2.06 shall be

made in immediately available funds.

ARTICLE III CONDITIONS PRECEDENT

Section 3.01 Conditions Precedent to the Obligations of the Purchasers. The Purchasers' obligations hereunder to purchase the Senior Securities on the Closing Date shall be subject to the satisfaction (or waiver by the Administrative Agent and the Managing Agents) of the following conditions precedent:

(a) All the terms, covenants, agreements and conditions of this Agreement and the other Principal Agreements to be complied with and performed by the Transferor and the Servicer by the Closing Date shall have been complied with and performed in all material respects.

(b) Each of the representations and warranties of the Transferor and the Servicer contained in this Agreement and the other Principal Agreements, as applicable, shall be true and correct in all material respects on and as of the Closing Date as if made on and as of such date, except to the extent such representations and warranties expressly relate to a particular date, in which case such representations and warranties shall be true and correct on and as of such date.

(c) On or before the Closing Date, each of the documents listed on Schedule I to this Agreement shall have been duly authorized and executed by each signatory thereto (other than the Purchasers, Managing Agents and Administrative Agent) and delivered to the Administrative Agent in form and substance satisfactory to the Administrative Agent and its counsel.

(d) On or before the Closing Date, the Transferor shall have paid to the extent due all reasonable fees and out-of-pocket costs and expenses (including, without limitation, reasonable legal fees and expenses) required to be paid hereunder and under the other Principal Agreements, including amounts due under the Fee Letter.

(e) No change shall have occurred on or before the Closing Date in any law, rule or regulation that would prohibit the consummation of any transaction contemplated hereby.

(f) On or before the Closing Date, the Transferor shall have provided the Administrative Agent with written confirmation from Moody's that the Class A Securities, the Class B Securities and the Class C Securities have been rated at least "Aa2", "A2", and "Baa2", respectively.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Transferor. The Transferor hereby represents and warrants to each Purchaser, each Managing Agent and the Administrative Agent as of the date of this Agreement and as of the Closing Date, with reference to the facts and circumstances then existing, as follows:

(a) Due Authorization and No Conflict. The execution, delivery and performance by the Transferor of this Agreement, and the transactions contemplated hereby, are within its corporate powers, have been duly authorized by all necessary corporate action on its part, do not contravene (i) its charter or by-laws, (ii) any law, rule or regulation applicable to it, (iii) any material contractual restriction contained in any material indenture, loan or credit agreement, lease, mortgage, security agreement, bond, note, or other material agreement or instrument binding on it or its property or (iv) any material order, writ,

judgment, award, injunction or decree binding on it or its property, and do not result in or require the creation of any Lien upon or with respect to any of its properties pursuant to any material indenture, loan or credit agreement, lease, mortgage, security agreement, bond, note or other material agreement binding on it or its properties. This Agreement has been duly executed and delivered on behalf of the Transferor.

(b) Governmental Consent. Assuming the correctness and accuracy of the representations of each Purchaser contained herein, to the Transferor's knowledge, other than those obtained, no authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or regulatory body is required for the due execution, delivery and performance by the Transferor of this Agreement or any other agreement, document or instrument to be delivered by it hereunder.

(c) Enforceability of This Agreement. This Agreement constitutes the legal, valid and binding obligation of the Transferor enforceable against it in accordance with its respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or equity).

(d) No Litigation. There are no actions, suits or proceedings pending, or to the knowledge of the Transferor threatened in writing, against or affecting the Transferor, or its property, in any court, or before any arbitrator of any kind, or before or by any governmental body, which (i) assert the invalidity of this Agreement or any action to be taken by the Transferor in connection herewith, or (ii) seek to prevent the consummation of the transactions contemplated by this Agreement.

(e) Accuracy of Information. No certificate, report or statement, furnished or to be furnished by the Transferor to the Administrative Agent or the Managing Agents in connection with this Agreement is or shall be inaccurate in any material respect as of the date it is or shall be dated or as of the date so furnished (except as otherwise disclosed to the Administrative Agent or the Managing Agents, as the case may be, at such time or, after such time, as otherwise corrected by the Transferor prior to such inaccuracy having a material adverse effect on (i) the interests of the Purchasers, the Managing Agents or the Administrative Agent under this Agreement, (ii) the interests of the Purchasers in the Trust Property or any Senior Security, or (iii) the ability of the Transferor to perform its obligations hereunder or under the other Principal Agreements).

(f) Senior Securities. Each of the Senior Securities has been duly and validly authorized, and, when executed and authenticated in accordance with the terms of the Pooling and Servicing Agreement and the Series Supplement and delivered to and paid for by each Managing Agent on behalf of the Purchasers in the related Purchaser Group in accordance with this Agreement, will be duly and validly issued and outstanding, and will be entitled to the benefits of the Pooling and Servicing Agreement and the Series Supplement.

(g) Absence of Material Adverse Change. Since December 31, 1997, there shall not have occurred any event which would reasonably be expected to have a material adverse effect on (i) the interests of the Purchasers in the Trust Property or any Senior Security or (ii) the ability of the Transferor to perform its obligations hereunder or under the other Principal Agreements.

In addition to the foregoing, the representations and warranties of the Transferor set forth in the Pooling and Servicing Agreement and the Series Supplement are hereby incorporated herein by reference for the benefit of the

Administrative Agent, the Purchasers and the Managing Agents.

Section 4.02 Representations, Warranties and Covenants of the Purchasers. Each Purchaser hereby represents and warrants to the Transferor that as of the date hereof and the Closing Date:

(a) Such Purchaser understands that the Senior Securities have not been and will not be registered under the Securities Act or any other applicable securities law and agrees that the Senior Securities may not be offered or sold by it except in accordance with Rule 144A under the Securities Act or pursuant to any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and, accordingly, that the Senior Securities may not be offered, sold, transferred, pledged, hypothecated or otherwise disposed of except as permitted herein, the Pooling and Servicing Agreement and the Series Supplement.

(b) It is an Accredited Investor and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Senior Securities. It is aware that it may be required to bear the economic risk of an investment in the Senior Securities for an indefinite period of time, and it is able to bear such risk until the Series 1998-3 Termination Date.

(c) Neither the Transferor nor any person representing the Transferor has made any representation to it with respect to the Transferor or the offer or sale of the Senior Securities other than as set forth in this Agreement and the other Principal Agreements (and in any document delivered pursuant to this Agreement), which have been delivered to it, and upon which it is relying in making its investment decision with respect to the Senior Securities (it being understood that copies of any nonpublic document received by it pursuant to this Agreement or any other Principal Agreement are solely for it and are not to be distributed or furnished to any other Person other than the members of its Purchaser Group and other Persons on a need to know basis). It has had the opportunity to ask questions and to obtain information concerning the Transferor, the Servicer, the Trust and the Senior Securities, it has received adequate information concerning the Transferor, the Servicer, the Trust and the Senior Securities to make an informed investment decision with respect to its purchase of the Senior Securities, and it acknowledges that an investment in the Senior Securities involves special considerations.

(d) It will not offer, sell, transfer, pledge, hypothecate or otherwise dispose of the Senior Securities except in accordance with the applicable provisions of the Series Supplement, including Section 10 thereof, and the Pooling and Servicing Agreement, including Article VI thereof.

(e)(i) The securities representing the Class A Securities, Class B Securities and the Class C Securities held by it will contain the legends set forth in Section 10 of the Series Supplement.

(f) It is not subscribing to purchase the Senior Securities as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting, or any solicitation of a subscription by a Person not previously known to it in connection with investments in securities generally.

(g) The Purchaser represents and warrants (i) it is duly authorized and empowered to execute, deliver and perform this Agreement and to purchase the Senior Securities, and has duly taken all requisite action in connection therewith; (ii) the Person signing this Agreement on behalf of the Purchaser has been duly authorized by the Purchaser to do so; (iii) this Agreement

is a valid and binding legal obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or equity); and (iv) the execution, delivery and performance of this Agreement and the purchase of the Senior Securities do not and will not breach, violate or constitute a default under any applicable law or regulation (without considering the effect of any federal, state or other securities laws), the Purchaser's constituent documents or any agreement or arrangement to which the Purchaser is a party or by which it may be bound.

(h) The Purchaser is not acting in a fiduciary capacity in purchasing the Senior Securities.

(i) All information which the Purchaser has furnished and is furnishing to the Transferor, including, without limitation, the representation as to the Purchaser's status as an Accredited Investor and all other representations contained in this Agreement, is correct and complete as of the date of this Agreement; the Purchaser acknowledges that the Transferor and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties made or deemed to have been made by it or by its purchase of the Senior Securities are no longer accurate, it shall promptly notify the Transferor.

(j) The Purchaser is not an employee benefit plan. No part of the funds to be used by the Purchaser to pay the purchase price of the Senior Securities purchased hereunder, directly or indirectly, constitutes "plan assets" of any employee benefit plan (or its related trust). The term "employee benefit plan" shall have the meaning assigned to such term in Section 3 of ERISA; and the term "plan assets" shall have the meaning specified in Department of Labor Regulation Section 2510.3-101.

ARTICLE V COVENANTS OF THE TRANSFEROR

Section 5.01 Access to Information. The Transferor hereby covenants to each Purchaser, each Managing Agent and the Administrative Agent that, at any time and from time to time during regular business hours, on reasonable notice to the Transferor or the Servicer, as applicable, it will permit the Administrative Agent, any Managing Agent, or their agents or representatives, (a) to examine all books, records and documents (including computer tapes and disks) in the possession or under the control of the Transferor or the Servicer relating to the Trust Property, and (b) to visit the offices and properties of the Transferor or the Servicer for the purpose of examining such materials described in clause (a) above, and to discuss matters relating to the Trust Property or the Transferor's or the Servicer's performance under the Principal Agreements with any of the officers or employees of the Transferor or the Servicer having knowledge of such matters. Any nonpublic information obtained by the Administrative Agent or any Managing Agent pursuant to this Section 5.01 shall be held in confidence by the Administrative Agent or such Managing Agent; provided, however, that any such nonpublic information may be disclosed to the extent such disclosure is (i) required in order to comply with any applicable law, order, regulation or ruling, or (ii) required in response to any summons or subpoena or in connection with any litigation. Except upon the occurrence and during the continuation of a Pay Out Event, all requests by the Managing Agents under this Section 5.01 shall be made through and coordinated by the Administrative Agent with a view to minimizing inconvenience to the Transferor.

Section 5.02 Reporting Requirements of the Transferor. The Transferor will, or will cause the Servicer to, unless the Administrative Agent and the Managing Agents shall otherwise consent in writing, furnish to the Administrative Agent and the Managing Agents:

(a) upon the request of the Administrative Agent or any Managing Agent, copies of any certificate, report, statement, notice or other communication provided with respect to Series 1998-3 to the Trustee in connection with the Pooling and Servicing Agreement or the Series Supplement;

(b) as soon as possible and in any event within five (5) Business Days after the Transferor obtains actual knowledge of the occurrence thereof, notice of each Pay Out Event or Servicer Default or event that with the giving of notice or lapse of time or both would constitute such a Pay Out Event or Servicer Default;

(c) the Transferor will cause the Servicer to provide each Managing Agent prompt written notice of any downgrading of the rating of Fingerhut Companies, Inc.'s most senior notes; and

(d) promptly, from time to time, such other information, documents, records, opinions or reports with respect to the Trust Property or Receivables, as the Administrative Agent or any Managing Agent may from time to time reasonably request in order to protect any Purchaser's interests under or contemplated by the Principal Agreements.

ARTICLE VI

INDEMNIFICATION; EXPENSES; RELATED MATTERS

Section 6.01 Indemnities by the Transferor. (a) Without limiting any other rights which the Administrative Agent, the Managing Agents, the Conduit Purchasers or the Alternate Purchasers may have hereunder or under applicable law, the Transferor hereby agrees to indemnify each Conduit Purchaser, each Alternate Purchaser, each Managing Agent, each Liquidity Provider, each Program Support Provider, the Administrative Agent and any successors and permitted assigns and any of their respective directors, officers, employees, agents and representatives (collectively, the "Indemnified Parties") from and against any and all damages, losses, claims, liabilities, costs and expenses, including, without limitation, reasonable attorneys' fees (which such attorneys may be employees of an Indemnified Party) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them in any action or proceeding or any threatened action or proceeding (whether or not such Indemnified Party is a party thereto) arising out of or as a result of this Agreement, the other Principal Agreements, the ownership or maintenance, either directly or indirectly, by an Indemnified Party of any interest in the Senior Securities or any of the other transactions contemplated hereby or thereby, excluding, however, (i) Indemnified Amounts to the extent resulting from gross negligence, willful misconduct or bad faith on the part of such Indemnified Party and (ii) recourse for amounts due under the Receivables which are uncollectible.

(b) In order for any Indemnified Party to be entitled to any indemnification provided for under this Section 6.01 in respect of, arising out of, or involving a claim made by any Person against the Indemnified Party (a "Indemnified Claim"), such Indemnified Party must notify the Transferor in writing of the Indemnified Claim within a reasonable time after receipt by such Indemnified Party of written notice of the Indemnified Claim unless the Transferor shall have previously obtained actual knowledge thereof. Thereafter, the Indemnified Party shall deliver to the Transferor, within a reasonable time after the Indemnified Party's receipt thereof, copies of all notices and

documents (including court papers) received by the Indemnified Party relating to the Indemnified Claim. If an Indemnified Claim is made against an Indemnified Party, (i) the Transferor will be entitled to participate in the defense thereof and, (ii) if it so chooses, to assume the defense thereof with counsel selected by the Transferor, provided that, in connection with such assumption, such counsel is not reasonably objected to by the Indemnified Party. Should the Transferor so elect to assume the defense of an Indemnified Claim, the Transferor will not be liable to the Indemnified Party for any legal expenses subsequently incurred by the Indemnified Party in connection with the defense thereof except for reasonable out-of-pocket expenses of such Indemnified Party (including, without limitation, reasonable travel expenses of such Indemnified Party's personnel who are required to testify at depositions, hearings and/or trial or to participate in settlement conferences); provided, however, that, if one or more defenses are available to such Indemnified Party with respect to such Indemnified Claim which are not otherwise available to the Transferor, (i) such Indemnified Party will be entitled to participate in the defense of such Indemnified Claim and (ii) the Transferor shall pay for the legal expenses incurred by such Indemnified Party in connection therewith; provided, further, that, with respect to subsection (ii) and to the extent that an Indemnified Claim is made against two or more Indemnified Parties, the Transferor shall only be obligated to pay the fees and expenses of one law firm with respect to all such Indemnified Parties unless there are conflicts of interest between such Indemnified Parties. If the Transferor elects to assume the defense of an Indemnified Claim, the Indemnified Party will (x) cooperate in all reasonable respects with the Transferor in connection with such defense and (y) not admit any liability with respect to, or settle, compromise or discharge such Indemnified Claim without the Transferor's prior written consent. If the Transferor shall assume the defense of any Indemnified Claim, the Indemnified Party shall be entitled to participate in (but not control) such defense with its own counsel at its own expense. If the Transferor does not assume the defense of any such Indemnified Claim, the Indemnified Party may defend the same in such manner as it may deem appropriate, including settling such claim or litigation after obtaining the consent of the Transferor, which consent shall not be unreasonably withheld, to such terms, and the Transferor will promptly reimburse the Indemnified Party upon written request.

Section 6.02 Indemnity for Taxes, Reserves and Expenses. (a) If after the date hereof, the adoption of any law or bank regulatory guideline or any amendment or change in the interpretation of any existing or future law or bank regulatory guideline by any Governmental Authority charged with the administration, interpretation or application thereof, or the compliance with any directive of any Governmental Authority (in the case of any bank regulatory guideline, whether or not having the force of law):

(i) shall subject any Indemnified Party to any tax, duty or other charge (other than Excluded Taxes) with respect to this Agreement, the ownership, maintenance or financing of the Senior Securities or payments of amounts due hereunder, or shall change the basis of taxation of payments to any Indemnified Party of amounts payable in respect of this Agreement, the ownership, maintenance or financing of any interest in the Senior Securities or payments of amounts due hereunder or its obligation to purchase or to advance funds hereunder, under a Liquidity Provider Agreement or a Program Support Agreement (except for changes in the rate of general corporate, franchise, net income or other income tax imposed on such Indemnified Party by the jurisdiction in which such Indemnified Party's principal executive office is located); or

(ii) shall impose, modify or deem applicable any reserve, special deposit or similar requirement (including,

without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System) against assets of, deposits with or for the account of, or credit extended by, any Indemnified Party or shall impose on any Indemnified Party or on the London interbank market any other condition affecting this Agreement, the ownership, maintenance or financing of any interest in the Senior Securities or payments of amounts due hereunder or its obligation to purchase or to advance funds hereunder or under a Liquidity Provider Agreement or Program Support Agreement;

and the result of any of the foregoing is to increase the cost to such Indemnified Party with respect to this Agreement, the ownership, maintenance or financing of any interest in the Senior Securities, the obligations hereunder, the funding of the purchase or any increases hereunder, a Liquidity Provider Agreement or a Program Support Agreement, by an amount reasonably deemed by such Indemnified Party to be material, then, on the next succeeding Business Day after demand by such Indemnified Party through the Administrative Agent, such Indemnified Party shall be entitled to receive, pursuant to Section 4.9(a)(xvi) of the Pooling and Servicing Agreement, such additional amount or amounts as will compensate such Indemnified Party for such increased cost or reduction.

(b) If any Indemnified Party shall have determined that after the date hereof, the adoption of any applicable law or bank regulatory guideline regarding capital adequacy, or any change therein, or any change in the interpretation thereof by any Governmental Authority, or any directive regarding capital adequacy (in the case of any bank regulatory guideline, whether or not having the force of law) of any such Governmental Authority, has or would have the effect of reducing the rate of return on capital of such Indemnified Party (or its parent) as a consequence of such Indemnified Party's obligations hereunder or under a Liquidity Provider Agreement or Program Support Agreement or with respect hereto or thereto to a level below that which such Indemnified Party (or its parent) could have achieved but for such adoption, change, request or directive (taking into consideration its policies with respect to capital adequacy) by an amount reasonably deemed by such Indemnified Party to be material, then, on the next succeeding Business Day after demand by such Indemnified Party through the Administrative Agent, such Indemnified Party shall be entitled to receive, pursuant to Section 4.9(a)(xvi) of the Pooling and Servicing Agreement, such additional amount or amounts as will compensate such Indemnified Party (or its parent) for such reduction.

(c) Each Indemnified Party will promptly notify the Administrative Agent and the Administrative Agent will promptly notify the Transferor upon learning that amounts for which it is entitled to seek reimbursement under this Section 6.02 ("Section 6.02 Costs") have begun to accrue. A notice by the Administrative Agent or the applicable Indemnified Party claiming compensation under this Section 6.02 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, the Administrative Agent or any applicable Indemnified Party may use any reasonable averaging and attributing methods, consistent with the averaging and attribution methods generally used by such Indemnified Party. Each of the Indemnified Parties further agrees to take such steps as may be reasonably available to it to avoid the need for, or reduce the amount of, any such amounts that may thereafter accrue under this Section 6.02; provided, however, that the Indemnified Parties shall have no obligation to take any such step that is inconsistent with its internal policy or legal and regulatory restrictions.

Section 6.03 Taxes. (a) Any and all payments to the Managing Agents for the benefit of the Purchasers in the related Purchaser Group with respect to the Senior Securities shall be made, in accordance with the Pooling and Servicing Agreement,

free and clear of and without deduction for any present or future excise, stamp or franchise taxes and any other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority on any recipient (or any assignee of such parties), but excluding franchise taxes and taxes imposed on or measured by the recipient's net income or gross receipts (such excluded items being "Excluded Taxes" and such items other than Excluded Taxes being "Taxes"). If the Paying Agent or the Transferor, if such amount is to be paid directly by the Transferor, shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under the other Principal Agreements with respect to any Purchaser, (i) such Purchaser shall be entitled to receive, pursuant to Section 4.9(a)(xvi) of the Pooling and Servicing Agreement, an amount sufficient so that, after making all required deductions (including deductions applicable to additional sums payable under this Section 6.03), such Purchaser receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Paying Agent or the Transferor, if such amount is to be paid directly by the Transferor, shall make such deductions and (iii) the Paying Agent or the Transferor, if such amount is to be paid directly by the Transferor, shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. The Purchasers further agree to take such steps as may be reasonably available to it to avoid the need for, or reduce the amount of, any such amounts that may thereafter accrue under this Section 6.03; provided, however, that the Purchasers shall have no obligation to take any such step that is inconsistent with its internal policy or legal and regulatory restrictions.

(b) If as a result of any event or circumstances similar to those described in subsection (a) above, any Conduit Purchaser is required to compensate a Liquidity Provider or Program Support Provider in connection with borrowings, commitments or purchases under the Liquidity Provider Agreement or Program Support Agreement, respectively, by such Conduit Purchaser for the funding or maintenance of such Purchaser's investment in the Senior Securities hereunder, then within ten (10) days after demand by the Managing Agent for the account of such Conduit Purchaser through the Administrative Agent, such Conduit Purchaser shall be entitled to receive, pursuant to Section 4.9(a)(xvi) of the Pooling and Servicing Agreement, such additional amount or amounts as may be necessary to pay such Liquidity Provider or Program Support Provider, as applicable the amounts due or to otherwise reimburse such Conduit Purchaser for amounts paid by it. Such Conduit Purchaser agrees to use its best efforts to enforce the provisions of the Liquidity Provider Agreement or Program Support Agreement, as applicable, which require each Liquidity Provider or Program Support Provider, as applicable, to take certain actions to reduce the amount of such compensation due to such Liquidity Provider or Program Support Provider.

(c) Each Managing Agent and each Purchaser that is created or organized in or under the laws of a jurisdiction other than the United States or a state thereof hereby agrees to complete, execute and deliver to the Trustee from time to time prior to the initial Distribution Date on which such Person will be entitled to receive distributions pursuant to the Pooling and Servicing Agreement, the Series Supplement and this Agreement, as applicable, Internal Revenue Service Form 4224 (or any successor form), as applicable, or such other forms or certificates as may be required under the laws of any applicable jurisdiction in order to permit the Paying Agent, the Transferor, if such payments are to be paid directly by the Transferor, or the Administrative Agent in accordance with Section 2.04 hereof to make payments to, and deposit funds to or for the account of, such Person under the Pooling and Servicing Agreement, the Series Supplement, and this Agreement, as applicable, without any deduction or withholding for or on account of any tax. Each Managing Agent and each Purchaser agrees to provide like additional subsequent duly executed forms on or before the date

that any such form expires or becomes obsolete, or upon the occurrence of any event requiring an amendment, resubmission or change in the most recent form previously delivered by it and to provide such extensions or renewals as may be reasonably requested by the Transferor or the Trustee. Each Managing Agent and each Purchaser further agrees that compliance with this Section 6.03(c) is a condition to the payment of any amount otherwise due pursuant to Sections 6.03(a) and (b) hereof.

Section 6.04 Other Costs, Expenses and Related Matters. The Transferor agrees, upon receipt of a written invoice, to pay or cause to be paid, and to save the Conduit Purchasers, the Alternate Purchasers, the Managing Agents and the Administrative Agent harmless against liability for the payment of, all reasonable out-of-pocket expenses (including, without limitation, attorneys', accountants' and other third parties' fees and expenses, any filing fees and expenses incurred by officers or employees of the Conduit Purchasers, Alternate Purchasers, Managing Agents and/or the Administrative Agent) or intangible, documentary or recording taxes incurred by or on behalf of the Conduit Purchasers, Alternate Purchasers, Managing Agents and the Administrative Agent (i) in connection with the negotiation, execution, delivery and preparation of this Agreement, the other Principal Agreements and any documents or instruments delivered pursuant hereto and thereto and the transactions contemplated hereby or thereby and (ii) from time to time (A) relating to any amendments, waivers or consents under this Agreement and the other Principal Agreements, (B) relating to the syndication of the facility contemplated hereby, (C) arising in connection with any Conduit Purchaser's, any Alternate Purchaser's, any Managing Agent's or the Administrative Agent's enforcement or preservation of rights, or (D) arising in connection with any dispute, disagreement, litigation or preparation for litigation involving this Agreement or any of the other Principal Agreements; provided, however, that, with respect to subsection (i) and subclauses (A) and (B) of subsection (ii) of the foregoing sentence, the Transferor shall only be liable for the attorneys' fees and expenses of one law firm with respect to the Conduit Purchasers, the Alternate Purchasers, the Managing Agents and the Administrative Agent as a group.

Section 6.05 Indemnity for Breakage Costs. To the extent the Transferor reduces, on any day other than a day which occurs on the last day of a Funding Period, the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount allocated to such Funding Period, the Transferor agrees to pay or cause to be paid the amount, if any, by which (i) the additional interest which would have accrued on such reductions during the balance of such Funding Period (as so computed) if such reductions had not occurred exceeds (ii) the income, if any, received by the applicable Managing Agent for the benefit of the applicable Purchaser(s) in the related Purchaser Group, from the investment by such Person of the proceeds of such reductions.

ARTICLE VII THE ADMINISTRATIVE AGENT; MANAGING AGENTS

Section 7.01 Authorization and Action of Administrative Agent. (a) Each Conduit Purchaser and each Alternate Purchaser hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Principal Agreements as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. In furtherance, and without limiting the generality, of the foregoing, each Conduit Purchaser and each Alternate Purchaser hereby appoints the Administrative Agent as its agent to execute and deliver all further instruments and documents, and agrees to take all further action that the Administrative Agent may deem necessary or appropriate or that a Conduit Purchaser or an Alternate Purchaser may reasonably request in order to perfect, protect or more fully evidence the

interests transferred or to be transferred from time to time by the Transferor hereunder, or to enable any of them to exercise or enforce any of their respective rights hereunder. With respect to actions which are incidental to the actions specifically delegated to the Administrative Agent hereunder, the Administrative Agent shall not be required to take any such incidental action hereunder, but shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) upon the direction of the Managing Agents; provided, however, the Administrative Agent shall not be required to take any action hereunder if the taking of such action, in the reasonable determination of the Administrative Agent, shall be in violation of any applicable law, rule or regulation or contrary to any provision of this Agreement or shall expose the Administrative Agent to liability hereunder or otherwise.

(b) The Administrative Agent shall exercise such rights and powers vested in it by this Agreement and the other Principal Agreements, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 7.02 Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Administrative Agent under or in connection with this Agreement or any of the other Principal Agreements, except for its or their own gross negligence or willful misconduct. Without limiting the foregoing, the Administrative Agent: (i) may consult with legal counsel (including counsel for the Transferor and the Servicer), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Conduit Purchaser or any Alternate Purchaser and shall not be responsible to any Conduit Purchaser or any Alternate Purchaser for any statements, warranties or representations made in or in connection with this Agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any of the other Principal Agreements on the part of the Transferor or the Servicer or to inspect the property (including the books and records) of the Transferor or the Servicer; (iv) shall not be responsible to any Conduit Purchaser or any Alternate Purchaser for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any of the other Principal Agreements or any other instrument or document furnished pursuant hereto or thereto; and (v) shall incur no liability under or in respect of this Agreement or any of the other Principal Agreements by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telex) believed by it to be genuine and signed or sent by the proper party or parties.

Section 7.03 Credit Decision. Each Conduit Purchaser and each Alternate Purchaser acknowledges that it has, independently and without reliance upon the Administrative Agent, any of the Administrative Agent's Affiliates, any Managing Agent, any other Alternate Purchaser or any other Conduit Purchaser and based upon such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement and the other Principal Agreements to which it is a party and, if it so determines, to accept the transfer of an interest in the Senior Securities hereunder. Each Conduit Purchaser and each Alternate Purchaser also acknowledges that it will, independently and without reliance upon the Administrative Agent, any of the Administrative Agent's Affiliates, any Managing Agent, any other Alternate Purchaser or any other Conduit Purchaser and based on such documents and information as it shall

deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement and the other Principal Agreements to which it is a party.

Section 7.04 Indemnification of the Administrative Agent. Each Alternate Purchaser agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Transferor), ratably in accordance with its respective Purchaser Group Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent (in its capacity as such) in any way relating to or arising out of this Agreement and any of the other Principal Agreements or such action taken or omitted by the Administrative Agent hereunder or thereunder; provided, however, that such Alternate Purchaser shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Alternate Purchaser agrees to reimburse the Administrative Agent, ratably in accordance with its respective Purchaser Group Percentage, promptly upon demand for any out-of-pocket expenses (including counsel fees) incurred by the Administrative Agent in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and the other Principal Agreements, to the extent that such expenses are incurred in the interests of or otherwise in respect of the Conduit Purchasers or the Alternate Purchasers hereunder and/or thereunder and to the extent that the Administrative Agent is not reimbursed for such expenses by the Transferor.

Section 7.05 Successor Administrative Agent. The Administrative Agent may resign at any time, effective upon the appointment and acceptance of a successor Administrative Agent as provided below, by giving written notice thereof to each Managing Agent, each Conduit Purchaser, each Alternate Purchaser and the Transferor. Upon any such resignation, the Managing Agents shall appoint a successor Administrative Agent. Each Conduit Purchaser and each Alternate Purchaser agrees that it shall not unreasonably withhold or delay its approval of the appointment of a successor Administrative Agent. If no such successor Administrative Agent shall have been so appointed, and shall have accepted such appointment, within thirty (30) days after the retiring Administrative Agent's giving of notice of resignation, then the retiring Administrative Agent may, on behalf of the Conduit Purchasers and the Alternate Purchasers, appoint a successor Administrative Agent with the prior consent of the Managing Agents (which such consent will not be unreasonably withheld) which such successor Administrative Agent shall be either (i) a commercial bank organized under the laws of the United States or of any state thereof and having a combined capital and surplus of at least \$250,000,000 or (ii) an Affiliate of such a bank. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article VII shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. The successor Administrative Agent shall promptly notify the Transferor, the Servicer and the Trustee of its appointment hereunder.

Section 7.06 Payments by the Administrative Agent. Unless specifically allocated to a Conduit Purchaser or an

Alternate Purchaser pursuant to Section 2.04 of this Agreement, all amounts received by the Administrative Agent, if any, on behalf of the Conduit Purchasers or Alternate Purchasers shall be paid by the Administrative Agent to the applicable Managing Agent (at the account specified in writing to Administrative Agent) in accordance with the related Purchaser Group Percentage on the Business Day received by the Administrative Agent, unless such amounts are received after 12:00 noon (New York time) on such Business Day, in which case the Administrative Agent shall use its reasonable efforts to pay such amounts to such Managing Agent, on behalf of the related Purchaser, on such Business Day, but, in any event, shall pay such amounts to such Managing Agent, on behalf of the related Purchaser, not later than 11:00 a.m. (New York time) on the following Business Day.

Section 7.07 Authorization and Action of Managing Agent. (a) Each Conduit Purchaser and each Alternate Purchaser of each Purchaser Group hereby appoints and authorizes the Managing Agent with respect to such Purchaser Group to take such action as agent on its behalf and to exercise such powers under this Agreement and the other Principal Agreements as are delegated to the Managing Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto. In furtherance, and without limiting the generality, of the foregoing, each Conduit Purchaser and each Alternate Purchaser hereby appoints the related Managing Agent as its agent to execute and deliver all further instruments and documents, and agrees to take all further action that the related Managing Agent may deem necessary or appropriate or that a Conduit Purchaser or an Alternate Purchaser may reasonably request in order to perfect, protect or more fully evidence the interests transferred or to be transferred from time to time by the Transferor hereunder, or to enable any of them to exercise or enforce any of their respective rights hereunder or under the related Senior Securities, and such other instruments or notices, as may be necessary or appropriate for the purposes stated hereinabove. The Conduit Purchasers and Alternate Purchasers may direct the related Managing Agent (i) to direct the Administrative Agent to take any action which is incidental to the actions specifically delegated to the Administrative Agent hereunder and (ii) not to take or to cease taking any action which is incidental to the actions specifically delegated to the Administrative Agent hereunder. With respect to actions which are incidental to the actions specifically delegated to a Managing Agent hereunder, a Managing Agent shall not be required to take any such incidental action hereunder, but shall be required to act or to refrain from acting (and shall be fully protected in acting or refraining from acting) upon the direction of the related Conduit Purchaser and Alternate Purchaser; provided, however, that no Managing Agent shall be required to take any action hereunder if the taking of such action, in the reasonable determination of such Managing Agent, shall be in violation of any applicable law, rule or regulation or contrary to any provision of this Agreement or shall expose such Managing Agent to liability hereunder or otherwise.

(b) The Managing Agent shall exercise such rights and powers vested in it by this Agreement and the other Principal Agreements, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Section 7.08 Managing Agent's Reliance, Etc. Neither any Managing Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Managing Agent under or in connection with this Agreement or any of the other Principal Agreements, except for its or their own gross negligence or willful misconduct. Without limiting the foregoing, the Managing Agent: (i) may consult with legal counsel (including counsel for the Transferor and the Servicer), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance

with the advice of such counsel, accountants or experts; (ii) makes no warranty or representation to any Conduit Purchaser or any Alternate Purchaser and shall not be responsible to any Conduit Purchaser or any Alternate Purchaser for any statements, warranties or representations made in or in connection with this Agreement; (iii) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or any of the other Principal Agreements on the part of the Transferor or the Servicer or to inspect the property (including the books and records) of the Transferor or the Servicer; (iv) shall not be responsible to any Conduit Purchaser or any Alternate Purchaser for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the Senior Securities or any other instrument or document furnished pursuant hereto or thereto; and (v) shall incur no liability under or in respect of this Agreement or any of the other Principal Agreements by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telex) believed by it to be genuine and signed or sent by the proper party or parties.

Section 7.09 Credit Decision. Each Conduit Purchaser and each Alternate Purchaser acknowledges that it has, independently and without reliance upon the Managing Agent, any of the Managing Agent's Affiliates, any other Alternate Purchaser or any other Conduit Purchaser and based upon such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement and the other Principal Agreements to which it is a party and, if it so determines, to accept the transfer of an interest in the Senior Securities hereunder. Each Conduit Purchaser and each Alternate Purchaser also acknowledges that it will, independently and without reliance upon the Managing Agent, any of the Managing Agent's Affiliates, any other Alternate Purchaser or any other Conduit Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement and the other Principal Agreements to which it is a party.

Section 7.10 Indemnification of the Managing Agent. Each Alternate Purchaser agrees to indemnify the related Managing Agent (to the extent not reimbursed by the Transferor), ratably in accordance with its respective Purchaser Group Percentage, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Managing Agent (in its capacity as such) in any way relating to or arising out of this Agreement and any of the other Principal Agreements or such action taken or omitted by the Managing Agent hereunder or thereunder; provided, however, that such Alternate Purchaser shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Managing Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Alternate Purchaser agrees to reimburse the Managing Agent, ratably in accordance with its respective Purchaser Group Percentage, promptly upon demand for any out-of-pocket expenses (including counsel fees) incurred by the Managing Agent in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and the other Principal Agreements, to the extent that such expenses are incurred in the interests of or otherwise in respect of the Conduit Purchasers or the Alternate Purchasers hereunder and/or thereunder and to the extent that the Managing Agent is not reimbursed for such expenses by the Transferor.

Section 7.11 Successor Managing Agent. A Managing Agent may resign at any time, effective upon the appointment and acceptance of a successor Managing Agent as provided below, by

giving written notice thereof to the Administrative Agent, each Conduit Purchaser, each Alternate Purchaser and the Transferor. Upon any such resignation, the members of the related Purchaser Group acting jointly shall appoint a successor Managing Agent. Each Conduit Purchaser and each Alternate Purchaser agrees that it shall not unreasonably withhold or delay its approval of the appointment of a successor Managing Agent. If no such successor Managing Agent shall have been so appointed, and shall have accepted such appointment, within thirty (30) days after the retiring Managing Agent's giving of notice of resignation, then the retiring Managing Agent may, on behalf of the Conduit Purchasers and the Alternate Purchasers, appoint a successor Managing Agent which shall be either (i) a commercial bank organized under the laws of the United States or of any state thereof and having a combined capital and surplus of at least \$50,000,000 or (ii) an Affiliate of such a bank. Upon the acceptance of any appointment as Managing Agent hereunder by a successor Managing Agent, such successor Managing Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Managing Agent, and the retiring Managing Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Managing Agent's resignation hereunder as Managing Agent, the provisions of this Article VII shall continue to inure to its benefit as to any actions taken or omitted to be taken by it while it was Managing Agent under this Agreement. The successor Managing Agent shall promptly notify the Transferor, the Servicer and the Trustee of its appointment hereunder.

Section 7.12 Payments by a Managing Agent. Unless specifically allocated to a Conduit Purchaser or an Alternate Purchaser pursuant to the terms of this Agreement, all amounts received by a Managing Agent (i) on behalf of the related Conduit Purchaser(s) shall be paid by such Managing Agent to such Conduit Purchaser(s) (at an account specified in writing to such Managing Agent) in accordance with such Conduit Purchaser's pro rata share of such amounts and (ii) on behalf of the related Alternate Purchaser(s) shall be paid by such Managing Agent to such Alternate Purchaser(s) (at an account specified in writing to such Managing Agent) in accordance with such Alternate Purchaser's Pro Rata Share of such amounts. All such payments shall be made on the Business Day received by such Managing Agent, unless such amounts are received after 12:00 noon (New York time) on such Business Day, in which case such Managing Agent shall use its reasonable efforts to pay such amounts, on such Business Day, but, in any event, shall pay such amounts not later than 11:00 a.m. (New York time) the following Business Day.

ARTICLE VIII ASSIGNMENTS AND PARTICIPATIONS

Section 8.01 Assignments. Subject to the applicable limitations and requirements set forth in the Pooling and Servicing Agreement and the Series Supplement, the Purchasers may assign all or a portion of its rights and obligations hereunder to any other Persons as set forth in this Section 8.01.

(a) At any time prior to the Specified Termination Date, in the event that any Conduit Purchaser has elected in its discretion not to fund its portion of the Class A Initial Invested Amount, the Class B Initial Invested Amount and the Class C Initial Invested Amount or any Additional Invested Amount as requested under Section 2.02 hereof, then the Transferor shall have the right to direct the related Managing Agent to designate the Alternate Purchasers in the related Purchaser Group to fund, and such Alternate Purchasers shall fund, such Class A Initial Invested Amount, Class B Initial Invested Amount and/or Class C Initial Invested Amount or such Additional Invested Amount, as applicable, subject to the conditions set forth in Section 6.15 of the Pooling and Servicing Agreement. In addition, at any time, a Conduit Purchaser may elect to assign all or a portion of its interest in any of the Senior Securities of its Purchaser

Group to the Alternate Purchasers in its Purchaser Group pursuant to this Section 8.01. Upon any such election by a Conduit Purchaser or any such direction by the Transferor, such Conduit Purchaser shall make an Assignment and the Alternate Purchasers in the related Purchaser Group shall accept such Assignment and shall assume all or a portion of the obligations of such Conduit Purchaser hereunder. In connection with an Assignment from any Conduit Purchaser to the Alternate Purchasers in its Purchaser Group pursuant to this Section 8.01, each Alternate Purchaser shall, on the date of such Assignment, pay to such Conduit Purchaser its Pro Rata Share of the applicable Assignment Amount against delivery by such Conduit Purchaser of an Assignment and Assumption Agreement. In the event that the Assignment Amount paid by the Alternate Purchasers is less than the sum of the portion of the applicable Purchaser Group Percentage of the Invested Amount subject to such Assignment plus the interest component of all outstanding Commercial Paper with respect thereto, then to the extent payments made hereunder in respect of the Invested Amount exceed the Assignment Amount, such excess amounts shall be remitted by the applicable Managing Agent to the Conduit Purchaser.

Without limiting the foregoing, any Conduit Purchaser may, from time to time, with prior or concurrent notice to the Transferor and the Servicer, in one transaction or a series of transactions, assign to a Conduit Assignee all or a portion of the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount and such Conduit Purchaser's rights and obligations under this Agreement and any other Principal Agreements to which it is a party. Upon and to the extent of such assignment by a Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the assigned portion of the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, (ii) the related Managing Agent for such Conduit Purchaser will act as the Managing Agent for such Conduit Assignee, with all corresponding rights and powers, express or implied, granted to the related Managing Agent hereunder or under the other Principal Agreements, (iii) such Conduit Assignee and its Liquidity Providers and Program Support Providers and other related parties shall have the benefit of all the rights and protections provided to such Conduit Purchaser and its Liquidity Providers and Program Support Providers and other related parties, respectively, herein and in the other Principal Agreements (including, without limitation, any limitation on recourse against such Conduit Purchaser or related parties, any agreement not to file or join in the filing of a petition to commence an insolvency proceeding against such Conduit Purchaser, and the right to assign to another Conduit Assignee as provided in this paragraph), (iv) such Conduit Assignee shall assume such Conduit Purchaser's right to fund the assigned portion of the related Purchaser Group Percentage of any Additional Invested Amount requested by the Transferor subsequent to the date of such assignment and all other obligations, if any, of such Conduit Purchaser under and in connection with this Agreement or any other Principal Agreements, and such Conduit Purchaser shall be released from such obligations, in each case to the extent of such assignment, and the obligations of such Conduit Purchaser and Conduit Assignee shall be several and not joint, (v) all distributions in respect of the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, shall be made to the applicable Managing Agent, on behalf of such Conduit Purchaser and such Conduit Assignee on a pro rata basis according to their respective interests, (vi) the defined terms and other terms and provisions of this Agreement and the other Principal Agreements shall be interpreted in accordance with the foregoing, and (vii) if requested by the applicable Managing Agent, the parties will execute and deliver such further agreements and documents and take such other actions as such Managing Agent may reasonably request to evidence and give effect to the foregoing. No Assignment by a Conduit Purchaser to a Conduit Assignee of all or

any portion of the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, shall in any way diminish the related Alternate Purchaser's obligation under Section 8.01(a) to fund any Additional Invested Amount not funded by such Conduit Purchaser or Conduit Assignee.

(b) In addition to the limitations and requirements set forth in the Pooling and Servicing Agreement and the Series Supplement, no Alternate Purchaser (or assignee thereof) may assign all or a portion of its interests in the Senior Securities of its Purchaser Group, the Class A Invested Amount, the Class B Invested Amount, the Class C Invested Amount and its rights and obligations hereunder to any Person unless approved in writing by the related Managing Agent (in each case such approval not to be unreasonably withheld or delayed). In the case of an Assignment by an Alternate Purchaser (or assignee thereof) to another Person, the assignor shall deliver to the assignee(s) an Assignment and Assumption Agreement, duly executed, assigning to the assignee, all or any portion of its interest in the Senior Securities of its Purchaser Group, the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount, and the assignor's rights and obligations hereunder. Any assignor hereunder shall promptly execute and deliver all further instruments and documents required hereby or by the Pooling and Servicing Agreement, and take all further action, that the assignee may reasonably request, in order to protect or more fully evidence the assignee's right, title and interest in and to such interest and to enable the Administrative Agent, on behalf of such assignee, to exercise or enforce any rights hereunder and under the other Principal Agreements to which such assignor is or, immediately prior to such Assignment, was a party. Upon any Assignment hereunder, (i) the assignee shall have all of the rights and obligations of the assignor hereunder and under the other Principal Agreements to which such assignor is or, immediately prior to such Assignment, was a party with respect to such interest for all purposes of this Agreement and such other Principal Agreements (it being understood that the Alternate Purchasers (or assignees thereof), as assignees, shall be obligated to fund Additional Invested Amounts under Section 2.02 in accordance with the terms thereof, notwithstanding that the Conduit Purchasers were not so obligated), and (ii) the assignor shall relinquish its rights with respect to such interest for all purposes of this Agreement and under the other Principal Agreements to which such assignor is or, immediately prior to such Assignment, was a party. No such Assignment shall be effective unless a fully executed copy of the related Assignment and Assumption Agreement shall be delivered to the Administrative Agent and the Transferor. All out-of-pocket costs and legal expenses of the Administrative Agent, the assignor and the assignee incurred in connection with any Assignment hereunder shall be borne as agreed among the Transferor, such assignor and such assignee.

(c) By executing and delivering an Assignment and Assumption Agreement, the assignor and assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Assumption Agreement, the assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, the other Principal Agreements or any other instrument or document furnished pursuant hereto or thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, the other Principal Agreements, the Receivables or other Trust Property or any such other instrument or document; (ii) the assignor makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Transferor or the Servicer or the performance or observance by the Transferor or the Servicer of any of their respective obligations under this Agreement, the other Principal Agreements or any other instrument or document furnished pursuant hereto or thereto; (iii) such

assignee confirms that it has received a copy of this Agreement, the Series Supplement, the Pooling and Servicing Agreement and such other instruments, documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Assumption Agreement and to purchase such interest; (iv) such assignee will, independently and without reliance upon the Administrative Agent or any of its Affiliates, the Managing Agents or any of their Affiliates, the assignor or any other Purchaser and based on such agreements, documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Principal Agreements; (v) such assignee appoints and authorizes the Administrative Agent and the related Managing Agent to take such action as agent on its behalf and to exercise such powers under this Agreement, the other Principal Agreements and any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent or such Managing Agent, as applicable, by the terms hereof or thereof, together with such powers as are reasonably incidental thereto and to enforce its respective rights and interests in and under this Agreement, the other Principal Agreements and the Trust Property; (vi) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of this Agreement and the other Principal Agreements are required to be performed by it as such assignee; and (vii) such assignee agrees that it will not institute against any Conduit Purchaser any proceeding of the type referred to in Section 9.11 prior to the date which is one year and one day after the payment in full of all commercial paper and other debt securities issued by any Conduit Purchaser.

(d) If at any time prior to any assignment by the Conduit Purchaser in the Purchaser Group with respect to which NationsBank is the Managing Agent to a related Alternate Purchaser as contemplated pursuant to this Section 8.01, the short term debt rating of any Alternate Purchaser shall be "A-2" or "P-2" from Standard & Poor's or Moody's, respectively, with negative credit implications, such Alternate Purchaser, upon request of the Managing Agent, shall, within 30 days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" and "P-2" from Standard & Poor's and Moody's, respectively, and which shall not be so rated with negative credit implications). If the short term debt rating of an Alternate Purchaser shall be "A-3" or "P-3", or lower, from Standard & Poor's or Moody's, respectively (or such rating shall have been withdrawn by Standard & Poor's or Moody's), such Alternate Purchaser, upon request of the Managing Agent, shall, within five (5) Business Days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" and "P-2" from Standard & Poor's and Moody's, respectively, and which shall not be so rated with negative credit implications). In either such case, if any such Alternate Purchaser shall not have assigned its rights and obligations under this Agreement within the applicable time period described above, the Conduit Purchaser shall have the right to require such Alternate Purchaser to accept the assignment of such Alternate Purchaser's Pro Rata Share of the Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount; such assignment shall occur in accordance with the applicable provisions of this Section 8.01. Such Alternate Purchaser shall be obligated to pay to the Conduit Purchaser, in connection with such assignment, in addition to the Pro Rata Share of the Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount, an amount equal to the interest component of the outstanding Commercial Paper issued to fund the portion of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount being assigned to such Alternate Purchaser, as reasonably determined by the Managing Agent. Notwithstanding anything contained herein to the contrary, upon

any such assignment to a downgraded Alternate Purchaser as contemplated pursuant to the immediately preceding sentence, the aggregate available amount of the Facility Limit, solely as it relates to new Additional Invested Amounts by the Conduit Purchaser, shall be reduced by the amount of unused Class A Commitment Amount, Class B Commitment Amount and/or Class C Commitment Amount of such downgraded Alternate Purchaser; it being understood and agreed, that nothing in this sentence or the two preceding sentences shall affect or diminish in any way any such downgraded Alternate Purchaser's commitment to the Transferor or such downgraded Alternate Purchaser's other obligations and liabilities hereunder and under the other Principal Agreements.

Section 8.02 Participations. (a) Subject to the limitations and requirements set forth in the Pooling and Servicing Agreement and the Series Supplement, any Conduit Purchaser or Alternate Purchaser may sell participations to one or more Persons in or to all or a portion of its rights and obligations hereunder; provided, however, that (i) such Conduit Purchaser's or Alternate Purchaser's obligations under this Agreement (including, without limitation, any Alternate Purchaser's commitment to fund its portion of any Additional Invested Amount hereunder) shall remain unchanged, (ii) such Conduit Purchaser or Alternate Purchaser shall remain solely responsible to the Transferor, the other Conduit Purchasers and Alternate Purchasers and the Administrative Agent for the performance of such obligations, (iii) the Managing Agent of such Conduit Purchaser or Alternate Purchaser shall remain the holder of the Senior Securities (for the benefit of the members of the related Purchaser Group) for all purposes of this Agreement, and (iv) the Transferor, Administrative Agent and the other Conduit Purchasers and Alternate Purchasers shall continue to deal solely and directly with such Conduit Purchaser or Alternate Purchaser (or the related Managing Agent) in connection with such Conduit Purchaser's or Alternate Purchaser's rights and obligations under this Agreement.

(b) Notwithstanding anything contained herein, no participant shall be entitled to any payments under Section 6.02 and 6.03 in excess of any amounts which would be payable to the Conduit Purchaser or Alternate Purchaser from which such participant acquired its interest herein.

ARTICLE VIII MISCELLANEOUS

Section 9.01 Termination of Agreement; Survival. This Agreement shall terminate on the Series 1998-3 Termination Date; provided, however, that the indemnification and payment provisions of Article VI hereof, shall be continuing and shall survive any termination of this Agreement. The provisions of Sections 9.01 and 9.11 hereof shall survive any termination or cancellation of this Agreement.

Section 9.02 Waivers; Amendments. No failure or delay on the part of the Administrative Agent, any Managing Agent or any Purchaser in exercising any power, right or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude any other further exercise thereof or the exercise of any other power, right or remedy. The rights and remedies herein provided shall be cumulative and nonexclusive of any rights or remedies provided by law. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Transferor and the Required Securityholders (and, if Article VII or the rights or duties of the Administrative Agent or the Managing Agents are affected thereby, by the Administrative Agent or the Managing Agents, as applicable); provided, however, that, no such amendment or waiver shall, unless signed by each Conduit Purchaser and/or each Alternate Purchaser directly affected thereby, (A) increase the Commitment Amount of an Alternate Purchaser, (B) reduce the

amount of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount or rate of interest to accrue thereon or any fees or other amounts payable hereunder, or (C) modify the definition of the term "Required Securityholder."

SECTION 9.03 GOVERNING LAW; SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(b) EACH OF THE PARTIES HERETO HEREBY AGREES THAT A FINAL JUDGMENT IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT IN ANY NEW YORK STATE COURT OR ANY FEDERAL COURT OF THE UNITED STATES OF AMERICA SITTING IN NEW YORK CITY, OR ANY APPELLATE COURT WITH RESPECT TO ANY OF THE FOREGOING, SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY NEW YORK STATE OR FEDERAL COURT, OR ANY APPELLATE COURT WITH RESPECT TO ANY OF THE FOREGOING. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(c) EACH OF THE PARTIES HERETO HEREBY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE AMONG ANY OF THEM ARISING OUT OF, CONNECTED WITH, RELATING TO OR INCIDENTAL TO THE RELATIONSHIP BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR THE OTHER PRINCIPAL AGREEMENTS.

Section 9.04 Integration. This Agreement together with the other Principal Agreements and the Fee Letter contains the final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and thereof and shall constitute the entire agreements among the parties hereto with respect to the subject matter hereof and thereof superseding all prior oral or written understandings.

Section 9.05 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

Section 9.06 Headings. The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning or interpretation of any provisions hereof.

Section 9.07 Notices. Every demand, notice, and communication under this Agreement shall be in writing and shall be deemed to have been duly given, made and received (i) one (1) Business Day after it is delivered against receipt of registered or certified mail or upon actual receipt of registered or certified mail, postage prepaid, return receipt requested; (ii) when delivered by courier with appropriate evidence of receipt; or (iii) one (1) Business Day after it is transmitted via facsimile transmission with appropriate evidence of receipt at the following addresses of the recipient:

(a) in the case of the Transferor, to Fingerhut Receivables, Inc. 4400 Baker Road, Suite F480, Minnetonka, Minnesota 55343, Attention: President, Telecopy: (612) 932-3302;

(b) in the case of the Servicer, to Fingerhut National Bank, 3904 West Technology Circle, Suite 102, Sioux Falls,

South Dakota 57106, Attention: President, Telecopy: (605) 361-0986; and with a copy to: Fingerhut Companies, Inc., 4400 Baker Road, Minnetonka, Minnesota 55343, Attention: Treasurer, Telecopy: (612) 932-3302;

(c) in the case of the Conduit Purchasers, to

- (1) Kitty Hawk Funding Corporation, c/o Lord Securities Corporation, Two Wall Street, New York, New York 10005, Attention: Richard Taiano, Telecopy: (212) 346-9012,
- (2) Falcon Asset Securitization Corporation, c/o The First National Bank of Chicago, Suite 0596, 21st Floor, One First National Plaza, Chicago, Illinois 60670, Attention: Brooks Crankshaw, Telecopy: (312) 732-3205, and
- (3) Four Winds Funding Corporation, 2 World Financial Center, Attention: Howard Thompson, Telecopy: (212) 266-7661;

(d) in the case of the Alternate Purchasers and Managing Agents, to

- (1) NationsBank, N.A., NationsBank Corporate Center, 100 North Tryon Street, 10th Floor, Charlotte, North Carolina 28255, Attention: Michelle Heath, Telecopy: (704) 388-9169,
- (2) The First National Bank of Chicago, Suite 0596, 21st Floor, One First National Plaza, Chicago, Illinois 60670, Attention: Brooks Crankshaw, Telecopy: (312) 732-3205, and
- (3) Commerzbank Aktiengesellschaft, Chicago branch, 311 South Wacker Drive, Suite 5800, Chicago, Illinois 60606, Attention: Tim Shortly, Telecopy: (312) 435-1486;

(e) in the case of the Administrative Agent, to NationsBank, N.A., NationsBank Corporate Center, 100 North Tryon Street, 10th Floor, Charlotte, North Carolina 28255, Attention: Michelle Heath, Telecopy: (704) 388-9169; and

(f) in the case of any other Alternate Purchaser party to this Agreement from time to time, to the address set forth under such Alternate Purchaser's name on the signature page to the Assignment and Assumption Agreement executed by such Alternate Purchaser.

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 9.07 for giving notice and by otherwise complying with any applicable terms of this Agreement.

Section 9.08 Successors and Assigns. This Agreement shall be binding on, and shall inure to the benefit of, the parties hereto and their respective successors and assigns; provided, however, that the Transferor may not assign any of its rights or delegate any of its duties hereunder without the prior written consent of the Administrative Agent and the Managing Agents. No provision of this Agreement shall in any manner restrict the ability of the Purchasers to assign, participate, grant security interests in, or otherwise transfer any portion of the Senior Securities of its related Purchaser Group or any interest therein.

Section 9.09 Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Agreement shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Agreement and shall in no way affect the validity

or enforceability of the other provisions of this Agreement or of the Senior Securities or rights of the Administrative Agent, Managing Agents and/or Purchasers thereof.

Section 9.10 Further Assurances. The Transferor agrees to do and perform from time to time, any and all acts and to execute any and all further instruments required or reasonably requested by the Administrative Agent or the Managing Agents more fully to effect the purposes of this Agreement in a manner consistent with this Agreement.

Section 9.11 Non-Petition Covenant. Each party hereto hereby covenants and agrees that, prior to the date that is one year and one day after the payment in full, in the case of the Trust and Transferor, of the Senior Securities, and, in the case of any Conduit Purchaser, of all commercial paper and other debt securities issued by such Conduit Purchaser, neither it nor any Affiliate thereof will file any involuntary petition or otherwise institute against, or join any other Person or entity in instituting against, the Trust, Transferor or any Conduit Purchaser, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law.

Section 9.12 Limited Recourse Against Transferor. Notwithstanding anything to the contrary contained in this Agreement, none of the Purchasers, the Managing Agents or the Administrative Agent shall have any claim against the Transferor in respect of any amounts payable on a recourse basis by the Transferor hereunder, to the extent that there are not funds of the Transferor available to pay such amounts (it being understood that funds of the Transferor available for such purpose shall be limited to all amounts distributed to the Transferor in respect of the Transferor Interest, all amounts otherwise distributed to the Transferor pursuant to the Pooling and Servicing Agreement and Series Supplement and relating to a Series, and, with respect to any payments made pursuant to Section 2.06 hereof, all amounts available to be drawn by the Transferor under the FCI Note).

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

FINGERHUT RECEIVABLES, INC.,
as Transferor

By: /s/ James M. Wehman
Name: James M. Wehman
Title: President and Treasurer

KITTY HAWK FUNDING CORPORATION,
as Conduit Purchaser

By: /s/ Richard L. Taiano
Name: Richard L. Taiano
Title: Vice President

FALCON ASSET SECURITIZATION
CORPORATION, as Conduit Purchaser

By: /s/ Brooks P. Crankshaw
Name: Brooks P. Crankshaw
Title: Authorized Signatory

FOUR WINDS FUNDING CORPORATION,

as Conduit Purchaser

By: /s/ Carl H. Jackson
Name: Carl H. Jackson
Title: Vice President

By: /s/ Gerald Levine
Name: Gerald Levine
Title: Vice President

NATIONSBANK, N.A.,
as Alternate Purchaser and Managing Agent

By: /s/ Robert R. Wood
Name: Robert R. Wood
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO,
as Alternate Purchaser and Managing Agent

By: /s/ Brooks R. Crankshaw
Name: Brooks R. Crankshaw
Title: Vice President

COMMERZBANK AKTIENGESELLSCHAFT,
CHICAGO BRANCH, as Alternate Purchaser
and Managing Agent

By: /s/ Paul Karlin
Name: Paul Karlin
Title: Vice President

By: /s/ Carol Otten
Name: Carol Otten
Title: Assistant Vice President

NATIONSBANK, N.A.,
as Administrative Agent for the Purchasers

By: /s/ Robert R. Wood
Name: Robert R. Wood
Title: Vice President

SCHEDULE I

LIST OF CLOSING DOCUMENTS

(Attached).

SCHEDULE II

ALTERNATE PURCHASER COMMITMENT AMOUNTS

| | Class A | Class B | Class C |
|--|-------------------|-------------------|-------------------|
| Alternate Purchaser | Commitment Amount | Commitment Amount | Commitment Amount |
| NationsBank, N.A. | \$126,136,363.50 | \$3,409,090.88 | \$20,454,545.63 |
| The First National Bank of Chicago | 126,136,363.50 | 3,409,090.88 | 20,454,545.63 |
| Commerzbank Aktiengesellschaft, Chicago branch | 84,090.909.00 | 2,272,727.25 | 13,636,363.75 |
| Class Maximum Invested Amount: | \$336,363,636.00 | \$9,090,909.00 | \$54,545,455.00 |

EXHIBIT A

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

Reference is made to the Security Purchase Agreement dated as of July 30, 1998 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Purchase Agreement"), by and among Fingerhut Receivables, Inc., as Transferor, certain Purchasers and Managing Agents parties thereto, and NationsBank, N.A., as Administrative Agent for such Purchasers. To the extent not defined herein, capitalized terms used herein have the meanings assigned to such terms in the Security Purchase Agreement.

[], a [] corporation, in its capacity as a [Conduit] [Alternate] Purchaser under the Security Purchase Agreement (the "Assignor") and [], a [] corporation (the "Assignee"), hereby agree as follows:

1. In consideration of the Assignee's payment of \$[] (the "Purchase Price"), the Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, a []% interest in [its interest in the Senior Securities of its Purchaser Group, the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount,]1 [the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount or Class C Invested Amount,]2 and to such Assignor's rights and obligations under the Security Purchase Agreement on [the applicable date] (the "Purchase Date"). The Purchase Price shall be made on the Purchase Date.3

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any Lien created by it; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Security Purchase Agreement, the other Principal Agreements or any other instrument or document furnished pursuant thereto or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Security Purchase Agreement, the other Principal Agreements, the Receivables or other Trust Property or any such other instrument or document furnished pursuant thereto; and (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of Transferor or Servicer or the performance or observance by Transferor or Servicer of any of their respective obligations under the Security Purchase Agreement, the other Principal Agreements or any instrument or document furnished pursuant thereto.

3. The Assignee (i) confirms that it has received a copy of the Security Purchase Agreement, the Pooling and Servicing Agreement, the Series Supplement and such other instruments,

documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption Agreement and purchase such interest in the Assignor's rights and obligations under the Security Purchase Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent or any of its Affiliates, the Managing Agents or any of their Affiliates, the Assignor or any other Purchaser and based on such agreements, documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Security Purchase Agreement and the other Principal Agreements; (iii) appoints and authorizes the Administrative Agent [and the Managing Agent for the Assignor] to take such action as agent on its behalf and to exercise such powers under the Security Purchase Agreement, the other Principal Agreements and any other instrument or document delivered pursuant thereto as are delegated to the Administrative Agent [or Managing Agent, if applicable,] by the terms thereof, together with such powers as are reasonably incidental thereto and to enforce its respective rights and interests in and under the Security Purchase Agreement, the other Principal Agreements and the Trust Property; (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Security Purchase Agreement and the other Principal Agreements are required to be performed by it as such Assignee; (vi) specifies as its address for notices the office set forth beneath its name on the signature pages hereof; and (vii) agrees that it will not institute against any Conduit Purchaser any proceeding of the type referred to in Section 9.11 of the Security Purchase Agreement prior to the date which is one year and one day after the payment in full of all commercial paper and other debt securities issued by any Conduit Purchaser.

[__]. The Assignee shall have all of the rights and obligations of the Assignor under the Security Purchase Agreement and under the other Principal Agreements to which such Assignor is or, immediately prior to such Assignment, was a party with respect to such interest for all purposes of the Security Purchase Agreement and such other Principal Agreements (it being understood that the Assignee, as an assignee of an Alternate Purchaser, shall be obligated to fund Additional Invested Amounts under Section 2.02 of the Security Purchase Agreement in accordance with the terms thereof, notwithstanding that the related Conduit Purchaser was not so obligated), and the Assignor shall relinquish its rights with respect to such interest for all purposes of the Security Purchase Agreement and under the other Principal Agreements to which such Assignor is or, immediately prior to such Assignment, was a party.]⁴

[__]. (i) The Assignee shall be the owner of the assigned portion of the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, (ii) the related Managing Agent for such Assignor will act as the Managing Agent for the Assignee, with all corresponding rights and powers, express or implied, granted to the related Managing Agent under the Security

Purchase Agreement or under the other Principal Agreements, (iii) the Assignee and its Liquidity Providers and Program Support Providers and other related parties shall have the benefit of all the rights and protections provided to the Assignor and its Liquidity Providers and Program Support Providers and other related parties, respectively, in the Security Purchase Agreement and in the other Principal Agreements (including, without limitation, any limitation on recourse against the Assignor or related parties, any agreement not to file or join in the filing of a petition to commence an insolvency proceeding against the Assignor, and the right to assign to another assignee as provided in the Security Purchase Agreement), (iv) the Assignee shall assume the Assignor's right to fund the assigned portion of the related Purchaser Group Percentage of any Additional Invested Amount requested by the Transferor subsequent to the Effective Date and all other obligations, if any, of the Assignor under and in connection with the Security Purchase Agreement or any other

Principal Agreements, and the Assignor shall be released from such obligations, in each case to the extent of this Assignment and Assumption Agreement, and the obligations of the Assignor and Assignee shall be several and not joint, (v) all distributions in respect of the related Purchaser Group Percentage of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, shall be made to the applicable Managing Agent, on behalf of the Assignor and Assignee on a pro rata basis according to their respective interests, (vi) the defined terms and other terms and provisions of the Security Purchase Agreement and the other Principal Agreements shall be interpreted in accordance with the foregoing, and (vii) if requested by the applicable Managing Agent, the Assignor and Assignee will execute and deliver such further agreements and documents and take such other actions as such Managing Agent may reasonably request to evidence and give effect to the foregoing.]5

4. This Assignment and Assumption Agreement shall be effective on the date hereof (the "Effective Date") [upon receipt by the Administrative Agent and the Transferor of this Assignment and Assumption Agreement duly executed by Assignor, Assignee and the Managing Agent for the Assignor]6.

5. As of the Effective Date, (i) the Assignee shall be a party to the Security Purchase Agreement and, to the extent provided in this Assignment and Assumption Agreement, have the rights and obligations of a [Conduit] [Alternate] Purchaser thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Assumption Agreement, relinquish its rights and be released from its obligations under the Security Purchase Agreement.

6. Upon such acceptance and recording, from and after the Effective Date, the Managing Agent shall make all payments received by it in respect of the interest assigned hereby to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Security Purchase Agreement for periods prior to the Effective Date directly between themselves.

7. This Assignment and Assumption Agreement may be executed by one or more of the parties on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

8. This Assignment and Assumption Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Assumption Agreement to be executed by their respective officers thereunto duly authorized as of the __ day of _____, 19__.

[ASSIGNOR]

By: _____
Name:
Title:

[ASSIGNEE]

By: _____
Name:
Title:

Address for notices:

[NAME]

Attn: _____
Telecopy: (____) ____ - ____

Consented to this ____ day
of _____, 199__

[MANAGING AGENT], as
Managing Agent

By: _____
Name:
Title:

[The following acknowledgment only applies with respect to an
Assignment between an Alternate Purchaser and another Person].

Acknowledged to this ____ day
of _____, 199__

NATIONSBANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

FINGERHUT RECEIVABLES, INC.,
as Transferor

By: _____
Name:
Title:

EXHIBIT B

FORM OF INVESTMENT LETTER

[Date]

Fingerhut Receivables, Inc.
4400 Baker Road
Suite F480
Minnetonka, Minnesota 55343
Attn: Chief Financial Officer
and General Counsel

Bank of New York
White Clay Center
Route 273
Newark, Delaware 19711
Attn: Corporate Trust Specialized
Agency Services

Re: Fingerhut Master Trust; Purchase of the Senior Securities

Ladies and Gentlemen:

This letter (the "Investment Letter") is delivered by
the undersigned (the "Purchaser") pursuant to Section 2.01(c) of

that certain Security Purchase Agreement dated as of July 30, 1998 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Purchase Agreement"), by and among Fingerhut Receivables, Inc., as transferor (the "Transferor"), Kitty Hawk Funding Corporation, as a Conduit Purchaser, Falcon Asset Securitization Corporation, as a Conduit Purchaser, Four Winds Funding Corporation, as a Conduit Purchaser, NationsBank, N.A., in its capacity as a Managing Agent and individually as an Alternate Purchaser, The First National Bank of Chicago, in its capacity as a Managing Agent and individually as an Alternate Purchaser, Commerzbank Aktiengesellschaft, Chicago branch, in its capacity as a Managing Agent and individually as an Alternate Purchaser, and NationsBank, N.A., as Administrative Agent for such Purchasers. To the extent not defined herein, capitalized terms used herein have the meanings assigned to such terms in the Security Purchase Agreement. The undersigned Purchaser hereby represents to and agrees with the Transferor as follows:

(a) The Purchaser understands that the Senior Securities have not been and will not be registered under the Securities Act or any other applicable securities law and agrees that the Senior Securities may not be offered or sold by it except in accordance with Rule 144A under the Securities Act or pursuant to any other exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and, accordingly, that the Senior Securities may not be offered, sold, transferred, pledged, hypothecated or otherwise disposed of except as permitted in the Security Purchase Agreement, the Pooling and Servicing Agreement and the Series Supplement.

(b) The Purchaser is an Accredited Investor and it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of an investment in the Senior Securities. It is aware that it may be required to bear the economic risk of an investment in the Senior Securities for an indefinite period of time, and it is able to bear such risk until the Series 1998-3 Termination Date.

(c) Neither the Transferor nor any person representing the Transferor has made any representation to the Purchaser with respect to the Transferor or the offer or sale of the Senior Securities other than as set forth in the Security Purchase Agreement and the other Principal Agreements (and in any document delivered pursuant to the Security Purchase Agreement), which have been delivered to it, and upon which it is relying in making its investment decision with respect to the Senior Securities. The Purchaser has had the opportunity to ask questions and to obtain information concerning the Transferor, the Servicer, the Trust and the Senior Securities, has received adequate information concerning the Transferor, the Servicer, the Trust and the Senior Securities to make an informed investment decision with respect to its purchase of an interest in the Senior Securities, and acknowledges that an investment in the Senior Securities involves special considerations.

(d) The Purchaser will not offer, sell, transfer, pledge, hypothecate or otherwise dispose the Senior Securities except in accordance with the applicable provisions of the Series Supplement, including Section 10 thereof, and the Pooling and Servicing Agreement, including Article VI thereof.

(e)(i) The Purchaser understands that each of the Class A Securities, Class B Securities and the Class C Securities held by it will contain the following legend:

EACH PURCHASER REPRESENTS AND WARRANTS FOR THE BENEFIT OF FINGERHUT RECEIVABLES, INC. THAT SUCH PURCHASER IS NOT (I) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") THAT IS SUBJECT TO SECTION 4975

OF THE CODE, (III) A GOVERNMENTAL PLAN, AS DEFINED IN SECTION 3(32) OF ERISA, SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW WHICH IS, TO A MATERIAL EXTENT, SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, (IV) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" (AS DEFINED IN 29 C.F.R. SECTION 2510.3-101 OR OTHERWISE UNDER ERISA) BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY OR (V) A PERSON INVESTING "PLAN ASSETS" OF ANY SUCH PLAN (INCLUDING WITHOUT LIMITATION, FOR PURPOSES OF CLAUSE (IV) AND THIS CLAUSE (V), ANY INSURANCE COMPANY GENERAL ACCOUNT, BUT EXCLUDING ANY ENTITY REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED).

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW. THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES THAT THIS SECURITY MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO AN INSTITUTIONAL INVESTOR THAT THE HOLDER REASONABLY BELIEVES AS A QUALIFIED INSTITUTIONAL BUYER WITH THE MEANING OF RULE 144A ("QIB") PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF A QIB, WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, OR TO THE TRANSFEROR. EACH SECURITY OWNER BY ACCEPTING A BENEFICIAL INTEREST IN THIS SECURITY IS DEEMED TO REPRESENT AND WARRANT THAT IT IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR A QIB PURCHASING FOR THE ACCOUNT OF ANOTHER QIB. THE TRANSFER OF THIS SECURITY IS SUBJECT TO CERTAIN CONDITIONS SET FORTH IN THE POOLING AND SERVICING AGREEMENT REFERRED TO HEREIN. EACH CLASS [A] [B] [C] SECURITY OWNER BY ACCEPTING A BENEFICIAL INTEREST IN THIS SECURITY FURTHER REPRESENTS AND WARRANTS FOR THE BENEFIT OF FINGERHUT RECEIVABLES, INC. THAT SUCH PURCHASER IS NOT AND WILL NOT BECOME A PARTNERSHIP, SUBCHAPTER S CORPORATION OR GRANTOR TRUST FOR UNITED STATES FEDERAL INCOME TAX PURPOSES FOR SO LONG AS SUCH PURCHASER HOLDS A BENEFICIAL INTEREST IN THIS SECURITY.

THIS SECURITY MAY NOT BE ACQUIRED BY OR SOLD, TRADED OR TRANSFERRED TO A PERSON WHO IS NOT EITHER (A) (I) A CITIZEN OR RESIDENT OF THE UNITED STATES, (II) A CORPORATION, PARTNERSHIP OR OTHER ENTITY ORGANIZED IN OR UNDER THE LAWS OF THE UNITED STATES OR ANY POLITICAL SUBDIVISION THEREOF OR (III) A PERSON NOT DESCRIBED IN (I) OR (II) WHOSE OWNERSHIP OF THE CLASS [A] [B] [C] SECURITIES IS EFFECTIVELY CONNECTED WITH SUCH PERSON'S CONDUCT OF A TRADE OR BUSINESS WITHIN THE UNITED STATES (WITHIN THE MEANING OF THE CODE) AND ITS OWNERSHIP OF ANY INTEREST IN A CLASS [A] [B] [C] SECURITY WILL NOT RESULT IN ANY WITHHOLDING OBLIGATION WITH RESPECT TO ANY PAYMENTS WITH RESPECT TO THE CLASS [A] [B] [C] SECURITIES BY ANY PERSON (OTHER THAN WITHHOLDING, IF ANY, UNDER SECTION 1446 OF THE CODE) OR (B) AN ESTATE THE INCOME OF WHICH IS INCLUDIBLE IN GROSS INCOME FOR UNITED STATES FEDERAL INCOME TAX PURPOSES OR ANY TRUST IF A COURT WITHIN THE UNITED STATES IS ABLE TO EXERCISE PRIMARY SUPERVISION OVER THE ADMINISTRATION OF THE TRUST AND ONE OR MORE UNITED STATES FIDUCIARIES HAVE THE AUTHORITY TO CONTROL ALL SUBSTANTIAL DECISIONS OF THE TRUST.

NO SALE, ASSIGNMENT, PARTICIPATION, PLEDGE, HYPOTHECATION, TRANSFER OR OTHER DISPOSITION OF THIS SECURITY (OR ANY INTEREST THEREIN) SHALL BE MADE UNLESS THE TRANSFEROR SHALL HAVE GRANTED ITS PRIOR CONSENT THERETO, WHICH CONSENT MAY NOT BE UNREASONABLY WITHHOLD. THIS SECURITY MAY NOT BE ACQUIRED, SOLD, TRADED OR TRANSFERRED, NOR MAY AN INTEREST IN THIS SECURITY BE MARKETED, ON OR THROUGH (I) AN "ESTABLISHED SECURITIES MARKET" WITHIN THE MEANING OF SECTION 7704(b) (1) OF THE CODE AND ANY PROPOSED, TEMPORARY OR FINAL TREASURY REGULATION THEREUNDER, INCLUDING, WITHOUT LIMITATION, AN OVER-THE-COUNTER-MARKET OR AN INTERDEALER QUOTATION SYSTEM THAT REGULARLY DISSEMINATES FIRM BUY OR SELL QUOTATIONS OF (II) A "SECONDARY MARKET" WITHIN THE MEANING OF SECTION 7704(b)(2) OF THE CODE AND ANY PROPOSED, TEMPORARY OR FINAL TREASURY REGULATION THEREUNDER, INCLUDING A MARKET WHEREIN INTERESTS IN THE CLASS [A] [B] [C] SECURITIES ARE REGULARLY

QUOTED BY ANY PERSON MAKING A MARKET IN SUCH INTERESTS AND A MARKET WHEREIN ANY PERSON REGULARLY MAKES AVAILABLE BID OR OFFER QUOTES WITH RESPECT TO INTERESTS IN THE CLASS [A] [B] [C] SECURITIES AND STANDS READY TO EFFECT BUY OR SELL TRANSACTIONS AT THE QUOTED PRICES FOR ITSELF OR ON BEHALF OF OTHERS.

(f) The Purchaser is not subscribing to purchase an interest in the Senior Securities as a result of or subsequent to any advertisement, article, notice or other communication published in any newspaper, magazine or similar media or broadcast over television or radio, or presented at any seminar or meeting, or any solicitation of a subscription by a Person not previously known to it in connection with investments in securities generally.

(g) The Purchaser represents and warrants (i) it is duly authorized and empowered to execute, deliver and perform the Security Purchase Agreement and to purchase an interest in the Senior Securities, and has duly taken all requisite action in connection therewith; (ii) the Person signing the Security Purchase Agreement on behalf of the Purchaser has been duly authorized by the Purchaser to do so; (iii) the Security Purchase Agreement is a valid and binding legal obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by general principles of equity (whether considered in a suit at law or equity); and (iv) the execution, delivery and performance of the Security Purchase Agreement and the purchase of an interest in the Senior Securities do not and will not conflict with, violate or constitute a default under any applicable law or regulation (without considering the effect of any federal, state or other securities laws), the Purchaser's constituent documents or any agreement or arrangement to which the Purchaser is a party or by which it may be bound.

(h) The Purchaser is not acting in a fiduciary capacity in purchasing an interest in the Senior Securities.

(i) All information which the Purchaser has furnished and is furnishing to the Transferor, including, without limitation, the representation as to the Purchaser's status as an Accredited Investor and all other representations contained in the Security Purchase Agreement, is correct and complete as of the date of the Security Purchase Agreement; the Purchaser acknowledges that the Transferor and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties made or deemed to have been made by it or by its purchase of an interest in the Senior Securities are no longer accurate, it shall promptly notify the Transferor.

(j) The Purchaser is not an employee benefit plan. No part of the funds to be used by the Purchaser to pay the purchase price of an interest in the Senior Securities purchased under the Security Purchase Agreement, directly or indirectly, constitutes "plan assets" of any employee benefit plan (or its related trust). The term "employee benefit plan" shall have the meaning assigned to such term in Section 3 of ERISA; and the term "plan assets" shall have the meaning specified in Department of Labor Regulation Section 2510.3-101.

(k) This Investment Letter has been duly executed and delivered and constitutes a valid and binding legal obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights in general and except as such enforceability may be limited by

general principles of equity (whether considered in a suit at law or equity).

Please acknowledge your agreement to the terms of this letter by signing in the space provided below. This letter may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

Very truly yours,

[PURCHASER]

By: _____
Name:
Title:

ACKNOWLEDGED TO AS OF THE
DATE FIRST ABOVE WRITTEN:

FINGERHUT RECEIVABLES, INC.,
as Transferor,

By: _____
Name:
Title:

1 Applicable to an Assignment (a) by a Conduit Purchaser to an Alternate Purchaser in its Purchaser Group or (b) by an Alternate Purchaser to another Person.

2 Applicable to an Assignment by a Conduit Purchaser to a Conduit Assignee.

3 This Section will need to be revised if the Purchase Price will be made by a Conduit Assignee to the related Conduit Purchaser on two or more Commercial Paper maturity dates.

4 This Section is applicable if the Assignment is from an Alternate Purchaser to another Person.

5 This Section is applicable if the Assignment is from a Conduit Purchaser to a Conduit Assignee.

6 Applicable if the Assignment is from an Alternate Purchaser to another Person.

FIRST AMENDMENT AGREEMENT
to
FINGERHUT RECEIVABLES, INC.
SECURITY PURCHASE AGREEMENT

This First Amendment Agreement (the "Amendment") is executed as of the 29th day of July, 1999, by and among Fingerhut Receivables, Inc. (the "Transferor"), Kitty Hawk Funding Corporation ("Kitty Hawk"), Falcon Asset Securitization Corporation ("Falcon"), Four Winds Funding Corporation ("Four Winds" and, collectively with Kitty Hawk and Falcon, the "Conduit Purchasers"), Bank of America, N.A. ("BofA" or the "Administrative Agent"), The First National Bank of Chicago ("First Chicago"), Norddeutsche Landesbank Girozentrale, New York Branch and/or Cayman Island Branch ("Norddeutsche"), and Commerzbank Aktiengesellschaft, Chicago Branch ("Commerzbank" and collectively with BofA, First Chicago and Norddeutsche, the "Alternate Purchasers" and collectively with BofA and First Chicago, the "Managing Agents").

W I T N E S S E T H:

WHEREAS, the Transferor, the Conduit Purchasers, the Managing Agents, the Alternate Purchasers and the Administrative Agent executed the Security Purchase Agreement dated as of July 30, 1998 (the "Security Purchase Agreement") Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Security Purchase Agreement.

WHEREAS, the parties hereto have agreed to amend the Security Purchase Agreement on the terms and conditions hereinafter set forth:

NOW, THEREFORE, the parties hereto agree as follows:

SECTION 1. Amendment of the Security Purchase Agreement. The Security Purchase Agreement is, effective on the date hereof and subject to the satisfaction of the condition precedent set forth in Section 2 below, hereby amended as follows:

1.1 The introductory paragraph and subsection (a) of the definition of "Assignment Amount" contained in Section 1.01 of the Security Purchase Agreement shall be amended and restated in its entirety to read as follows:

"Assignment Amount" shall mean, at any time with respect to an Assignment:

(a) by a Conduit Purchaser in the Purchaser Group with respect to which NationsBank is the Managing Agent to an Alternate Purchaser in such Purchaser Group, an amount equal to the sum of (i) the lesser of (A) such Alternate Purchaser's Pro Rata Share of the portion of the related Purchaser Group Funded Portion of the Class A Invested Amount, if any, being assigned at such time and (B) such Alternate Purchaser's unused Class A Commitment Amount, (ii) the lesser of (A) such Alternate Purchaser's Pro Rata Share of the portion of the related Purchaser Group Funded Portion of the Class B Invested Amount, if any, being assigned at such time and (B) such Alternate Purchaser's unused Class B Commitment Amount and (iii) the lesser of (A) such Alternate Purchaser's Pro Rata Share of the portion of the related Purchaser Group Funded Portion of the Class C Invested Amount, if any, being assigned at such time and (B) such Alternate Purchaser's unused Class C Commitment Amount;"

1.2 The definitions of "Conduit Assignee," "Funding Period," and "Specified Termination Date" contained in Section 1.01 of the Security Purchase Agreement shall be amended and restated in their entirety to read as follows:

"Conduit Assignee" shall mean, with respect to any Purchaser Group, any commercial paper conduit administered by the applicable Managing Agent and designated from time to time to accept an Assignment from the related Conduit Purchaser (and thus becoming a Conduit Purchaser hereunder) of all or a portion of the related Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount."

"Funding Period" shall mean each period determined pursuant to Section 2.03 to which all or a portion of each Purchaser Group Funded Portion of the Invested Amount is allocated for the purposes of determining the Cost of Funds for such Invested Amount."

"Specified Termination Date" shall mean July 27, 2000, or such later date to which the Specified Termination Date may be extended in accordance with Section 2.05 hereof."

1.3 The first sentence of Section 2.02 of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"Each Conduit Purchaser, through its respective Managing Agent, may (but is not committed to), prior to the Increase Termination Date and subject to the provisions of Section 6.15 of the Pooling and Servicing Agreement (including the provisions permitting allocation of Additional Invested Amounts other than by Purchaser Group Percentage), purchase the related Purchaser Group Percentage of any Additional Class A Invested Amount, Additional Class B Invested Amount and Additional Class C Invested Amount from time to time requested by the Transferor from the Purchasers in accordance with the procedures described in Section 6.15 of the Pooling and Servicing Agreement."

1.4 Section 2.03 of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"Section 2.03 Selection of Funding Periods. With respect to any portion of the Invested Amount which is funded by a Conduit Purchaser through the issuance of Commercial Paper, the Transferor may, subject to the applicable Managing Agent's approval and the limitations described below, request that the Invested Amount so funded by a Conduit Purchaser be allocated among one or more Funding Periods, so that the aggregate amounts so allocated with respect to such Conduit Purchaser at all times shall equal the Invested Amount held by such Conduit Purchaser. No such Funding Period applicable to Invested Amounts funded by the issuance of Commercial Paper shall be longer than 270 days and no such Funding Period applicable to Invested Amounts funded other than by the issuance of Commercial Paper shall be longer than one month. The Transferor shall give each Managing Agent irrevocable notice by telephone of the new requested Funding Period(s) at least one (1) Business Day prior to the expiration of any then existing Funding Period; provided, however, that the applicable Conduit Purchaser or the related Managing Agent may select any such new Funding Period if (1) the Transferor fails to provide such notice on a timely basis or (ii) such Conduit Purchaser or the

related Managing Agent determines, in its sole discretion, that the Funding Period requested by the Transferor is unavailable or for any reason commercially undesirable. Notwithstanding the foregoing, if the Transferor requests that the Invested Amount then held by any Conduit Purchaser be allocated to more than one Funding Period during any calendar week, the Transferor will pay to the Administrative Agent, for distribution to such Conduit Purchaser, one hundred dollars (\$100.00) for the first additional Funding Period requested from such Conduit Purchaser during that week and two hundred fifty dollars (\$250.00) for each additional Funding Period requested from such Conduit Purchaser during that week, such amount to be paid in accordance with the terms of the Series Supplement."

1.5 The last sentence of Subsection 2.04(a) of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"In the event that the Interest Payment received by the Administrative Agent on any day is insufficient to fully pay the accrued and unpaid interest described in clauses (i), (ii) and (iii) above, such Interest Payment shall be allocated pro rata among the applicable Purchaser Groups (based upon the respective Purchaser Group Funded Portions of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount, as applicable) and further allocated pro rata among the Purchasers within each Purchaser Group (based upon each Purchaser's funded portion of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount, as applicable) unless otherwise agreed among the Purchasers in such Purchaser Group."

1.6 Subsection 2.04(b) of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(b) On each day on which the Administrative Agent receives a payment under the Pooling and Servicing Agreement or Series Supplement in respect of Program Fees, Class A Facility Usage Fees, Class B Facility Usage Fees, Class C Facility Usage Fees or Facility Unused Fees, the Administrative Agent shall distribute such amounts to the applicable Managing Agent, for the benefit of the applicable Purchaser(s) in the related Purchaser Group, an amount equal to such Purchaser Group's pro rata share of such fees (based upon the respective Purchaser Group Funded Portions of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount, as applicable)."

1.7 Subsections 2.04(d) and 2.04(e) of the Security Purchase Agreement are hereby amended and restated in their entirety to read as follows:

"(d) On each Business Day on which the Administrative Agent receives a payment in respect of the principal of the Senior Securities pursuant to the Pooling and Servicing Agreement, the Administrative Agent shall distribute, to each Managing Agent, for the benefit of the applicable Purchaser(s) in the related Purchaser Group, the related Purchaser Group's pro rata share of the Class A Principal, the Class B Principal and the Class C Principal (based upon the respective Purchaser Group Funded Portions of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount, as applicable).

(e) All amounts to be paid or deposited by the Transferor or the Servicer under this Agreement shall be paid or deposited in accordance with the terms hereof no later than 2:00 p.m. (New York City time) on the day when due. All distributions by the Administrative Agent to the Managing Agents hereunder shall be made by wire transfer of immediately available funds to such depository account as each such Managing Agent directs the Administrative Agent in writing prior to the applicable Distribution Date. Each Managing Agent shall further distribute the amounts received by it in accordance with subsection (a), (b), (c) and (d) of this Section 2.04 to the applicable members of its related Purchaser Group."

1.8 Section 7.06 of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"Section 7.06 Payments by the Administrative Agent. Unless specifically allocated to a Conduit Purchaser or an Alternate Purchaser pursuant to Section 2.04 of this Agreement, all amounts received by the Administrative Agent, if any, on behalf of the Conduit Purchasers or Alternate Purchasers shall be paid by the Administrative Agent to the applicable Managing Agent (at the account specified in writing to Administrative Agent) in accordance with the related Purchaser Group Funded Portion on the Business Day received by the Administrative Agent, unless such amounts are received after 12:00 noon (New York time) on such Business Day, in which case the Administrative Agent shall use its reasonable efforts to pay such amounts to such Managing Agent, on behalf of the related Purchaser, on such Business Day, but, in any event, shall pay such amounts to such Managing Agent, on behalf of the related Purchaser, not later than 11:00 a.m. (New York time) on the following Business Day."

1.9 Section 7.10 of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"Section 7.10 Indemnification of the Managing Agent. Each Alternate Purchaser agrees to indemnify the related Managing Agent (to the extent not reimbursed by the Transferor), ratably in accordance with its respective Pro Rata Share, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Managing Agent (in its capacity as such) in any way relating to or arising out of this Agreement and any of the other Principal Agreements or such action taken or omitted by the Managing Agent hereunder or thereunder; provided, however, that such Alternate Purchaser shall not be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Managing Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Alternate Purchaser agrees to reimburse the Managing Agent, ratably in accordance with its respective Pro Rata Share, promptly upon demand for any out-of-pocket expenses (including counsel fees) incurred by the Managing Agent in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and the other Principal Agreements, to the extent that such expenses are incurred in the interests of or otherwise in respect of the Conduit Purchasers or the Alternate Purchasers hereunder and/or thereunder and to the

extent that the Managing Agent is not reimbursed for such expenses by the Transferor."

1.10 Subsection 8.01(a) of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(a) At any time prior to the Specified Termination Date, in the event that any Conduit Purchaser has elected in its discretion not to fund its portion of the Class A Initial Invested Amount, the Class B Initial Invested Amount and the Class C Initial Invested Amount or any Additional Invested Amount as requested under Section 2.02 hereof, then the Transferor shall have the right to direct the related Managing Agent to designate the Alternate Purchasers in the related Purchaser Group to fund, and such Alternate Purchasers shall fund, such Class A Initial Invested Amount, Class B Initial Invested Amount and/or Class C Initial Invested Amount or such Additional Invested Amount, as applicable, subject to the conditions set forth in Section 6.15 of the Pooling and Servicing Agreement. In addition, at any time, a Conduit Purchaser may elect to assign all or a portion of its interest in any of the Senior Securities of its Purchaser Group to the Alternate Purchasers in its Purchaser Group pursuant to this Section 8.01. Upon any such election by a Conduit Purchaser or any such direction by the Transferor, such Conduit Purchaser shall make an Assignment and the Alternate Purchasers in the related Purchaser Group shall accept such Assignment and shall assume all or a portion of the obligations of such Conduit Purchaser hereunder. In connection with an Assignment from any Conduit Purchaser to the Alternate Purchasers in its Purchaser Group pursuant to this Section 8.01, each Alternate Purchaser shall, on the date of such Assignment, pay to such Conduit Purchaser its Pro Rata Share of the applicable Assignment Amount against delivery by such Conduit Purchaser of an Assignment and Assumption Agreement. In the event that the Assignment Amount paid by the Alternate Purchasers is less than the sum of the portion of the applicable Purchaser Group Funded Portion of the Invested Amount subject to such Assignment plus the interest component of all outstanding Commercial Paper with respect thereto, then to the extent payments made hereunder in respect of the Invested Amount exceed the Assignment Amount, such excess amounts shall be remitted by the applicable Managing Agent to the Conduit Purchaser.

Without limiting the foregoing, any Conduit Purchaser may, from time to time, with prior or concurrent notice to the Transferor and the Servicer, in one transaction or a series of transactions, assign to a Conduit Assignee all or part of the related Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount and such Conduit Purchaser's rights and obligations under this Agreement and any other Principal Agreements to which it is a party. Upon and to the extent of such assignment by a Conduit Purchaser to a Conduit Assignee, (i) such Conduit Assignee shall be the owner of the assigned portion of the related Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, (ii) the related Managing Agent for such Conduit Purchaser will act as the Managing Agent for such Conduit Assignee, with all corresponding rights and powers, express or implied, granted to the related Managing Agent hereunder or under the other Principal Agreements, (iii) such Conduit Assignee and its Liquidity Providers and

Program Support Providers and other related parties shall have the benefit of all the rights and protections provided to such Conduit Purchaser and its Liquidity Providers and Program Support Providers and other related parties, respectively, herein and in the other Principal Agreements (including, without limitation, any limitation on recourse against such Conduit Purchaser or related parties, any agreement not to file or join in the filing of a petition to commence an insolvency proceeding against such Conduit Purchaser, and the right to assign to another Conduit Assignee as provided in this paragraph), (iv) such Conduit Assignee shall assume such Conduit Purchaser's right to fund the assigned portion of the related Purchaser Group Percentage of any Additional Invested Amount requested by the Transferor subsequent to the date of such assignment and all other obligations, if any, of such Conduit Purchaser under and in connection with this Agreement or any other Principal Agreements, and such Conduit Purchaser shall be released from such obligations, in each case to the extent of such assignment, and the obligations of such Conduit Purchaser and Conduit Assignee shall be several and not joint, (v) all distributions in respect of the related Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, shall be made to the applicable Managing Agent, on behalf of such Conduit Purchaser and such Conduit Assignee on a pro rata basis according to their respective interests, (vi) the defined terms and other terms and provisions of this Agreement and the other Principal Agreements shall be interpreted in accordance with the foregoing, and (vii) if requested by the applicable Managing Agent, the parties will execute and deliver such further agreements and documents and take such other actions as such Managing Agent may reasonably request to evidence and give effect to the foregoing. No Assignment by a Conduit Purchaser to a Conduit Assignee of all or any portion of the related Purchaser Group Portion of the Class A Invested Amount, the Class B Invested Amount or the Class C Invested Amount, as applicable, shall in any way diminish the related Alternate Purchaser's obligation under Section 8.01(a) to fund any Additional Invested Amount not funded by such Conduit Purchaser or Conduit Assignee."

1.11 Section 8.01(d) of the Security Purchase Agreement is hereby amended and restated in its entirety to read as follows:

"(d) If at any time prior to any assignment by the Conduit Purchaser in the Purchaser Group with respect to which NationsBank is the Managing Agent to a related Alternate Purchaser as contemplated pursuant to this Section 8.01, the short term debt rating of any Alternate Purchaser shall be "A-2" or "P-2" from Standard & Poor's or Moody's, respectively, with negative credit implications, such Alternate Purchaser, upon request of the Managing Agent, shall, within 30 days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" and "P-2" from Standard & Poor's and Moody's, respectively, and which shall not be so rated with negative credit implications). If the short term debt rating of an Alternate Purchaser shall be "A-3" or "P-3", or lower, from Standard & Poor's or Moody's, respectively (or such rating shall have been withdrawn by Standard & Poor's or Moody's), such Alternate Purchaser, upon request of the Managing Agent, shall, within five (5) Business Days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" and "P-2" from Standard &

Poor's and Moody's, respectively, and which shall not be so rated with negative credit implications). In either such case, if any such Alternate Purchaser shall not have assigned its rights and obligations under this Agreement within the applicable time period described above, the Conduit Purchaser shall have the right to require such Alternate Purchaser to accept the assignment of such Alternate Purchaser's Pro Rata Share of the Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount; such assignment shall occur in accordance with the applicable provisions of this Section 8.01. Such Alternate Purchaser shall be obligated to pay to the Conduit Purchaser, in connection with such assignment, in addition to the Pro Rata Share of the Purchaser Group Funded Portion of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount, an amount equal to the interest component of the outstanding Commercial Paper issued to fund the portion of the Class A Invested Amount, the Class B Invested Amount and/or the Class C Invested Amount being assigned to such Alternate Purchaser, as reasonably determined by the Managing Agent. Notwithstanding anything contained herein to the contrary, upon any such assignment to a downgraded Alternate Purchaser as contemplated pursuant to the immediately preceding sentence, the aggregate available amount of the Facility Limit, solely as it relates to new Additional Invested Amounts by the Conduit Purchaser, shall be reduced by the amount of unused Class A Commitment Amount, Class B Commitment Amount and/or Class C Commitment Amount of such downgraded Alternate Purchaser; it being understood and agreed, that nothing in this sentence or the two preceding sentences shall affect or diminish in any way any such downgraded Alternate Purchaser's commitment to the Transferor or such downgraded Alternate Purchaser's other obligations and liabilities hereunder and under the other Principal Agreements."

1.12 Section 9.02 of the Security Purchase Agreement is hereby amended by replacing the term "Required Securityholders" contained therein with the term "Required Senior Securityholders."

SECTION 2. Condition Precedent. This Amendment shall become effective as of the date hereof upon the execution hereof by all of the parties hereto.

SECTION 3. Miscellaneous.

3.1 Ratification. As amended hereby, the Security Purchase Agreement is in all respects ratified and confirmed and the Security Purchase Agreement as so amended by this Amendment shall be read, taken and construed as one and the same instrument.

3.2 Representation and Warranty. The Transferor represents and warrants that this Amendment has been duly authorized, executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium or other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general and by general principles of equity (whether considered in a suit at law or in equity).

3.3 Governing Law; Parties. THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. Whenever in this Amendment there is a reference made to any of the parties hereto, such reference shall also be a reference to the successors and assigns of such party, including, without limitation, any debtor-in-possession or trustee. The provisions of this Amendment shall be binding upon and shall inure to the benefit of the successors and assigns of

the parties hereto.

3.4 Counterparts; Severability. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. In case any provision in or obligation under this Amendment shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

3.5 Expenses. The Transferor agrees to pay all reasonable out-of-pocket expenses (including, without the fees and expenses of Sidley & Austin, counsel to the Purchasers) incurred by the Administrative Agent or the Purchasers in connection with the negotiation, execution, delivery and preparation of this Amendment.

IN WITNESS WHEREOF, the Transferor, the Purchasers, the Managing Agents and the Administrative Agent have caused this Amendment to be fully executed by their respective officers as of the day and year first above written.

FINGERHUT RECEIVABLES, INC.,
as Transferor

By: /s/ Brian M. Szames
Name: Brian M. Szames
Title: President

KITTY HAWK FUNDING CORPORATION,
as Conduit Purchaser

By: /s/ Richard L. Taiano
Name: Richard L. Taiano
Title: Vice President

FALCON ASSET SECURITIZATION CORPORATION,
as Conduit Purchaser

By: /s/ Brooks P. Crankshaw
Name: Brooks P. Crankshaw
Title: Managing Director

FOUR WINDS FUNDING CORPORATION,
as Conduit Purchaser

By: /s/ James F. Ahern
Name: James F. Ahern
Title: Vice President

By: /s/ Carl H. Jackson
Name: Carl H. Jackson
Title: Vice President

BANK OF AMERICA, N.A.,
as Alternate Purchaser and Managing Agent

By: /s/ Elliott T. Lemon
Name: Elliott T. Lemon
Title: Vice President

NORDDEUTSCHE LANDESBANK GIROZENTRALE,
NEW YORK BRANCH AND/OR CAYMAN ISLAND

BRANCH, as Alternate Purchaser

By: /s/ Josef Haas
Name: Josef Hass
Title: Vice President

By: /s/ Stephanie Finnen
Name: Stephen K. Hunter
Title: Senior Vice President

THE FIRST NATIONAL BANK OF CHICAGO,
as Alternate Purchaser and Managing Agent

By: /s/ Brooks P. Crankshaw
Name: Brooks P. Crankshaw
Title: First Vice President

COMMERZBANK AKTIENGESELLSCHAFT, CHICAGO
BRANCH, as Alternate Purchaser and
Managing Agent

By: /s/ Carl H. Jackson
Name: Carl H. Jackson
Title: Vice President

By: /s/ James F. Ahern
Name: James F. Ahern
Title: Vice President

BANK OF AMERICA, N.A.,
as Administrative Agent for the Purchasers

By: /s/ Elliott T. Lemon
Name: Elliott T. Lemon
Title: Vice President

PRIME II RECEIVABLES CORPORATION

Transferor

FDS NATIONAL BANK

Servicer

and

THE CHASE MANHATTAN BANK

Trustee

on behalf of the Series 1999-1 Certificateholders

SERIES 1999-1 VARIABLE FUNDING SUPPLEMENT

Dated as of July 6, 1999

to

POOLING AND SERVICING AGREEMENT

Dated as of January 22, 1997

Class A Variable Funding Certificates, Series 1999-1

Class B Variable Funding Certificates, Series 1999-1

PRIME CREDIT CARD MASTER TRUST II

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SERIES 1999-1 VARIABLE FUNDING SUPPLEMENT, dated as of July 6, 1999 (this "Variable Funding Supplement") by and among PRIME II RECEIVABLES CORPORATION, a corporation organized and existing under the laws of the State of Delaware, as Transferor (the "Transferor"), FDS NATIONAL BANK, a national banking association organized and existing under the federal laws of the United States, as Servicer (the "Servicer"), and THE CHASE MANHATTAN BANK, a banking corporation organized and existing under

the laws of State of New York, as trustee (together with its successors in trust thereunder as provided in the Agreement referred to below, the "Trustee") under the Pooling and Servicing Agreement dated as of January 22, 1997 (the "Agreement") among the Transferor, the Servicer and the Trustee.

Section 6.9 of the Agreement provides, among other things, that the Transferor and the Trustee may at any time and from time to time enter into a supplement to the Agreement for the purpose of authorizing the issuance by the Trustee to the Transferor, for execution and redelivery to the Trustee for authentication, one or more Series of Certificates.

Pursuant to this Variable Funding Supplement, the Transferor and the Trustee shall create a new Series of Investor Certificates and shall specify the Principal Terms thereof.

SECTION 1 Designation. There is hereby created a Series of Investor Certificates to be issued pursuant to the Agreement and this Variable Funding Supplement to be known generally as the "Series 1999-1 Variable Funding Certificates." The Series 1999-1 Variable Funding Certificates shall be issued in two Classes, which shall be designated generally as the Class A Variable Funding Certificates, Series 1999-1 (the "Class A Variable Funding Certificates"), and the Class B Variable Funding Certificates, Series 1999-1 (the "Class B Variable Funding Certificates"). In addition, there is also hereby created a third Class of interest in the Trust which shall be deemed to be an "Investor Certificate" for all purposes under the Agreement and this Variable Funding Supplement, except as expressly provided herein, and which shall be known as the Class C Certificates, Series 1999-1 (the "Class C Certificates"). The Series 1999-1 Variable Funding Certificates and the Class C Certificates are collectively referred to sometimes in this Variable Funding Supplement as the "Series 1999-1 Certificates". Series 1999-1 shall be included with Series 1997-1 as a member of Group I. The Class C Certificates shall be Transferor Retained Certificates so long as and to the extent held of record by the Transferor.

SECTION 2 Definitions. In the event that any term or provision contained herein shall conflict with or be inconsistent with any provision contained in the Agreement, the terms and provisions of this Variable Funding Supplement shall govern. All Article, Section or subsection references herein shall mean Article, Section or subsections of the Agreement, as amended or supplemented by this Variable Funding Supplement except as otherwise provided herein. All capitalized terms not otherwise defined herein are defined in the Agreement. Each capitalized term defined herein shall relate only to the Series 1999-1 Certificates and no other Series of Certificates issued by the Trust.

"Administrative Agent" shall mean PNC Bank, National Association, or any successor designated as the Administrative Agent in the Class A Certificate Purchase Agreement and the Class B Certificate Purchase Agreement.

"Amortization Period" shall mean the period commencing on the Amortization Period Commencement Date and ending on the earlier to occur of (i) the date of termination of the Trust pursuant to Section 12.1 of the Agreement or (ii) the Series 1999-1 Termination Date.

"Amortization Period Commencement Date" shall mean, initially, with respect to the Investor Certificates, the earlier of the first day of the August 2002 Monthly Period and the Pay Out Commencement Date, and, with respect to an Extension, the earlier of the date specified as such in the Extension Notice and the Pay Out Commencement Date.

"Assignee" shall have the meaning specified in subsection 6.17(a) of the Agreement.

"Annual Portfolio Turnover Rate" shall mean with respect to any Business Day during a Monthly Period, the aggregate of Receivables arising under Accounts from sales of goods and services or cash advances, excluding any portion thereof representing Periodic Finance Charges, Late Fees, annual membership fees or other fees and similar charges during each of the twelve Monthly Periods ending on the last day of the second preceding Monthly Period divided by the average of the aggregate Outstanding Balances of Receivables as of the last day of each such Monthly Period.

"Available Reserve Amount" shall mean, for any Business Day, the lesser of (i) the amount on deposit in the Reserve Account on such Business Day (after giving effect to any deposit to, or withdrawal from, the Reserve Account to be made with respect to such Business Day), and (ii) the Required Reserve Amount as of such Business Day.

"Base Rate" shall mean, with respect to the Investor Certificates, the sum of (i) the weighted average of the annualized Class A Certificate Rate, the annualized Class B Certificate Rate and the annualized Class C Certificate Rate and (ii) the Series Servicing Fee Percentage per annum.

"Carryover Discount Amount" shall mean, for Series 1999-1 for any Business Day, the excess, if any, of (i) the sum of (A) the product of the Discount Allocation Percentage and the Discount Amount and (B) the Carryover Discount Amount for Series 1999-1 for the preceding Business Day over (ii) the amount of Principal Collections added to Total Finance Charge Collections for such Series on such preceding Business Day.

"Class A Additional Payments" shall mean amounts payable pursuant to Section 2.4 or 2.5 of the Class A Certificate Purchase Agreement in an aggregate amount not exceeding, for any Business Day, the product of (i) a fraction, the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.25% and (iii) the Class A Invested Amount for such Business Day.

"Class A Agent" shall mean PNC Bank, National Association, or any successor at the time designated as the Agent for the Class A Certificateholders under the Class A Certificate Purchase Agreement.

"Class A Carrying Cost Daily Factor" shall mean, on any Business Day, the Class A Carrying Costs for such Business Day divided by the Class A Investor Principal Balance for such Business Day.

"Class A Carrying Costs" shall mean, for any Business Day, the sum of the accrued Yield since the preceding Business Day on the outstanding principal amount of the Class A Certificates. It is understood and agreed that, with respect to any Fixed Period and any portion of the Class A Investor Principal Balance for which Yield is calculated based on the Commercial Paper Rate (i) the Servicer shall make daily allocations of Class A Interest based on the Commercial Paper Rate applicable to the immediately preceding Fixed Period (or, in the case of any Fixed Period for which no portion of the Class A Investor Principal Balance accrued Yield at the Commercial Paper Rate during the immediately preceding Fixed Period, the estimate provided by the Class A Agent pursuant to the last sentence of the definition of Yield in the Class A Certificate Purchase Agreement), and (ii) on the last day of each Fixed Period the Servicer, based on the actual Commercial Paper Rate for such Fixed Period, will adjust the amount of Class A Interest deposited into the Interest Funding Account during the related Fixed Period to reflect any difference between the Commercial Paper Rate used to make daily allocations of Class A Interest during such Fixed Period and the actual Commercial Paper Rate for such Fixed Period.

"Class A Certificate Purchase Agreement" shall mean the Class A Certificate Purchase Agreement, dated as of July 6, 1999, among the Transferor, the Servicer, the purchasers of Class A Certificates named therein and PNC Bank, National Association, as the Class A Agent and the Administrative Agent, as amended from time to time.

"Class A Certificate Rate" shall mean, with respect to the Class A Certificates, the Class A Carrying Cost Daily Factor.

"Class A Certificateholder" shall mean any Person in whose name a Class A Certificate is registered in the Certificate Register.

"Class A Certificateholders' Interest" shall mean the portion of the Series 1999-1 Certificateholders' Interest evidenced by the Class A Certificates.

"Class A Certificates" shall mean any of the Certificates executed by the Transferor and authenticated by or on behalf of the Trustee, substantially in the form of Exhibit A-1 hereto.

"Class A Daily Principal Amount" shall have the meaning specified in subsection 4.6(e)(i) of the Agreement.

"Class A Default and Dilution Amount" shall mean, for any Monthly Period, an amount equal to the summation of the products of (i) the Class A Floating Allocation Percentage and (ii) the Default and Dilution Amount, as determined for each Business Day in that Monthly Period.

"Class A Floating Allocation Percentage" shall mean, with respect to any Business Day, the percentage equivalent of a fraction, the numerator of which is the Class A Invested Amount for such Business Day and the denominator of which is the sum of the amount of Principal Receivables in the Trust and the amount on deposit in the Excess Funding Account as of the end of the preceding Business Day.

"Class A Initial Invested Amount" shall mean the aggregate initial principal amount of the Class A Certificates on the Issuance Date.

"Class A Interest" shall mean with respect to any Business Day an amount equal to the product of the Class A Certificate Rate and the Class A Investor Principal Balance as of the close of business on such Business Day.

"Class A Invested Amount" shall mean, when used with respect to any Business Day, an amount equal to (a) the Class A Initial Invested Amount, plus (b) the aggregate principal amount of any VFC Additional Class A Invested Amounts purchased by the Class A Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Agreement, minus (c) the aggregate amount of principal payments made to the Class A Certificateholders prior to such Business Day and minus (d) the excess, if any, of the aggregate amount of unreimbursed Class A Investor Charge-Offs for all Distribution Dates preceding such date over Class A Investor Charge-Offs reimbursed pursuant to subsection 4.8(c) of the Agreement prior to such Business Day.

"Class A Investor Charge-Off" shall have the meaning specified in subsection 4.8(c) of the Agreement.

"Class A Investor Percentage" shall mean, for any Business Day, the Class A Invested Amount as a percentage of the Invested Amount on such Business Day.

"Class A Investor Principal Balance" shall have the meaning assigned to such term in the Class A Certificate Purchase Agreement.

"Class A Program Fee" shall mean the fees or other amounts

payable pursuant to subsection 2.3(a) of the Class A Certificate Purchase Agreement, to the extent not included in Class A Carrying Costs.

"Class A Required Amount" shall mean the amount, if any, by which (x) the sum of the amounts described in subsections 4.6(a)(i), (v), (vi) or (viii) of the Agreement during the Revolving Period or subsections 4.6(b)(i), (v), (vi) or (viii) or 4.6(c)(i), (v), (vi) or (viii) of the Agreement during the Amortization Period, as applicable, plus the Class A Investor Percentage of the amount described in subsection 4.6(a)(iv) of the Agreement during the Revolving Period, or subsection 4.6(b)(iv) or 4.6(c)(iv) of the Agreement during the Amortization Period, as applicable, exceeds (y) the Total Finance Charge Collections available for application thereto pursuant to subsections 4.6(a), (b) or (c) of the Agreement, as applicable, on any Business Day.

"Class A Supplemental Payments" shall mean, on any Business Day, the sum of all unpaid amounts owed to the Administrative Agent, the Class A Agent or any Class A Purchaser (as defined in the Class A Certificate Purchase Agreement) pursuant to the Class A Certificate Purchase Agreement which have arisen prior to such Business Day (including, without limitation, amounts payable pursuant to Section 2.4 or 2.5 of the Class A Purchase Agreement on any Business Day in excess of the maximum amount of Class A Additional Payments for such Business Day), other than Class A Interest, Class A Additional Payments and the unpaid principal amount of the Class A Certificates.

"Class A/B Default and Dilution Amount" shall mean, for any Monthly Period, an amount equal to the summation of the products of (i) the sum of the Class A Floating Allocation Percentage and the Class B Floating Allocation Percentage and (ii) the Default and Dilution Amount, as determined for each Business Day in that Monthly Period.

"Class B Additional Payments" shall mean amounts payable pursuant to Section 2.4 or 2.5 of the Class B Certificate Purchase Agreement in an aggregate amount not exceeding, for any Business Day, the product of (i) a fraction, the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is 360, (ii) 0.25% and (iii) the Class B Invested Amount for such Business Day.

"Class B Agent" shall mean PNC Bank, National Association, or any successor at the time designated as the Agent for the Class B Certificateholders under the Class B Certificate Purchase Agreement.

"Class B Carrying Cost Daily Factor" shall mean, on any Business Day, the Class B Carrying Costs for such Business Day divided by the Class B Investor Principal Balance for such Business Day.

"Class B Carrying Costs" shall mean, for any Business Day, the sum of the accrued Yield since the preceding Business Day on the outstanding principal amount of the Class B Certificates. It is understood and agreed that, with respect to any Fixed Period and any portion of the Class B Investor Principal Balance for which Yield is calculated based on the Commercial Paper Rate (i) the Servicer shall make daily allocations of Class B Interest based on the Commercial Paper Rate applicable to the immediately preceding Fixed Period (or, in the case of any Fixed Period for which no portion of the Class B Investor Principal Balance accrued Yield at the Commercial Paper Rate during the immediately preceding Fixed Period, the estimate provided by the Class B Agent pursuant to the last sentence of the definition of Yield in the Class B Certificate Purchase Agreement), and (ii) on the last day of each Fixed Period the Servicer, based on the actual Commercial Paper Rate for such Fixed Period, will adjust the amount of Class B Interest deposited into the Interest Funding Account during the related Fixed Period to reflect any difference between the

Commercial Paper Rate used to make daily allocations of Class B Interest during such Fixed Period and the actual Commercial Paper Rate for such Fixed Period.

"Class B Certificate Purchase Agreement" shall mean the Class B Certificate Purchase Agreement, dated as of July 6, 1999, among the Transferor, the Servicer, the purchasers of Class B Certificates named therein and PNC Bank, National Association, as the Class B Agent and the Administrative Agent, as amended from time to time.

"Class B Certificate Rate" shall mean the Class B Carrying Cost Daily Factor.

"Class B Certificateholder" shall mean any Person in whose name a Class B Certificate is registered in the Certificate Register.

"Class B Certificateholders' Interest" shall mean the portion of the Series 1999-1 Certificateholders' Interest evidenced by the Class B Certificates.

"Class B Certificates" shall mean any of the Certificates executed by the Transferor and authenticated by or on behalf of the Trustee, substantially in the form of Exhibit A-2 hereto

"Class B Daily Principal Amount" shall have the meaning specified in subsection 4.6(e)(ii) of the Agreement.

"Class B Fixed/Floating Allocation Percentage" shall mean, with respect to any Business Day, the percentage equivalent of a fraction the numerator of which is equal to the Class B Invested Amount for the day immediately following the last day of the Revolving Period and the denominator of which is equal to the greater of (x) the sum of the aggregate amount of Principal Receivables in the Trust and the amount on deposit in the Excess Funding Account as of the end of the preceding Business Day and (y) the sum of the numerators used to calculate the allocation percentages with respect to Principal Receivables of all Series outstanding on such Business Day.

"Class B Floating Allocation Percentage" shall mean, with respect to any Business Day, the percentage equivalent of a fraction, the numerator of which is the Class B Invested Amount for such Business Day and the denominator of which is the sum of the total amount of Principal Receivables in the Trust and the amount on deposit in the Excess Funding Account as of the end of the preceding Business Day.

"Class B Initial Invested Amount" shall mean the aggregate initial principal amount of the Class B Certificates on the Issuance Date.

"Class B Interest" shall mean, with respect to any Business Day, an amount equal to the product of the Class B Certificate Rate and the Class B Investor Principal Balance as of the close of business on such Business Day.

"Class B Invested Amount" shall mean, when used with respect to any Business Day, an amount (which shall not be less than zero) equal to (a) the Class B Initial Invested Amount, plus (b) the aggregate principal amount of any VFC Additional Class B Invested Amounts purchased by the Class B Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Agreement, minus (c) the aggregate amount of principal payments made to Class B Certificateholders prior to such Business Day, minus (d) without duplication, the aggregate amount of (i) Class B Investor Charge-Offs, (ii) Reallocated Principal Collections for all prior Business Days (excluding Reallocated Principal Collections on account of which the Class C Invested Amount has been reduced to zero) and (iii) reductions to the Class B Invested Amount made pursuant to the last sentence of subsection 4.7(c) and plus (e) the aggregate amount allocated to the Class B

Certificates and available on all prior Business Days in accordance with subsection 4.8(b) of the Agreement, for the purpose of reimbursing amounts deducted pursuant to the foregoing clause (d).

"Class B Investor Charge-Off" shall have the meaning specified in subsection 4.8(b) of the Agreement.

"Class B Investor Percentage" shall mean, for any Business Day, the Class B Invested Amount as a percentage of the Invested Amount on such Business Day.

"Class B Investor Principal Balance" shall have the meaning assigned to such term in the Class B Certificate Purchase Agreement.

"Class B Principal Payment Commencement Date" shall mean, following an Amortization Period Commencement Date, the earlier of (a) the Business Day on which the Class A Invested Amount is paid in full or, if there are no Principal Collections allocable to the Series 1999-1 Certificates remaining after payments have been made to the Class A Certificates on such Business Day, the Business Day following the Business Day on which the Class A Invested Amount is paid in full and (b) the Distribution Date following a sale or repurchase of the Receivables as set forth in Section 2.4(d), 9.2, 10.2, 12.1 or 12.2 of the Agreement or Section 3 of this Variable Funding Supplement.

"Class B Program Fee" shall mean the fees payable pursuant to subsection 2.3(a) of the Class B Certificate Purchase Agreement, to the extent not included in Class B Carrying Costs.

"Class B Required Amount" shall mean the amount, if any, by which (x) the sum of the amounts described in subsections 4.6(a)(ii), (v), (vii) or (ix) of the Agreement during the Revolving Period or subsections 4.6(b)(ii), (v), (vii) or (ix) or 4.6(c)(ii), (v), (vii) or (ix) of the Agreement during the Amortization Period, as applicable, plus the Class B Investor Percentage of the amount described in subsection 4.6(a)(iv) of the Agreement during the Revolving Period, or subsection 4.6(b)(iv) or 4.6(c)(iv) of the Agreement during the Amortization Period, as applicable, exceeds (y) the Total Finance Charge Collections available for application thereto pursuant to subsections 4.6(a), (b) or (c) of the Agreement, as applicable, on any Business Day.

"Class B Supplemental Payments" shall mean, on any Business Day, the sum of all unpaid amounts owed to the Administrative Agent, the Class B Agent or any Class B Purchaser (as defined in the Class B Purchase Agreement) pursuant to the Class B Certificate Purchase Agreement which have arisen prior to such Business Day (including, without limitation, amounts payable pursuant to Section 2.4 or 2.5 of the Class B Purchase Agreement on any Business Day in excess of the maximum amount of Class B Additional Payments for such Business Day), other than Class B Interest, Class B Additional Payments and the unpaid principal amount of the Class B Certificates.

"Class C Additional Interest" shall have the meaning specified in subsection 6.17(c) of the Agreement.

"Class C Certificate Rate" shall mean 0% per annum; provided, however, that such rate may be increased pursuant to the terms of a supplemental agreement entered into in accordance with subsection 6.17(c) of the Agreement.

"Class C Certificateholder" shall mean any Person in whose name a Class C Certificate is registered in the Certificate Register.

"Class C Certificateholders' Interest" shall mean the portion of the Series 1999-1 Certificateholders' Interest evidenced by the Class C Certificates.

"Class C Certificates" shall mean any of the Certificates executed by the transferor and authenticated by or on behalf of the Trustee, substantially in the form of Exhibit A-3 hereto.

"Class C Daily Principal Amount" shall have the meaning specified in subsection 4.6(e)(iii) of the Agreement.

"Class C Fixed/Floating Allocation Percentage" shall mean, with respect to any Business Day, the percentage equivalent of a fraction the numerator of which is equal to the Class C Invested Amount for the day immediately following the last day of the Revolving Period and the denominator of which is equal to the greater of (x) the sum of the aggregate amount of Principal Receivables in the Trust and the amount on deposit in the Excess Funding Account as of the end of the preceding Business Day and (y) the sum of the numerators used to calculate the allocation percentages with respect to Principal Receivables of all Series outstanding on such Business Day.

"Class C Floating Allocation Percentage" shall mean, with respect to any Business Day, the percentage equivalent of a fraction, the numerator of which is the Class C Invested Amount for such Business Day and the denominator of which is the sum of the total amount of Principal Receivables in the Trust and the amount on deposit in the Excess Funding Account as of the end of the preceding Business Day.

"Class C Initial Invested Amount" shall mean the aggregate initial principal amount of the Class C Certificates on the Issuance Date.

"Class C Interest" shall have the meaning specified in subsection 6.17(c) of the Agreement.

"Class C Interest Shortfall" shall have the meaning specified in subsection 6.17(c) of the Agreement.

"Class C Invested Amount" shall mean, when used with respect to any Business Day, an amount (which shall not be less than zero) equal to (a) the Class C Initial Invested Amount, plus (b) the aggregate principal amount of any VFC Additional Class C Invested Amounts purchased by the Class C Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Agreement, minus (c) the aggregate amount of principal payments made to Class C Certificateholders prior to such Business Day, minus (d) without duplication, the aggregate amount of (i) Class C Investor Charge-Offs, (ii) Reallocated Principal Collections for all prior Business Days (excluding Reallocated Principal Collections applied at any time when the Class C Invested Amount has been reduced to zero) and (iii) reductions to the Class C Invested Amount made pursuant to the last sentence of subsection 4.7(c) and plus (e) the aggregate amount allocated to the Class C Certificates and available on all prior Business Days in accordance with subsection 4.9(b) of the Agreement, for the purpose of reimbursing amounts deducted pursuant to the foregoing clause (d).

"Class C Investor Charge-Off" shall have the meaning specified in subsection 4.8(a) of the Agreement.

"Class C Investor Percentage" shall mean, for any Business Day, the Class C Invested Amount as a percentage of the Invested Amount on such Business Day.

"Class C Principal Payment Commencement Date" shall mean, following an Amortization Period Commencement Date, the earlier of (a) the Business Day on which the Class A Invested Amount and the Class B Invested Amount are paid in full or, if there are no Principal Collections allocable to the Series 1999-1 Variable Funding Certificates remaining after payments have been made to the Class A Certificates and the Class B Certificates on such Business Day, the Business Day following the Business Day on which the Class A Invested Amount and the Class B Invested Amount are

paid in full and (b) the Distribution Date following a sale or repurchase of the Receivables as set forth in Section 2.4(d), 9.2, 10.2, 12.1 or 12.2 of the Agreement or Section 3 of this Variable Funding Supplement.

"Closing Date" shall mean July 6, 1999.

"Commercial Paper Rate" shall, as the context requires, have the meaning assigned to such term in the (i) Class A Certificate Purchase Agreement, when used with respect to the Class A Certificates, or (ii) Class B Certificate Purchase Agreement, when used with respect to the Class B Certificates.

"Default and Dilution Amount" shall mean, on any Business Day, an amount equal to the sum of the Default Amounts and Uncovered Dilution Amounts for all Business Days in the then current Monthly Period up to and including that Business Day.

"Discount Allocation Percentage" shall mean with respect to Series 1999-1 and any Business Day the percentage equivalent of a fraction the numerator of which is the Series 1999-1 Discount Factor and the denominator of which is the Discount Factor on such Business Day.

"Discount Amount" shall mean for any Business Day the Discount Factor multiplied by the Outstanding Balance of Receivables transferred to the Trust on such Business Day.

"Discount Factor" shall mean for any Business Day an amount equal to the sum of each Series Discount Factor for all Series then outstanding on such Business Day.

"Discount Trigger Event" shall mean for any Business Day (i) the Discount Factor for the second preceding Monthly Period being in excess of zero, (ii) the Transferor having elected, by not less than 30 days' prior written notice to the Servicer, the Trustee, the Rating Agencies and the Administrative Agent, to commence discounting of purchases of Receivables, and (iii) the Rating Agencies and the Administrative Agent on behalf of the Class A Certificateholders and Class B Certificateholders having consented in writing (a copy of which is delivered to the Trustee) to such discounting of purchases of Receivables on or prior to such Business Day and having not revoked such consent in writing (a copy of which is to be delivered to the Trustee).

"Distribution Date" shall mean the 15th day of each month or, if such 15th day is not a Business Day, the next succeeding Business Day, and the Scheduled Series 1999-1 Termination Date, commencing August 16, 1999.

"Election Date" shall have the meaning specified in subsection 6.16(a) of the Agreement.

"Election Notice" shall have the meaning specified in subsection 6.16(a) of the Agreement.

"Enhancement" shall mean with respect to the Class A Certificates, the subordination of the Class B Invested Amount and the Class C Invested Amount and the Reserve Account and, with respect to the Class B Certificates, the subordination of the Class C Invested Amount and the Reserve Account; provided, however that neither the Holders of the Class B Certificates nor the Holders of the Class C Certificates nor any provider of amounts on deposit in the Reserve Account shall be an "Enhancement Provider" for the purposes of the Agreement or this Supplement.

"Enhancement Percentage" shall mean, 0.0% for each Business Day from the Closing Date to and excluding the Determination Date which occurs during the July 1999 Monthly Period, and thereafter for each Business Day during the period commencing on a Determination Date to but excluding the next following Determination Date (an "Enhancement Percentage Determination Period"), the greater of (i) the sum of the Excess Spread Enhancement Cap Percentage for the Monthly Period immediately

preceding such Enhancement Percentage Determination Period and the Payment Rate Enhancement Cap Percentage for such Monthly Period and (ii) the Enhancement Percentage for the preceding Enhancement Percentage Determination Period minus 1.0%; provided that so long as no Reserve Account Increase Notice shall have been delivered, the Enhancement Percentage shall not exceed 4.0%, and provided further that if a Reserve Account Increase Notice shall have been delivered, the Enhancement Percentage shall at all times thereafter equal 100%.

"Excess Finance Charge Collections" shall mean, with respect to any Business Day, as the context requires, either (x) the amount described in subsection 4.6(a)(xvi) of the Agreement during the Revolving Period or subsection 4.6(b)(xii) or 4.6(c)(xvi) of the Agreement, as applicable, during the Amortization Period allocated to the Series 1999-1 Certificates but available to cover shortfalls in amounts paid from Finance Charge Collections for other Series, if any, or (y) the aggregate amount of Total Finance Charge Collections allocable to other Series in excess of the amounts necessary to make required payments with respect to such Series, if any, and available to cover shortfalls with respect to the Series 1999-1 Certificates.

"Excess Purchase Account" shall have the meaning specified in subsection 4.10(a) of the Agreement.

"Excess Spread Percentage" shall mean, for a Monthly Period, (a) the lesser of (i) the aggregate Total Finance Charge Collections deposited in the Collection Account on each Business Day during such Monthly Period and (ii) the sum for each Business Day during such Monthly Period of the product of the Floating Allocation Percentage for Series 1999-1 and the amount of Finance Charge Collections for such Business Day, minus (b) the sum for each Business Day during such Monthly Period of the product of the Floating Allocation Percentage for Series 1999-1 and the amount of Finance Charge Collections for such Business Day described in clause (e) of the definition of the term "Finance Charge Collections" in Section 1.1 of the Agreement, minus (c) the aggregate amounts withdrawn from the Collection Account during such Monthly Period pursuant to subsections 4.6(a)(i) through (vii), (x), (xi) or (xv), 4.6(b)(i) through (vii) or (x) or 4.6(c)(i) through (vii), (x), (xi) or (xv) of the Agreement, as applicable, during such Monthly Period, expressed as an annualized percentage of the average daily Invested Amount during such Monthly Period.

"Excess Spread Enhancement Cap Percentage" shall mean, for any Monthly Period, if the average of the Excess Spread Percentages for such Monthly Period and the two preceding Monthly Periods (or (i) in the case of the July 1999 Monthly Period, for such Monthly Period, and (ii) in the case of the August 1999 Monthly Period, for such Monthly Period and the July 1999 Monthly Period) is greater than the percentage (if any) set forth in the left-hand column below and less than or equal to the percentage (if any) set forth in the middle column below, the percentage set forth opposite such percentages in the right-hand column below:

| Three-Month Average | | Excess Spread Enhancement Cap Percentage |
|-------------------------------|-------|---|
| Excess Spread Percentage > | =< | |
| 5.00% | -- | 0.00% |
| 4.00% | 5.00% | 1.00% |
| 3.00% | 4.00% | 2.00% |
| 2.00% | 3.00% | 3.00% |
| -- | 2.00% | 4.00% |

provided, that following any date on which the Excess Spread Enhancement Cap Percentage for a Monthly Period shall have increased from the percentage applicable to the prior Monthly Period, such increased Excess Spread Enhancement Cap Percentage shall not thereafter be reduced until the Monthly Period for which

both (i) the average of the Excess Spread Percentages for such Monthly Period and the two preceding Monthly Periods (or, if less, the number of Monthly Periods which have been completed following the July 1999 Monthly Period) and (ii) the average of the Excess Spread Percentages for such Monthly Period and the five preceding Monthly Periods (or, if less, the number of Monthly Periods which have been completed following the July 1999 Monthly Period) would, based on the percentages (if any) set forth in the left-hand and middle columns above, have resulted in a lower Excess Spread Enhancement Cap Percentage in the right-hand column above, and the amount of any reduction for a Monthly Period shall not exceed 1.00%.

"Extension" shall mean the procedure by which all or a portion of the Investor Certificateholders consent to the extension of the Revolving Period to the new Amortization Period Commencement Date set forth in the Extension Notice, pursuant to Section 6.16 of the Agreement.

"Extension Date" shall mean the last day of the June 2002 Monthly Period or if an Extension has already occurred, the date of the next Extension Date set forth in the Extension Notice relating to the Extension then in effect (or, if any such date is not a Business Day, the next preceding Business Day).

"Extension Notice" shall have the meaning specified in subsection 6.16(a) of the Agreement.

"Extension Opinion" shall have the meaning specified in subsection 6.16(a) of the Agreement.

"Extension Tax Opinion" shall have the meaning specified in subsection 6.16(a) of the Agreement.

"Fixed/Floating Allocation Percentage" shall mean for any Business Day the percentage equivalent of a fraction, the numerator of which is the Invested Amount for the day immediately following the last day of the Revolving Period and the denominator of which is the greater of (a) the sum of the aggregate amount of Principal Receivables in the Trust and the amount on deposit in the Excess Funding Account as of the end of the preceding Business Day and (b) the sum of the numerators used to calculate the allocation percentages with respect to Principal Receivables of all Series outstanding on such Business Day.

"Fixed Period" shall, as the context requires, have the meaning assigned to such term in the (i) Class A Certificate Purchase Agreement, when used with respect to the Class A Certificates, or (ii) Class B Certificate Purchase Agreement, when used with respect to the Class B Certificates.

"Floating Allocation Percentage" shall mean for any Business Day the sum of the applicable Class A Floating Allocation Percentage, Class B Floating Allocation Percentage and the Class C Floating Allocation Percentage for such Business Day.

"Initial Invested Amount" shall mean the aggregate initial principal amount of the Series 1999-1 Certificates on the Issuance Date.

"Interchange Collections" shall mean, with respect to Series 1999-1 on any Business Day, the product of the Floating Allocation Percentage for Series 1999-1 and the amount of Interchange for such Business Day.

"Interest Funding Account" shall have the meaning specified in subsection 4.11(a) of the Agreement.

"Invested Amount" shall mean, when used with respect to any Business Day, an amount equal to the sum of (a) the Class A Invested Amount as of such date, (b) the Class B Invested Amount as of such date and (c) the Class C Invested Amount as of such date.

"Investor Certificates" shall mean the Class A Certificates, the Class B Certificates and the Class C Certificates.

"Investor Charge-Offs" shall mean the sum of Class A Investor Charge-Offs, Class B Investor Charge-Offs and the Class C Investor Charge-Offs.

"Investor Default Amount" shall mean, with respect to each Business Day, an amount equal to the product of the aggregate Default Amount for all Defaulted Accounts on such Business Day and the Floating Allocation Percentage applicable for such Business Day.

"Investor Percentage" shall mean for any Business Day, (a) with respect to (i) Receivables in Defaulted Accounts or any Uncovered Dilution Amount at any time, (ii) Finance Charge Collections so long as no Pay Out Event has occurred with respect to the Series 1999-1 or any other Series, and (iii) Principal Collections during the Revolving Period, the Floating Allocation Percentage and (b) with respect to (i) Finance Charge Collections if a Pay Out Event has occurred with respect to the Series 1999-1 or any other Series and (ii) Principal Collections during the Amortization Period, the Fixed/Floating Allocation Percentage.

"Investor Servicing Fee" shall mean for any Business Day, an amount equal to the product of (i) a fraction, the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is the actual number of days in the year, (ii) the Series Servicing Fee Percentage and (iii) the Invested Amount for such Business Day.

"Investor Uncovered Dilution Amount" shall mean, with respect to each Business Day, an amount equal to the product of the Uncovered Dilution Amount for such Business Day and the Floating Allocation Percentage applicable for such Business Day.

"Issuance Date" shall mean the initial date on which the Investor Certificates are issued.

"Maximum Facility Amount" shall mean for any Business Day, the sum of (i) the aggregate Commitments, as defined in the Class A Certificate Purchase Agreement, plus (ii) the aggregate Commitments, as defined in the Class B Certificate Purchase Agreement on such Business Day.

"Minimum Transferor Percentage" shall mean 2.0%.

"Monthly Period" shall have the meaning specified in the Agreement, except that the first Monthly Period with respect to the Series 1999-1 Certificates shall begin on and include the Closing Date and shall end on and include July 31, 1999.

"Net Finance Charge Portfolio Yield" shall mean, for Series 1999-1 with respect to any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is the amount of Finance Charge Collections allocable to Series 1999-1 for such Monthly Period, calculated on a cash basis after subtracting the Investor Default Amount applicable to Series 1999-1 for such Monthly Period, and the denominator of which is the average daily Invested Amount of Series 1999-1 during such Monthly Period.

"Net Principal Collections" shall mean, for Series 1999-1 on any Business Day, the sum of (i) the product, during the Revolving Period, of the Floating Allocation Percentage for Series 1999-1 and, during the Amortization Period, of the Fixed/Floating Allocation Percentage for Series 1999-1 and the amount of Principal Collections on such Business Day minus on and after the occurrence of and during the continuance of a Discount Trigger Event (ii) the lesser of (a) the sum of (x) the product of the Discount Allocation Percentage for Series 1999-1 and the Discount

Amount for such Business Day and (y) the Carryover Discount Amount for Series 1999-1 for such Business Day and (b) the amount determined in clause (i).

"Pay Out Commencement Date" shall mean the date on which a Trust Pay Out Event is deemed to occur pursuant to Section 9.1 of the Agreement or a Series 1999-1 Pay Out Event is deemed to occur pursuant to Section 10 of this Variable Funding Supplement.

"Payment Rate Enhancement Cap Percentage" shall mean, for any Monthly Period, if the average of the Payment Rate Percentages for such Monthly Period and the two preceding Monthly Periods (or (i) in the case of the July 1999 Monthly Period, for such Monthly Period, and (ii) in the case of the August 1999 Monthly Period, for such Monthly Period and the July 1999 Monthly Period) is greater than the percentage (if any) set forth in the left-hand column below and less than or equal to the percentage (if any) set forth in the middle column below, the percentage set forth opposite such percentages in the right-hand column below:

| Three-Month Average Payment Rate Percentage | | Payment Rate Enhancement Cap Percentage |
|--|--------|--|
| => | < | |
| 30.00% | -- | 0.00% |
| 25.00% | 30.00% | 1.00% |
| -- | 25.00% | 2.00% |

provided, that following any date on which the Payment Rate Enhancement Cap Percentage for a Monthly Period shall have increased from the percentage applicable to the prior Monthly Period, such increased Payment Rate Enhancement Cap Percentage shall not thereafter be reduced until the Monthly Period for which both (i) the average of the Payment Rate Percentages for such Monthly Period and the two preceding Monthly Periods (or, if less, the number of Monthly Periods which have been completed following the July 1999 Monthly Period) and (ii) the average of the Payment Rate Percentages for such Monthly Period and the five preceding Monthly Periods (or, if less, the number of Monthly Periods which have been completed following the July 1999 Monthly Period) would, based on the percentages (if any) set forth in the left-hand and middle columns above, have resulted in a lower Payment Rate Enhancement Cap Percentage in the right-hand column above, and the amount of any reduction for a Monthly Period shall not exceed 1.00%.

"Payment Rate Percentage" shall mean, for a Monthly Period, the aggregate Net Principal Collections deposited into the Collection Account during such Monthly Period, expressed as a percentage of (i) during the Revolving Period, the Floating Allocation Percentage for Series 1999-1 times the Principal Receivables on the first day of such Monthly Period, and (ii) during the Amortization Period, the Fixed/Floating Allocation Percentage for Series 1999-1 times the Principal Receivables on the first day of such Monthly Period.

"Portfolio Yield" shall mean for the Series 1999-1 Certificates, with respect to any Monthly Period, the annualized percentage equivalent of a fraction, the numerator of which is an amount equal to the aggregate Total Finance Charge Collections allocated to the Series 1999-1 Certificates for such Monthly Period, calculated on a cash basis, minus the aggregate Investor Default Amounts for each Business Day during such Monthly Period, and the denominator of which is the average daily Invested Amount during such Monthly Period.

"Principal Account" shall have the meaning specified in subsection 4.11(a) of the Agreement.

"Principal Shortfalls" shall mean, as the context requires, either (a) the amounts specified as such in the Supplement for any other Series or (b) with respect to the Series 1999-1 Certificates, the amount specified as such in subsection 4.6(f) of

the Agreement.

"Proceeds Account" shall have the meaning specified in Section 4.12 of the Agreement.

"Rating Agency" shall mean each of Moody's and Standard & Poor's.

"Rating Agency Condition" shall mean, with respect to any action or series of related actions or proposed transaction or series or related proposed transactions, that each Rating Agency shall have notified the Administrative Agent in writing that such action or series of related actions or proposed transaction or series or related proposed transactions will not result in a reduction or withdrawal of the rating of any commercial paper notes or other short-term or intermediate term obligation issued by any Structured Purchaser (as defined in either the Class A Purchase Agreement or the Class B Purchase Agreement) or in a reduction in any informal long-term rating assigned by such Rating Agency to the Class A Certificates or the Class B Certificates.

"Reallocated Principal Collections" shall have the meaning specified in subsection 4.7(c) of the Agreement.

"Required Class B Invested Amount" shall mean, (a) for any Business Day during the Revolving Period, an amount equal to 12.5% of the Class A Invested Amount on such Business Day or (b) for any Business Day if, on or prior to such Business Day, there have been any reductions in the Class B Invested Amount pursuant to clause (d) of the definition of such term or if the Amortization Period shall have commenced, an amount equal to the Required Class B Invested Amount on the Business Day immediately preceding such reduction or commencement; provided that from and after the Class B Principal Payment Commencement Date, the Required Class B Invested Amount shall equal \$0.

"Required Class C Invested Amount" shall mean, (a) for any Business Day during the Revolving Period, an amount equal to the greater of (i) 10% of the Invested Amount on such Business Day or (ii) 5% of the Maximum Facility Amount on such Business Day, or (b) for any Business Day if, on or prior to such Business Day, there have been any reductions in the Class C Invested Amount pursuant to clause (d) of the definition of such term or if the Amortization Period shall have commenced, an amount equal to the Required Class C Invested Amount on the Business Day immediately preceding such reduction or commencement; provided that from and after the Class C Principal Payment Commencement Date, the Required Class C Invested Amount shall equal \$0.

"Required Reserve Amount" shall mean, with respect to any Business Day, the product of (i) the Enhancement Percentage for such Business Day, times (ii) during the Revolving Period, the Invested Amount on such Business Day or, during the Amortization Period, the Invested Amount on the last day of the Revolving Period, provided that during the Amortization Period, the Required Reserve Amount on any Business Day shall not exceed the Invested Amount on such Business Day.

"Reserve Account" shall have the meaning specified in subsection 4.9(a) of the Agreement.

"Reserve Account Increase Notice" shall mean a written notice delivered by the Administrative Agent to the Servicer pursuant to the Class A Certificate Purchase Agreement at the instruction of the Class A Certificateholders or pursuant to the Class B Certificate Purchase Agreement at the instruction of the Class B Certificateholders stating that a Termination Event shall have occurred thereunder and directing that the Enhancement Percentage be increased to 100%.

"Revolving Period" shall mean (a) the period from and including the Closing Date to, but not including, the Amortization Period Commencement Date, or (b) with respect to an Extension, the

period beginning on the Extension Date and ending on the date specified in the Extension Notice.

"Scheduled Series 1999-1 Termination Date" shall mean July 31, 2004 unless a different date shall be set forth in an Extension Notice.

"Series 1999-1" shall mean the Series of the Prime Credit Card Master Trust II represented by the Series 1999-1 Certificates.

"Series 1999-1 Certificateholder" shall mean the Holder of any Series 1999-1 Certificate.

"Series 1999-1 Certificateholders' Interest" shall have the meaning specified in Section 4.4 of the Agreement.

"Series 1999-1 Certificates" shall have the meaning specified in Section 1 of this Variable Funding Supplement.

"Series 1999-1 Discount Factor" shall mean with respect to Series 1999-1 for any Business Day, the amount for Series 1999-1, if any, calculated as of the second preceding Monthly Period, by which either (x) (a) the product of (i) the Base Rate plus one-half of one percent minus the Net Finance Charge Portfolio Yield divided by the Annual Portfolio Turnover Rate and (ii) the Floating Allocation Percentage exceeds (b) zero or, (y) solely at the option of the Transferor, the amount by which (a) the product of (i) the Base Rate plus one percent minus the Net Finance Charge Portfolio Yield divided by the Annual Portfolio Turnover Rate and (ii) the Floating Allocation Percentage exceeds (b) zero; provided, however that the Series Discount Factor shall not exceed 4.00%.

"Series 1999-1 Pay Out Event" shall have the meaning specified in Section 10 of this Variable Funding Supplement.

"Series 1999-1 Shortfall" shall mean the amount, if any, by which (x) the sum of the amounts described in subsections 4.6(a)(i) through (xv) of the Agreement during the Revolving Period or subsections 4.6(b)(i) through (xi) or 4.6(c)(i) through (xv) of the Agreement during the Amortization Period, as applicable, exceeds (y) the Total Finance Charge Collections available for application thereto pursuant to subsections 4.6(a), (b) or (c) of the Agreement, as applicable, on any Business Day.

"Series 1999-1 Termination Date" shall mean the earlier to occur of (i) the day after the Distribution Date on which the Series 1999-1 Certificates are paid in full including any Supplemental Payments, or (ii) the Scheduled Series 1999-1 Termination Date.

"Series 1999-1 Variable Funding Certificates" shall have the meaning specified in Section 1 of this Variable Funding Supplement.

"Series Default and Dilution Amount" shall mean: (a) for any Monthly Period, an amount equal to the summation of the products of (i) the Floating Allocation Percentage and (ii) the Default and Dilution Amount, as determined for each Business Day in that Monthly Period; and (b) for any Business Day in a Monthly Period, an amount equal to the summation of the products of (i) the Floating Allocation Percentage and (ii) the Default and Dilution Amount, as determined for each Business Day in that Monthly Period up to and including the subject Business Day.

"Series Servicing Fee Percentage" shall mean 2.00%.

"Shared Principal Collections" shall mean, as the context requires, either (a) the amount allocated to the Series 1999-1 Certificates which, in accordance with subsections 4.6(e)(iii) and 4.6(f) of the Agreement, may be applied to Principal Shortfalls with respect to other outstanding Series or (b) the amounts allocated to the investor certificates of other Series which the

applicable Supplements for such Series specify are to be treated as "Shared Principal Collections" and which may be applied to cover Principal Shortfalls with respect to the Series 1999-1 Certificates.

"Targeted Holder" shall mean (i) each holder of a right to receive interest, principal or any other amount with respect to any Class C Certificate or any other certificates or other interest in the Trust, excluding any certificates or other interest in the Trust (including, if applicable, the Class A Variable Funding Certificates and the Class B Variable Funding Certificates) with respect to which an opinion is rendered that such certificates or other such interests will be treated as debt for federal income tax purposes, and (iii) any holder of a right to receive any amount in respect of the Transferor Interest; provided, that any Person holding more than one interest each of which would cause such Person to be a Targeted Holder shall be treated as a single Targeted Holder.

"Termination Event" shall mean the occurrence of any event or condition constituting a "Termination Event" in the Class A Certificate Purchase Agreement or the Class B Certificate Purchase Agreement.

"Termination Payment Date" shall mean the earlier of the first Distribution Date following the liquidation or sale of the Receivables as a result of an insolvency or bankruptcy event and the occurrence of the Scheduled Series 1999-1 Termination Date.

"Total Finance Charge Collections" shall mean, with respect to Series 1999-1 on any Business Day, the sum of (i) the product of the applicable Investor Percentage for Series 1999-1 and the amount of Finance Charge Collections for such Business Day, plus (ii) on and after the occurrence of and during the continuance of a Discount Trigger Event the lesser of (a) the sum of (x) the product of the Discount Allocation Percentage for Series 1999-1 and the Discount Amount for such Business Day and (y) the Carryover Discount Amount for Series 1999-1 for such Business Day and (b) the product of the applicable Investor Percentage for the Series 1999-1 and the amount of Principal Collections for such Business Day, plus (iii) available cash investment earnings for such Business Day on amounts on deposit in the Reserve Account to the extent such earnings are to be treated as Total Finance Charge Collections in accordance with subsection 4.9(b), plus (iv) available cash investment earnings for such Business Day on amounts on deposit in the Interest Funding Account, the Principal Account, the Proceeds Account or the Excess Purchase Account.

"Transfer" shall have the meaning specified in subsection 6.17(a) of the Agreement.

"VFC Additional Class A Invested Amount" shall have the meaning specified in subsection 6.15(a) of the Agreement.

"VFC Additional Class B Invested Amount" shall have the meaning specified in subsection 6.15(a) of the Agreement.

"VFC Additional Class C Invested Amount" shall have the meaning specified in subsection 6.15(a) of the Agreement.

"VFC Additional Invested Amount" shall have the meaning specified in subsection 6.15(a) of the Agreement.

"VFC Principal Collections" shall mean amounts specified as such in subsections 4.6(a)(v), 4.6(a)(vi), 4.6(a)(vii), 4.6(a)(x) and 4.6(d) of the Agreement.

"Yield" shall, as the context requires, have the meaning assigned to such term in the (i) Class A Certificate Purchase Agreement, when used with respect to the Class A Certificates, or (ii) Class B Certificate Purchase Agreement, when used with respect to the Class B Certificates.

SECTION 3 Reassignment and Certain Transfer Terms.

(a) The Series 1999-1 Certificates shall be subject to termination by the Transferor, at its option in accordance with the terms specified in subsection 12.2(a) of the Agreement on any Distribution Date on which the Invested Amount shall be less than 10% of the highest Invested Amount since the Closing Date. The deposit required in connection with any such termination and final distribution shall be equal to the Invested Amount plus (i) all accrued and unpaid interest on the Series 1999-1 Certificates, (ii) all accrued and unpaid Class A Program Fees, (iii) all unpaid Class A Additional Payments and Class A Supplemental Payments, (iv) all accrued and unpaid Class B Program Fees, and (v) all unpaid Class B Additional Payments and Class B Supplemental Payments, through the day prior to the Distribution Date on which the repurchase occurs.

(b) In no event shall the Class C Certificates or any interest therein be transferred, sold, exchanged, pledged, participated or otherwise assigned, in whole or in part, unless the Transferor shall have consented in writing to such transfer and unless (1) the Rating Agency Condition shall have been satisfied, and (2) the Trustee shall have received an Opinion of Counsel, which shall not be at the expense of the Trustee, that such transfer does not (i) adversely affect the conclusions reached in any of the federal income tax opinions dated the applicable Closing Date issued in connection with the original issuance of any Series of Investor Certificates or (ii) result in a taxable event to the holders of any such Series.

(c) Each Series 1999-1 Certificateholder, by accepting and holding a Series 1999-1 Certificate or interest therein, will be deemed to have represented and warranted that it is not (i) an employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to the provisions of Title I of ERISA, (ii) a plan described in Section 4975(e)(1) of the Code, or (iii) an entity whose underlying assets include plan assets by reason of a plan's investment in the entity.

SECTION 4 Delivery and Payment for the Series 1999-1 Certificates. The Transferor shall execute and deliver the Series 1999-1 Certificates to the Trustee for authentication in accordance with Section 6.1 of the Agreement. The Trustee shall deliver the Series 1999-1 Certificates when authenticated in accordance with Section 6.2 of the Agreement.

SECTION 5 Depositary; Form of Delivery of Series 1999-1 Certificates. The Class A Certificates, the Class B Certificates and the Class C Certificates shall be delivered as Definitive Certificates as provided in Section 6.12 of the Agreement.

SECTION 6 Addition and Removal of Accounts.

(a) Paragraph (b) of the definition of "Automatic Additional Account" in Section 1.1 of the Agreement shall read in its entirety as follows and shall be applicable only to the Series 1999-1 Certificates:

"(b) any other consumer revolving credit card account, Receivables from which each Rating Agency permits to be added automatically to the Trust; provided:

(i) the Rating Agency Condition shall have been satisfied with respect to the inclusion of such accounts as Automatic Additional Accounts pursuant to this paragraph (b); and

(ii) the Administrative Agent on behalf of the Class A Certificateholders and Class B Certificateholders shall have consented in writing to including as Automatic Additional Accounts any Accounts the receivables of which have been

purchased (but the accounts of which have not been originated) by the Originator or any VISAr or MasterCard revolving credit card accounts which have not been originated by the Originator in accordance with the Credit and Collection Policy substantially as in effect on the Closing Date (subject to changes therein which would not materially and adversely affect the interests of the Series 1999-1 Certificateholders) with respect to the retail operating subsidiaries of Federated as at the Closing Date."

(b) Subsection (viii) of Section 2.6(e) of the Agreement shall read in its entirety as follows and shall be applicable only to the Series 1999-1 Certificates:

"(viii) the Administrative Agent on behalf of the Class A Certificateholders and Class B Certificateholders shall have consented in writing to including as Automatic Additional Accounts any Accounts the receivables of which have been purchased (but the accounts of which have not been originated) by the Originator or any VISAr or MasterCard revolving credit card accounts which have not been originated by the Originator in accordance with the Credit and Collection Policy substantially as in effect on the Closing Date (subject to changes therein which would not materially and adversely affect the interests of the Series 1999-1 Certificateholders) with respect to the retail operating subsidiaries of Federated as at the Closing Date."

(c) Section 2.7(d) shall read in its entirety as follows and shall be applicable only to the Series 1999-1 Certificates:

"Notwithstanding the foregoing, the Transferor will be permitted to designate Removed Accounts in connection with the sale by Federated or any Affiliate of Federated of all or substantially all of the capital stock or assets of any retail subsidiary of Federated if (A) the conditions in clauses (i), (iii) and (iv) of subsection 2.7(b) have been met and the Transferor shall have delivered to the Trustee and the Administrative Agent an Officer's Certificate confirming the compliance with such conditions and (B) the Administrative Agent on behalf of the Class A Certificateholders and the Class B Certificateholders has consented in writing to such sale."

SECTION 7 Article IV of Agreement. Sections 4.1, 4.2 and 4.3 of the Agreement shall be read in their entirety as provided in the Agreement. Article IV of the Agreement (except for Sections 4.1, 4.2 and 4.3 thereof) shall read in its entirety as follows and shall be applicable only to the Series 1999-1 Certificates:

ARTICLE IV

RIGHTS OF CERTIFICATEHOLDERS AND ALLOCATION AND APPLICATION OF COLLECTIONS

Section 4.4 Rights of Certificateholders. The Series 1999-1 Certificates shall represent Undivided Interests in the Trust, consisting of the right to receive, to the extent necessary to make the required payments with respect to such Series 1999-1 Certificates at the times and in the amounts specified in this Agreement, (a) the Floating Allocation Percentage and Fixed/Floating Allocation Percentage (as applicable from time to time) of Collections received with respect to the

Receivables and (b) funds on deposit in the Collection Account and the Excess Funding Account (for such Series, the "Series 1999-1 Certificateholders' Interest"). The Class B Invested Amount and the Class C Invested Amount shall be subordinate to the Class A Certificates, and the Class C Invested Amount shall be subordinated to the Class B Certificates. From and after the Amortization Period Commencement Date, the Class B Certificates will not have the right to receive payments of principal until the Class A Invested Amount has been paid in full, and the Class C Certificates will not have the right to receive payments of principal until the Class A Invested Amount and the Class B Invested Amount have been paid in full. The Exchangeable Transferor Certificate shall not represent any interest in the Collection Account or the Excess Funding Account, except as specifically provided in this Article IV.

Section 4.5 Collections and Allocation. The Servicer will apply or will instruct the Trustee to apply all funds on deposit in the Collection Account or the Excess Funding Account that are allocable to the Series 1999-1 Certificates as described in this Article IV. On each Business Day, the Servicer shall determine whether a Pay Out Event is deemed to have occurred with respect to the Series 1999-1 Certificates, and the Servicer shall allocate Collections in accordance with the Daily Report with respect to such Business Day in accordance with the terms of Section 4.6 of the Agreement.

Section 4.6 Application of Funds on Deposit in the Collection Account for the Series 1999-1 Certificates. (a) On each Business Day with respect to the Revolving Period, the Servicer shall instruct the Trustee in writing to withdraw and the Trustee, acting in accordance with such instructions, shall withdraw, to the extent of Total Finance Charge Collections, the amounts required to be withdrawn from the Collection Account pursuant to subsections 4.6(a)(i) through 4.6(a)(xvi) of the Agreement.

(i) Class A Interest and Program Fees. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Interest Funding Account, to the extent of Total Finance Charge Collections for such Business Day, an amount equal to sum of the Class A Interest and the Class A Program Fees accrued since the preceding Business Day plus any Class A Interest or Class A Program Fees accrued with respect to any prior Business Day but not previously deposited into the Interest Funding Account, including, without limitation, any amounts described in the last sentence of the definition of Class A Carrying Costs.

(ii) Class B Interest and Program Fees. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Interest Funding Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(a)(i) of the Agreement), an amount equal to the sum of the Class B Interest and the Class B Program Fees accrued

since the preceding Business Day plus any Class B Interest or Class B Program Fees accrued with respect to any prior Business Day but not previously deposited into the Interest Funding Account, including, without limitation, any amounts described in the last sentence of the definition of Class B Carrying Costs.

(iii) Investor Servicing Fee Payable from Interchange. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of the lesser of (A) Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(a)(i) and (ii) of the Agreement) and (B) Interchange Collections for such Business Day, the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer.

(iv) Investor Servicing Fee. On each Business Day, if FDSNB or any Affiliate of FDSNB is not the Servicer, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(a)(i) through (iii) of the Agreement), the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer, to the extent not withdrawn on such Business Day pursuant to subsection 4.6(a)(iii) of the Agreement.

(v) Investor Default Amount and Uncovered Dilution Amount. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (iv) of the Agreement), an amount equal to the sum of (A) the aggregate Investor Default Amount for such Business Day, plus (B) the unpaid Investor Default Amount for any previous Business Day, plus (C) the Investor Uncovered Dilution Amount for such Business Day, plus (D) the unpaid Investor Uncovered Dilution Amount for any previous Business Day, such amount to be treated as VFC Principal Collections during the Revolving Period.

(vi) Reimbursement of Class A Investor Charge-Offs. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (v) of the Agreement), an amount equal to the unreimbursed Class A Investor Charge-Offs, such amount to be treated as VFC Principal Collections during the Revolving Period.

(vii) Reimbursement of Class B Reductions. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection

Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (vi) of the Agreement), an amount equal to the unreimbursed Class B Investor Charge-Offs and other reductions to the Class B Invested Amount pursuant to clause (d) of the definition thereof, such amount to be treated as VFC Principal Collections during the Revolving Period.

(viii) Class A Additional Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class A Certificateholders, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(a)(i) through (vii) of the Agreement), the portion of the Class A Additional Payments accrued since the preceding Business Day plus any Class A Additional Payments due with respect to any prior Business Day but not distributed to the Class A Certificateholders, with interest thereon as provided in the Class A Certificate Purchase Agreement.

(ix) Class B Additional Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class B Certificateholders, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(a)(i) through (viii) of the Agreement), the portion of the Class B Additional Payments accrued since the preceding Business Day plus any Class B Additional Payments with respect to any prior Business Day but not distributed to the Class B Certificateholders, with interest thereon as provided in the Class B Certificate Purchase Agreement.

(x) Reimbursement of Class C Reductions. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (ix) of the Agreement), an amount equal to the unreimbursed Class C Investor Charge-Offs and other reductions to the Class C Invested Amount pursuant to clause (d) of the definition thereof, such amount to be treated as VFC Principal Collections during the Revolving Period.

(xi) Class C Interest. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class C Certificateholders to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (x) of the Agreement), an amount equal to (x) the amount of interest which has accrued with respect to the outstanding aggregate principal amount of the Class C Certificates at the Class C Certificate Rate but which has not been paid to the Class C Certificateholders plus (y) additional interest at the Class C Certificate Rate for interest that has accrued on interest that was due pursuant to this subsection but was not previously paid to the Class

C Certificateholders.

(xii) Required Reserve Amount. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Reserve Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (xi) of the Agreement), an amount equal to the excess, if any, of the Required Reserve Amount (determined after all deposits, withdrawals, reductions, payments and adjustments to be made with respect to such date) over the Available Reserve Amount (without giving effect to any deposit made on such Business Day under Section 4.6).

(xiii) Class A Supplemental Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class A Agent, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (xii) of the Agreement), an amount equal to the sum of all unpaid Class A Supplemental Payments.

(xiv) Class B Supplemental Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class B Agent, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (xiii) of the Agreement), an amount equal to the sum of all unpaid Class B Supplemental Payments.

(xv) FDSNB Servicing Fee. On each Business Day, if FDSNB or any Affiliate of FDSNB is the Servicer, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (xiv) of the Agreement) the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer, to the extent not withdrawn on such Business Day pursuant to subsection 4.6(a)(iii) of the Agreement.

(xvi) Excess Finance Charge Collections. Any amounts remaining in the Collection Account to the extent of the Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(a)(i) through (xv) of the Agreement) shall be treated as Excess Finance Charge Collections allocable to other Series in Group I, and the Servicer shall direct the Trustee in writing on each Business Day to withdraw and the Trustee, acting in accordance with such instructions, shall withdraw such amounts from the Collection Account and first make such amounts available as Excess Finance Charge Collections to pay to Certificateholders of other Series in Group I to the extent of shortfalls, if any, in amounts payable to such certificateholders from Finance Charge Collections allocated to such

other Series, then pay any unpaid commercially reasonable costs and expenses of a Successor Servicer, if any, and then pay any remaining Excess Finance Charge Collections to the Transferor.

(b) On each Business Day prior to the last Business Day of any Monthly Period with respect to the Amortization Period, the Servicer shall instruct the Trustee in writing to withdraw and the Trustee, acting in accordance with such instructions, shall withdraw, to the extent of Total Finance Charge Collections, the amounts required to be withdrawn from the Collection Account pursuant to subsections 4.6(b)(i) through 4.6(b)(xii) of the Agreement.

(i) Class A Interest and Program Fees.

On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Interest Funding Account, to the extent of Total Finance Charge Collections for such Business Day, an amount equal to the sum of the Class A Interest and the Class A Program Fees accrued since the preceding Business Day plus any Class A Interest or Class A Program Fees accrued with respect to any prior Business Day but not previously deposited into the Interest Funding Account, including, without limitation, any amounts described in the last sentence of the definition of Class A Carrying Costs.

(ii) Class B Interest and Program Fees.

On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Interest Funding Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(b)(i) of the Agreement), an amount equal to the sum of the Class B Interest and the Class B Program Fees accrued since the preceding Business Day plus any Class B Interest or Class B Program Fees accrued with respect to any prior Business Day but not previously deposited into the Interest Funding Account, including, without limitation, any amounts described in the last sentence of the definition of Class B Carrying Costs.

(iii) Investor Servicing Fee Payable from Interchange. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of the lesser of (A) Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(b)(i) and (ii) of the Agreement) and (B) Interchange Collections for such Business Day, the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer.

(iv) Investor Servicing Fee. On each Business Day, if FDSNB or any Affiliate of FDSNB is not the Servicer, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection

4.6(b)(i) through (iii) of the Agreement), the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer, to the extent not withdrawn on such Business Day pursuant to subsection 4.6(a)(iii) of the Agreement.

(v) Investor Default Amount and Uncovered Dilution Amount. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(b)(i) through (iv) of the Agreement), an amount equal to the sum of (A) the aggregate Investor Default Amount for such Business Day, plus (B) the unpaid Investor Default Amount for any previous Business Day, plus (C) the Investor Uncovered Dilution Amount for such Business Day, plus (D) the unpaid Investor Uncovered Dilution Amount for any previous Business Day, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(vi) Reimbursement of Class A Investor Charge-Offs. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(b)(i) through (v) of the Agreement), an amount equal to the unreimbursed Class A Investor Charge-Offs, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(vii) Reimbursement of Class B Reductions. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(b)(i) through (vi) of the Agreement), an amount equal to the unreimbursed Class B Investor Charge-Offs and other reductions to the Class B Invested Amount pursuant to clause (d) of the definition thereof, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(viii) Class A Additional Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class A Certificateholders, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(b)(i) through (vii) of the Agreement), the portion of the Class A Additional Payments accrued since the preceding Business Day plus any Class A Additional Payments due with respect to any prior Business Day but not distributed to the Class A Certificateholders, with interest thereon as provided in the Class A Certificate Purchase Agreement.

(ix) Class B Additional Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class B Certificateholders, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(b)(i) through (viii) of the Agreement), the portion of the Class B Additional Payments accrued since the preceding Business Day plus any Class B Additional Payments due with respect to any prior Business Day but not distributed to the Class B Certificateholders, with interest thereon as provided in the Class B Certificate Purchase Agreement.

(x) Reimbursement of Class C Reductions. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day after giving effect to the withdrawals pursuant to subsections 4.6(b)(i) through (ix) of the Agreement), an amount equal to the unreimbursed Class C Investor Charge-Offs and other reductions to the Class C Invested Amount pursuant to clause (d) of the definition thereof, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(xi) Required Reserve Amount. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Reserve Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(b)(i) through (x) of the Agreement), an amount equal to the excess, if any, of the Required Reserve Amount (determined after all deposits, withdrawals, reductions, payments and adjustments to be made with respect to such date) over the Available Reserve Amount (without giving effect to any deposit made on such Business Day under Section 4.6).

(xii) Excess Finance Charge Collections. The Trustee, acting in accordance with instructions from the Servicer, shall deposit any amounts remaining in the Collection Account to the extent of the Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(b)(i) through (xi) of the Agreement) into the Collection Account and shall add such funds to the Total Finance Charge Collections on each subsequent Business Day in such Monthly Period until the last Business Day of the related Monthly Period.

(c) On the last Business Day of each Monthly Period with respect to the Amortization Period, the Servicer shall instruct the Trustee in writing to withdraw and the Trustee, acting in accordance with such instructions, shall withdraw, to the extent of Total Finance Charge Collections, the amounts required to be withdrawn from the Collection Account pursuant to subsections 4.6(c)(i) through 4.6(c)(xvi) of the Agreement.

(i) Class A Interest and Program Fees.

On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Interest Funding Account, to the extent of Total Finance Charge Collections for such Business Day, an amount equal to the sum of the Class A Interest and Class A Program Fees accrued since the preceding Business Day plus any Class A Interest or Class A Program Fees accrued with respect to any prior Business Day but not previously deposited into the Interest Funding Account, including, without limitation, any amounts described in the last sentence of the definition of Class A Carrying Costs.

(ii) Class B Interest and Program Fees.

On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Interest Funding Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(c)(i) of the Agreement), an amount equal to the sum of the Class B Interest and the Class B Program Fees accrued since the preceding Business Day plus any Class B Interest or the Class B Program Fees accrued with respect to any prior Business Day but not previously deposited into the Interest Funding Account, including, without limitation, any amounts described in the last sentence of the definition of Class B Carrying Costs.

(iii) Investor Servicing Fee Payable from Interchange. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of the lesser of (A) Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(c)(i) and (ii) of the Agreement) and (B) Interchange Collections for such Business Day, the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer.

(iv) Investor Servicing Fee. On each Business Day, if FDSNB or any Affiliate of FDSNB is not the Servicer, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(c)(i) through (iii) of the Agreement), the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer, to the extent not withdrawn on such Business Day pursuant to subsection 4.6(c)(iii) of the Agreement.

(v) Investor Default Amount and Uncovered Dilution Amount. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (iv) of the Agreement), an amount equal to the sum of (A) the

aggregate Investor Default Amount for such Business Day, plus (B) the unpaid Investor Default Amount for any previous Business Day, plus (C) the Investor Uncovered Dilution Amount for such Business Day, plus (D) the unpaid Investor Uncovered Dilution Amount for any previous Business Day, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(vi) Reimbursement of Class A Investor Charge-Offs. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (v) of the Agreement), an amount equal to the unreimbursed Class A Investor Charge-Offs, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(vii) Reimbursement of Class B Reductions. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (vi) of the Agreement), an amount equal to the unreimbursed Class B Investor Charge-Offs and other reductions to the Class B Invested Amount pursuant to clause (d) of the definition thereof, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(viii) Class A Additional Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class A Certificateholders, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(c)(i) through (vii) of the Agreement), the portion of the Class A Additional Payments accrued since the preceding Business Day plus any Class A Additional Payments due with respect to any prior Business Day but not distributed to the Class A Certificateholders, with interest thereon as provided in the Class A Certificate Purchase Agreement.

(ix) Class B Additional Payments. On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class B Certificateholders, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsection 4.6(c)(i) through (viii) of the Agreement), the portion of the Class B Additional Payments accrued since the preceding Business Day plus any Class B Additional Payments due with respect to any prior Business Day but not distributed to the Class B Certificateholders, with interest thereon as provided in the Class B Certificate Purchase Agreement.

(x) Reimbursement of Class C Reductions.

On each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account, to the extent of Total Finance Charge Collections for such Business Day after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (ix) of the Agreement), an amount equal to the unreimbursed Class C Investor Charge-Offs and other reductions to the Class C Invested Amount pursuant to clause (d) of the definition thereof, such amount to be deposited into the Principal Account or paid pursuant to subsection 4.6(e) to the applicable Class or Classes of Certificateholders on such Business Day.

(xi) Class C Interest. On each Business

Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class C Certificateholders to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (x) of the Agreement), an amount equal to (x) the amount of interest which has accrued with respect to the outstanding aggregate principal amount of the Class C Certificates at the Class C Certificate Rate but which has not been paid to the Class C Certificateholders plus (y) additional interest at the Class C Certificate Rate for interest that has accrued on interest that was due pursuant to this subsection but was not previously paid to the Class C Certificateholders.

(xii) Required Reserve Amount. On each

Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and deposit into the Reserve Account, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (xi) of the Agreement), an amount equal to excess, if any, of the Required Reserve Amount (determined after all deposits, withdrawals, reductions, payments and adjustments to be made with respect to such date) over the Available Reserve Amount (without giving effect to any deposit made on such Business Day under Section 4.6).

(xiii) Class A Supplemental Payments. On

each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class A Agent, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (xii) of the Agreement), an amount equal to the sum of all unpaid Class A Supplemental Payments.

(xiv) Class B Supplemental Payments. On

each Business Day, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and pay to the Class B Agent, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (xiii) of the Agreement), an amount equal to the sum of all unpaid Class B Supplemental Payments.

(xv) FDSNB Servicing Fee. On each Business Day, if FDSNB or any Affiliate of FDSNB is the Servicer, the Trustee, acting in accordance with instructions from the Servicer, shall withdraw from the Collection Account and distribute to the Servicer, to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (xiv) of the Agreement) the Investor Servicing Fee accrued since the preceding Business Day plus any Investor Servicing Fee due with respect to any prior Business Day but not distributed to the Servicer, to the extent not withdrawn on such Business Day pursuant to subsection 4.6(c)(iii) of the Agreement.

(xvi) Excess Finance Charge Collections. Any amounts remaining in the Collection Account to the extent of Total Finance Charge Collections for such Business Day (after giving effect to the withdrawals pursuant to subsections 4.6(c)(i) through (xv) of the Agreement), shall be treated as Excess Finance Charge Collections allocable to other Series in Group I, and the Servicer shall direct the Trustee in writing on such Business Day to withdraw such amounts from the Collection Account and to first make such amounts available as Excess Finance Charge Collections to pay to Certificateholders of other Series in Group I to the extent of shortfalls, if any, in amounts payable to such certificateholders from Finance Charge Collections allocated to such other Series, then to pay any unpaid commercially reasonable costs and expenses of a Successor Servicer, if any, and then pay any remaining Excess Finance Charge Collections to the Transferor.

(d) For each Business Day (i) the funds on deposit in the Collection Account in an amount not to exceed, during the Revolving Period, the sum of the Class B Floating Allocation Percentage and the Class C Floating Allocation Percentage or, during the Amortization Period, the sum of the Class B Fixed/Floating Allocation Percentage and the Class C Fixed/Floating Allocation Percentage of Net Principal Collections with respect to such Business Day shall be applied by the Servicer or by the Trustee acting in accordance with the instructions of the Servicer as Reallocated Principal Collections to the extent necessary to pay first the Class A Required Amount and then the Class B Required Amount on such Business Day as described in subsection 4.7(c) of the Agreement and (ii) the remainder of the Net Principal Collections shall be treated as VFC Principal Collections and applied as provided in subsection 4.6(f) of the Agreement.

(e) For each Business Day on and after the Amortization Period Commencement Date, the funds on deposit in the Collection Account will be distributed by the Trustee acting in accordance with the instructions of the Servicer in the following priority:

(i) an amount equal to the sum of (A) Net Principal Collections for such Business Day (minus the amount of Reallocated Principal Collections with respect to such Business Day which is required to fund a deficiency pursuant to subsection 4.7(c) of the Agreement for such Business Day, if any), (B) any amount on deposit in the Excess Funding Account allocated to the Investor Certificates on such Business Day, and (C)

the aggregate amounts, if any, allocated on such Business Day pursuant to subsections 4.6(b)(v), (vi), (vii) or (x) or 4.6(c)(v), (vi), (vii) or (x) (such sum, the "Class A Daily Principal Amount"), plus the amount of Shared Principal Collections allocated to the Series 1999-1 Certificates in accordance with Sections 4.3(e) and 4.6(f) of the Agreement, will be deposited into the Principal Account until the amount on deposit therein equals the Class A Invested Amount;

(ii) on and after the Class B Principal Payment Commencement Date, an amount equal to the sum of (A) Net Principal Collections for such Business Day (minus the amount of Reallocated Principal Collections with respect to such Business Day which is required to fund a deficiency with respect to the Class B Certificates pursuant to subsection 4.7(c) of the Agreement for such Business Day), (B) any amount on deposit in the Excess Funding Account allocated to the Investor Certificates on such Business Day, and (C) the amount, if any, allocated to pursuant to subsections 4.6(b)(v), (vii) or (x) or 4.6(c)(v), (vii) or (x) of the Agreement with respect to such Business Day, minus, in the case of each of clauses (A), (B) and (C) above, the amount thereof paid to the Class A Certificateholders pursuant to subsection 4.6(e)(i) of the Agreement (such sum, after such reduction, the "Class B Daily Principal Amount"), will be deposited into the Principal Account until the amount on deposit therein equals the Class B Invested Amount;

(iii) on and after the Class C Principal Payment Commencement Date, an amount equal to (A) Net Principal Collections for such Business Day, (B) any amount on deposit in the Excess Funding Account allocated to the Class C Certificates on such Business Day, and (C) the amount, if any, allocated to pursuant to subsections 4.6(b)(v) or (x) or 4.6(c)(v) or (x) of the Agreement with respect to such Business Day, minus, in the case of each of clauses (A), (B) and (C) above, the amount thereof paid to the Class A Certificateholders pursuant to subsection 4.6(e)(i) of the Agreement or to the Class B Certificateholders pursuant to subsection 4.6(e)(ii) of the Agreement (such sum, after such reduction, the "Class C Daily Principal Amount") will be paid to the Holders of the Class C Certificates; and

(iv) an amount equal to the balance of any such remaining funds on deposit in the Collection Account on such Business Day allocated to the Series 1999-1 Certificates shall be treated as Shared Principal Collections and applied as provided in subsection 4.3(e) of the Agreement.

(f) VFC Principal Collections, to the extent permitted by the Class A Certificate Purchase Agreement and the Class B Certificate Purchase Agreement, as applicable, shall be applied by the Servicer or by the Trustee acting in accordance with the instructions of the Servicer on each Business Day with respect to the Revolving Period first, at the option of the Transferor and in an amount to be determined by the Transferor, to make payments of principal to (i) the Class A Certificateholders, (ii) if after giving effect to such payment, both (A) no Series 1999-1 Pay Out Event shall have occurred and be continuing and (B) the Class B Invested Amount shall not be less than

the Required Class B Invested Amount, to the Class A Certificateholders and the Class B Certificateholders pro rata based on the Invested Amount of each such Class on such Business Day, or (iii) if after giving effect to such payment, both (A) no Series 1999-1 Pay Out Event shall have occurred and be continuing, (B) the Class B Invested Amount shall not be less than the Required Class B Invested Amount, and (C) the Class C Invested Amount shall not be less than the Required Class C Invested Amount, to the Class A Certificateholders, the Class B Certificateholders and the Class C Certificateholders pro rata based on the Invested Amount of each such Class on such Business Day and, then the remaining VFC Principal Collections shall be treated as Shared Principal Collections available to make payments with respect to other Series pursuant to subsection 4.3(e) of the Agreement. On any Business Day Shared Principal Collections allocated to the Series 1999-1 Certificates for such Business Day may be applied by the Servicer or by the Trustee acting in accordance with the instructions of the Servicer, at the option of the Transferor and in an amount (such amount to be deemed the "Principal Shortfall" with respect to the Series 1999-1 Certificates) to be determined by the Transferor, to make payments of principal to (i) the Class A Certificateholders, (ii) if after giving effect to such payment, both (A) no Series 1999-1 Pay Out Event shall have occurred and be continuing and (B) the Class B Invested Amount shall not be less than the Required Class B Invested Amount, to the Class A Certificateholders and the Class B Certificateholders pro rata based on the Invested Amount of each such Class on such Business Day, or (iii) if after giving effect to such payment, both (A) no Series 1999-1 Pay Out Event shall have occurred and be continuing, (B) the Class B Invested Amount shall not be less than the Required Class B Invested Amount, and (C) the Class C Invested Amount shall not be less than the Required Class C Invested Amount, to the Class A Certificateholders, the Class B Certificateholders and the Class C Certificateholders pro rata based on the Invested Amount of each such Class on such Business Day. Amounts of principal to be paid to the Class A Certificateholders or the Class B Certificateholders pursuant to this subsection 4.6(f) shall be deposited into the Principal Account.

(g) At the option of the Transferor on any Business Day, all or any portion of Principal Collections otherwise to be paid to the Transferor as Holder of the Exchangeable Transferor Certificate pursuant to subsection 4.3(b) of the Agreement on such Business Day or of Shared Principal Collections otherwise to be paid to the Transferor pursuant to subsection 4.3(e) of the Agreement on such Business Day may be deposited into the Reserve Account.

Section 4.7 Coverage of Required Amounts for the Series 1999-1 Certificates. (a) To the extent that any amounts are on deposit in the Excess Funding Account on any Business Day, the Servicer shall apply Finance Charge Collections that would otherwise be allocable to the Transferor in an amount equal to the excess of (x) the product of (a) the Base Rate and (b) the product of (i) the amount on deposit in the Excess Funding Account and (ii) the number of days elapsed since the previous

Business Day divided by the actual number of days in such year over (y) the aggregate amount of all earnings since the previous Business Day available from the Cash Equivalents in which funds on deposit in the Excess Funding Account are invested, such amount to be applied during the Revolving Period in the manner specified in subsections 4.6(a)(i) through (ix) and (xii) through (xv) of the Agreement or during the Amortization Period in the manner specified in subsections 4.6(b)(i) through (ix) and (xi) of the Agreement or subsections 4.6(c)(i) through (ix) and (vii) through (xv), as applicable, of the Agreement. After giving effect to such application, on each Business Day, the Servicer shall determine the Class A Required Amount, the Class B Required Amount and the Series 1999-1 Shortfall, if any. In the event that the Class A Required Amount, the Class B Required Amount or the Series 1999-1 Shortfall for a Business Day is greater than zero, the Servicer shall reflect such positive amount on the Daily Report for such Business Day.

(b) To the extent of any Series 1999-1 Shortfall, the Servicer shall apply any Excess Finance Charge Collections allocable to the Series 1999-1 Certificates in an amount equal to such Series 1999-1 Shortfall in the manner specified in subsections 4.6(a)(i) through (xv) of the Agreement during the Revolving Period or in the manner specified in subsections 4.6(b)(i) through (xi) or 4.6(c)(i) through (xv) of the Agreement, as applicable, during the Amortization Period. Excess Finance Charge Collections allocated to the Series 1999-1 Certificates for any Business Day shall mean an amount equal to the product of (x) Excess Finance Charge Collections available from all other Series in Group I for such Business Day and (y) a fraction, the numerator of which is the Series 1999-1 Shortfall for such Business Day and the denominator of which is the aggregate amount of shortfalls in required amounts or other amounts to be paid from Finance Charge Collections for all Series in Group I for such Business Day. If there is any Class A Required Amount for a Business Day after such application of Excess Finance Charge Collections, the amount thereof, up to the Available Reserve Amount, shall be withdrawn by the Trustee acting in accordance with the instructions of the Servicer on such Business Day from the Reserve Account and shall be applied during the Revolving Period in the manner specified in subsections 4.6(a)(i), (v), (vi) or (viii) of the Agreement, or during the Amortization Period in the manner described in subsections 4.6(b)(i), (v), (vi) or (viii) of the Agreement or subsections 4.6(c)(i), (v), (vi) or (viii) of the Agreement, as applicable. If there is any Class B Required Amount for a Business Day after such application of Excess Finance Charge Collections, the amount thereof, up to the Available Reserve Amount (after giving effect to any withdrawals in respect of the Class A Required Amount), shall be withdrawn by the Trustee acting in accordance with the instructions of the Servicer on such Business Day from the Reserve Account and shall be applied during the Revolving Period in the manner specified in subsections 4.6(a)(ii), (v), (vii) or (ix) of the Agreement, or during the Amortization Period in the manner described in subsections 4.6(b)(ii), (v), (vi) or (ix) or 4.6(c)(ii), (v), (vii) or (ix) of the Agreement, as applicable.

(c) In the event that the sum of the Class A Required Amount and the Class B Required Amount for a Business Day exceeds the sum of the Available Reserve Amount and the amount of the Excess Finance Charge Collections allocated thereto on such Business Day, a portion of the Net Principal Collections allocable to the Class C Certificates in an amount equal to the lesser of such excess and product of (i) (x) during the Revolving Period, the sum of the Class B Floating Allocation Percentage and the Class C Floating Allocation Percentage or (y) during the Amortization Period, the sum of the Class B Fixed/Floating Allocation Percentage and Class C Fixed/Floating Allocation Percentage and (ii) the amount of Net Principal Collections in the Collection Account with respect to such Business Day shall be allocated by the Servicer first to the Class A Certificates and then to the Class B Certificates and applied (any such amount so applied, "Reallocated Principal Collections") on such Business Day in accordance with the provisions during the Revolving Period of subsections 4.6(a)(i), (ii) or (iv) through (ix) of the Agreement and during the Amortization Period, in accordance with the provisions of subsections 4.6(b)(i), (ii) or (iv) through (ix) of the Agreement or 4.6(c)(i), (ii) or (iv) through (ix) of the Agreement, as applicable; provided, however, that (A) with respect to amounts applied pursuant to subsections 4.6(a)(iv), (b)(iv) and (c)(iv), such amounts shall be applied only to the extent of the sum of the Class A Floating Allocation Percentage and the Class B Floating Allocation Percentage of the shortfall arising pursuant to such subsections and (y) the amount so applied with respect to the Class B Required Amount on any Business Day shall not exceed the applicable Class C Floating Allocation Percentage or Class C Fixed/Floating Allocation Percentage, as applicable, of the Net Principal Collections in the Collection Account with respect to such Business Day, minus any Reallocated Principal Collections applied to cover the Class A Required Amount on that Business Day. In the event that the sum of the Class A Required Amount and the Class B Required Amount exceeds such Available Reserve Amount and the amount of such Excess Finance Charge Collections and of such Net Principal Collections applied pursuant to this subsection 4.7(c), the Class C Invested Amount shall be reduced but only to the extent that the Class C Invested Amount shall be reduced to zero by an amount not to exceed the Series Default and Dilution Amount for that Business Day; and then the Class B Invested Amount and, if applicable, the Class A Invested Amount shall be reduced as provided in subsections 4.8(b) or 4.8(c) of the Agreement.

Section 4.8 Investor Charge-Offs. (a) If, on any Determination Date with respect to a Distribution Date on or prior to the Class C Principal Payment Commencement Date, the Series Default and Dilution Amount for the preceding Monthly Period exceeded the aggregate amount of Finance Charge Collections applied to the payment thereof pursuant to subsection 4.6(a)(v) of the Agreement during the Revolving Period or subsection 4.6(b)(v) or 4.6(c)(v) of the Agreement, as applicable, during the Amortization Period and the Available Reserve Amount and the amount of Excess Finance Charge Collections and Reallocated Principal Collections allocated thereto pursuant to subsection 4.7(b) of the Agreement, the Class C

Invested Amount will be reduced (without duplication of any reduction pursuant to the last sentence of subsection 4.7(b)) by the amount by which the Series Default and Dilution Amount for the preceding monthly period exceeds the amount applied with respect thereto during such preceding Monthly Period (a "Class C Investor Charge-Off"). To the extent that on any subsequent Business Day VFC Additional Amounts are purchased pursuant to Section 6.15, the Holder of the Class C Certificates shall first deposit into the Excess Funding Account an amount equal to any Class C Investor Charge-Offs on such Business Day and then shall purchase any other Class C Invested Amount pursuant to Section 6.15. To the extent that on any subsequent Business Day there is a remaining positive balance of Total Finance Charge Collections on deposit in the Collection Account after giving effect during the Revolving Period to subsections 4.6(a)(i) through (ix) of the Agreement or during the Amortization Period to subsections 4.6(b)(i) through (ix) or subsections 4.6(c)(i) through (ix) of the Agreement, as applicable, the Servicer will apply such excess Finance Charge Collections as provided in subsection 4.6(a)(x) of the Agreement during the Revolving Period or subsection 4.6(b)(x) or 4.6(c)(x) of the Agreement, as applicable, during the Amortization Period to reimburse the aggregate amount of Class C Investor Charge-Offs and other reductions to the Class C Invested Amount pursuant to clause (d) of the definition thereof not previously reimbursed, up to the amount so available.

(b) In the event that any reduction of the Class C Invested Amount pursuant to subsection 4.8(a) of the Agreement would cause the Class C Invested Amount to be a negative number, the Class C Invested Amount will be reduced to zero, and the Class B Invested Amount will be reduced by the lesser of (i) the amount by which the Class C Invested Amount would have been reduced below zero and (ii) the Class A/B Default and Dilution Amount for the preceding Monthly Period (a "Class B Investor Charge-Off"). To the extent that on any subsequent Business Day there is a positive balance of Total Finance Charge Collections on deposit in the Collection Account after giving effect to subsections 4.6(a)(i) through (vi) of the Agreement during the Revolving Period or subsections 4.6(b)(i) through (vi) or 4.6(c)(i) through (vi) of the Agreement, as applicable, during the Amortization Period, the Servicer will apply such excess Finance Charge Collections as provided in subsection 4.6(a)(vii) of the Agreement during the Revolving Period or subsection 4.6(b)(vii) or 4.6(c)(vii) of the Agreement, as applicable, during the Amortization Period to reimburse the aggregate amount of Class B Investor Charge-Offs and other reductions to the Class B Invested Amount pursuant to clause (d) of the definition thereof not previously reimbursed, up to the amount so available.

(c) In the event that any such reduction of the Class B Invested Amount pursuant to subsection 4.8(b) of the Agreement would cause the Class B Invested Amount to be a negative number, the Class B Invested Amount will be reduced to zero, and the Class A Invested Amount will be reduced by the lesser of (i) the amount by which the Class B Invested Amount would have been reduced below zero and (ii) the Class A Default and Dilution Amount

for the preceding Monthly Period (a "Class A Investor Charge-Off"). To the extent that on any subsequent Business Day there is a positive balance of Total Finance Charge Collections on deposit in the Collection Account after giving effect to subsections 4.6(a)(i) through (v) of the Agreement during the Revolving Period or subsections 4.6(b)(i) through (v) or 4.6(c)(i) through (v) of the Agreement, as applicable, during the Amortization Period, the Servicer will apply such excess Finance Charge Collections as provided in subsection 4.6(a)(vi) of the Agreement during the Revolving Period or subsection 4.6(b)(vi) or 4.6(c)(vi) of the Agreement, as applicable, during the Amortization Period to reimburse the aggregate amount of Class A Investor Charge-Offs not previously reimbursed, up to the amount so available.

Section 4.9 Reserve Account. (a) The Servicer shall establish and maintain with an Eligible Institution, which may be the Trustee, in the name of the Trustee, on behalf of the Trust, a segregated trust account (the "Reserve Account") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. The Trustee shall, on behalf of the Holders of Series 1999-1 Variable Funding Certificates, possess all right, title and interest in all funds on deposit from time to time in the Reserve Account and in all proceeds thereof. The Reserve Account shall be under the sole dominion and control of the Trustee for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. If at any time an Eligible Institution holding the Reserve Account ceases to be an Eligible Institution, the Transferor shall notify the Trustee, and the Trustee upon being notified (or the Servicer on its behalf) shall within 10 Business Days establish a new Reserve Account meeting the conditions specified above, and shall transfer any cash or any investments to such new Reserve Account. The Trustee, at the direction of the Servicer, shall make deposits to and withdrawals from the Reserve Account in the amounts and at the times set forth in Sections 4.6, 4.7 and 4.9 of the Agreement. All withdrawals from the Reserve Account shall be made in the priority set forth below.

(b) No deposit into the Reserve Account shall be required on the Closing Date. Funds on deposit in the Reserve Account from time to time shall be invested and/or reinvested at the direction of the Servicer by the Trustee in Cash Equivalents that will mature so that such funds will be available for withdrawal on the following Transfer Date. The Trustee shall not be liable for any investment loss or other charge resulting therefrom. No Cash Equivalent shall be disposed of prior to its maturity unless the Servicer so directs and either (i) such disposal will not result in a loss of all or part of the principal portion of such Cash Equivalent or (ii) prior to the maturity of such Cash Equivalent, a default occurs in the payment of principal, interest or any other amount with respect to such Cash Equivalent. The Trustee shall maintain for the benefit of the Holders of Series 1999-1 Variable Funding Certificates possession of the negotiable instruments or securities, if any, evidencing such Cash Equivalents. All cash interest and earnings (net of losses and investment

expenses) received on each Business Day on funds on deposit in the Reserve Account shall be retained therein to the extent that the Available Reserve Amount is less than the Required Reserve Amount on such Business Day, and such retained amounts shall be considered to be available and on deposit in the Reserve Account until withdrawn therefrom. All cash interest and earnings (net of losses and investment expenses) received on each Business Day on funds on deposit in the Reserve Account in excess of the amount, if any, required to be retained in the Reserve Account on such Business Day shall be treated as a component of Total Finance Charge Collections and, for purposes of determining the availability of funds or the balances in the Reserve Account for any other reason under this Variable Funding Supplement, all such investment earnings on such funds shall be deemed not to be available or on deposit in the Reserve Account. If on any Business Day the amount on deposit in the Reserve Account exceeds the Required Reserve Amount, the amount of such excess shall be treated as a component of Total Finance Charge Collections.

Section 4.10 Excess Purchase Account. (a) The Servicer shall establish and maintain with an Eligible Institution, which may be the Trustee, in the name of the Trustee, on behalf of the Trust, a segregated trust account (the "Excess Purchase Account") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. The Trustee, on behalf of the Holders of the Series 1999-1 Variable Funding Certificates, shall possess all right, title and interest in all funds on deposit from time to time in the Excess Purchase Account and in all proceeds thereof. The Excess Purchase Account shall be under the sole dominion and control of the Trustee for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. If at any time an Eligible Institution holding the Excess Purchase Account ceases to be an Eligible Institution, the Transferor shall notify the Trustee, and the Trustee upon being notified (or the Servicer on its behalf) shall within 10 Business Days establish a new Excess Purchase Account meeting the conditions specified above, and shall transfer any cash or any investments to such new Excess Purchase Account. The Trustee, at the direction of the Servicer, shall make deposits to the Excess Purchase Account in the amounts and at the times set forth in Section 6.15 of the Agreement.

(b) Funds on deposit in the Excess Purchase Account from time to time shall be invested and/or reinvested at the direction of the Servicer by the Trustee in Cash Equivalents that will mature so that such funds will be available for withdrawal not later than the following Transfer Date. The Trustee shall not be liable for any investment loss or other charge resulting therefrom. No Cash Equivalent shall be disposed of prior to its maturity unless the Servicer so directs and either (i) such disposal will not result in a loss of all or part of the principal portion of such Cash Equivalent or (ii) prior to the maturity of such Cash Equivalent, a default occurs in the payment of principal, interest or any other amount with respect to such Cash Equivalent. The Trustee shall maintain for the benefit of the Holders of Series 1999-1 Variable Funding Certificates possession of

the negotiable instruments or securities, if any, evidencing such Cash Equivalents. All cash interest and earnings (net of losses and investment expenses) received on each Business Day on funds on deposit in the Excess Purchase Account shall be treated as a component of Total Finance Charge Collections. For purposes of determining the availability of funds or the balances in the Excess Purchase Account for any other reason under this Variable Funding Supplement, all investment earnings on such funds shall be deemed not to be available or on deposit.

(c) If on any Business Day prior to the Amortization Period Commencement Date the greater of (i) the sum of (A) the aggregate Invested Amount of each Series then outstanding as of such day including the Series 1999-1 Variable Funding Certificates minus amounts on deposit in the principal funding account for any Series and (B) the Minimum Transferor Amount as of such day or (ii) the Minimum Aggregate Principal Receivables exceeds an amount equal to (a) the aggregate amount of Principal Receivables and amounts on deposit in the Excess Funding Account (other than investment earnings thereon), plus (b) the amount on deposit in the Excess Purchase Account, the amount of such excess shall be withdrawn by the Trustee in accordance with the instructions of the Servicer from the Excess Purchase Account and paid to the Transferor in respect of VFC Additional Invested Amounts theretofore purchased hereunder. On the Amortization Period Commencement Date, the amount on deposit in the Excess Purchase Account or, if less, the sum of the Class A Invested Amount and the Class B Invested Amount shall be withdrawn by the Trustee at the direction of the Servicer and deposited into the Principal Account.

Section 4.11 Principal and Interest Funding Accounts. (a) The Servicer shall establish and maintain with an Eligible Institution approved by the Class A Agent and the Class B Agent, which may be the Trustee, in the name of the Trustee, on behalf of the Trust, segregated trust accounts (the "Principal Account" and the "Interest Funding Account", respectively), each bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. The Trustee shall, on behalf of the Holders of the Series 1999-1 Variable Funding Certificates, possess all right, title and interest in all funds on deposit from time to time in the Principal Account and the Interest Funding Account and in all proceeds thereof. The Principal Account and the Interest Funding Account shall each be under the sole dominion and control of the Trustee for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. If at any time an Eligible Institution holding the Principal Account or the Interest Funding Account ceases to be an Eligible Institution, the Transferor shall notify the Trustee and the Administrative Agent, and the Trustee upon being notified (or the Servicer on its behalf) shall within ten Business Days establish a new Principal Account or Interest Funding Account, as the case may be, meeting the conditions specified above, and shall transfer any cash or any investments to such new Principal Account or Interest Funding Account. The Trustee, at the direction of the Servicer, shall make deposits to the Principal Account in the amounts and at the

times set forth in Section 4.6 or 4.10 of the Agreement and shall make deposits to the Interest Funding Account in the amounts and at the times set forth in Section 4.6 of the Agreement. Amounts deposited into the Principal Account or Interest Funding Account shall not reduce the Invested Amount.

(b) Funds on deposit in the Principal Account and the Interest Funding Account in respect of the Class A Variable Funding Certificates from time to time shall be invested and/or reinvested at the direction of the Class A Agent by the Trustee in Cash Equivalents that will mature so that such funds will be available for withdrawal on the Business Day preceding the respective dates on which the related payments are required to be made under the Class A Certificate Purchase Agreement. The Trustee shall not be liable for any investment loss or other charge resulting therefrom. No Cash Equivalent shall be disposed of prior to its maturity unless the Class A Agent so directs and either (i) such disposal will not result in a loss of all or part of the principal portion of such Cash Equivalent or (ii) prior to the maturity of such Cash Equivalent, a default occurs in the payment of principal, interest or any other amount with respect to such Cash Equivalent. The Trustee shall maintain for the benefit of the Holders of Class A Certificates possession of the negotiable instruments or securities, if any, evidencing such Cash Equivalents. Funds on deposit in the Principal Account and the Interest Funding Account in respect of the Class B Variable Funding Certificates from time to time shall be invested and/or reinvested at the direction of the Class B Agent by the Trustee in Cash Equivalents that will mature so that such funds will be available for withdrawal on the Business Day preceding the respective dates on which the related payments are required to be made under the Class B Certificate Purchase Agreement. No Cash Equivalent shall be disposed of prior to its maturity unless the Class B Agent so directs and either (i) such disposal will not result in a loss of all or part of the principal portion of such Cash Equivalent or (ii) prior to the maturity of such Cash Equivalent, a default occurs in the payment of principal, interest or any other amount with respect to such Cash Equivalent. The Trustee shall maintain for the benefit of the Holders of Class B Certificates possession of the negotiable instruments or securities, if any, evidencing such Cash Equivalents.

(c) All cash interest and earnings (net of losses and investment expenses) received on each Business Day on funds on deposit in the Principal Account or the Interest Funding Account shall be treated as a component of Total Finance Charge Collections. For purposes of determining the availability of funds or the balances in the Principal Account or the Interest Funding Account for any other reason under this Variable Funding Supplement, all investment earnings on such funds shall be deemed not to be available or on deposit.

(d) Amounts on deposit in the Principal Account shall be withdrawn by the Trustee acting at the direction of the Class A Agent on each Distribution Date for any portion of the Class A Investor Principal Balance or on any other date on which a payment in respect of principal of the

Class A Certificates is due as contemplated by the Class A Certificate Purchase Agreement, to pay to Class A Certificateholders such portion of the Class A Investor Principal Balance. Amounts on deposit in the Interest Funding Account shall be withdrawn by the Trustee acting at the direction of the Class A Agent on each Distribution Date for any portion of the Class A Investor Principal Balance or on any other date on which a payment in respect of fees or interest on the Class A Certificates is due as contemplated by the Class A Certificate Purchase Agreement, to pay to Class A Certificateholders accrued and unpaid interest on such portion of the Class A Investor Principal Balance and to pay accrued and unpaid Class A Program Fees. Amounts on deposit in the Principal Account shall be withdrawn by the Trustee acting at the direction of the Class B Agent on each Distribution Date for any portion of the Class B Investor Principal Balance or on any other date on which a payment in respect of principal of the Class B Certificates is due as contemplated by the Class B Certificate Purchase Agreement, to pay to Class B Certificateholders such portion of the Class B Investor Principal Balance. Amounts on deposit in the Interest Funding Account shall be withdrawn by the Trustee acting at the direction of the Class B Agent on each Distribution Date for any portion of the Class B Investor Principal Balance or on any other date on which a payment in respect of fees or interest on the Class B Certificates is due as contemplated by the Class B Certificate Purchase Agreement, to pay to Class B Certificateholders accrued and unpaid interest on such portion of the Class B Investor Principal Balance and to pay accrued and unpaid Class B Program Fees.

(e) If (i) on any Business Day the amount on deposit in the Interest Funding Account is less than the amount of accrued interest owing on the Class A Certificates and the Class B Certificates on such Business Day, and (ii) any amount of Class A Interest and/or Class B Interest owed as a result of any adjustment described in the last sentence of Class A Carrying Cost or Class B Carrying Costs has not been deposited into the Interest Funding Account on or prior to such Business Day, the Transferor shall deposit into the Interest Funding Account on such Business Day an amount equal to the lesser of (a) the shortfall described in clause (i) next above, and (ii) the amount of Excess Finance Charge Collections distributed to the Transferor pursuant to Sections 4.6(a)(xvi), 4.6(b)(xii) or 4.6(c)(xvi), as the case may be, since the immediately preceding Business Day on which an adjustment described in clause (ii) next above occurred.

(f) If (i) on any Business Day the amount on deposit in the Interest Funding Account is greater than the amount of accrued interest owing on the Class A Certificates and the Class B Certificates on such Business Day, and (ii) such surplus resulted from the Commercial Paper Rate used to make daily allocations during the immediately preceding Fixed Period, pursuant to the last sentence of Class A Carrying Costs and Class B Carrying Costs, as the case may be, being greater than the actual Commercial Paper Rate applicable to such Fixed Period, the Servicer will apply such surplus (to the extent that such surplus has not previously been applied pursuant to this Section

4.11(f)) to the amounts required to be deposited into the Interest Funding Account on such Business Day in respect of Class A Interest and Class B Interest pursuant to Sections 4.6(a)(i) and (a)(ii), 4.6(b)(i) and (b)(ii) or 4.6(c)(i) and (ii), as applicable.

Section 4.12 Proceeds Account. The Servicer shall establish and maintain with an Eligible Institution, which may be the Trustee, in the name of the Trustee, on behalf of the Trust, a segregated trust account (the "Proceeds Account") bearing a designation clearly indicating that the funds deposited therein are held for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. The Trustee shall, on behalf of the Holders of Series 1999-1 Variable Funding Certificates, possess all right, title and interest in all funds on deposit from time to time in the Proceeds Account and in all proceeds thereof. The Proceeds Account shall be under the sole dominion and control of the Trustee for the benefit of the Holders of Series 1999-1 Variable Funding Certificates. If at any time an Eligible Institution holding the Proceeds Account ceases to be an Eligible Institution, the Transferor shall notify the Trustee, and the Trustee upon being notified (or the Servicer on its behalf) shall within 10 Business Days establish a new Proceeds Account meeting the conditions specified above, and shall transfer any cash or any investments to such new Proceeds Account. The Trustee, at the direction of the Servicer, shall make deposits to and withdrawals from the Proceeds Account in the amounts and at the times set forth in Section 6.15 of the Agreement. Funds on deposit in the Proceeds Account from time to time shall be held uninvested.

SECTION 8 Article V of the Agreement. Article V of the Agreement shall read in its entirety as follows and shall be applicable only to the Series 1999-1 Certificates:

ARTICLE V

DISTRIBUTIONS AND REPORTS TO INVESTOR CERTIFICATEHOLDERS

Section 5.1 Distributions. (a) On each Business Day, the Paying Agent shall distribute to the Class A Certificateholders the amount, if any, specified in subsection 4.11(d) of the Agreement to be paid to the Class A Certificateholders on such Business Day; provided, however, that the final payment in retirement of the Class A Certificates will be made only upon presentation and surrender of the Class A Certificates at the office or offices specified in the notice of such final distribution delivered by the Trustee pursuant to Section 12.3 of the Agreement.

(b) On each Business Day, the Paying Agent shall distribute to the Class B Certificateholders the amount, if any, specified in subsection 4.11(d) of the Agreement to be paid to the Class B Certificateholders on such Business Day; provided, however, that the final payment in retirement of the Class B Certificate will be made only upon presentation and surrender of the Class B Certificates at the office or offices specified in the notice of such final distribution delivered by the Trustee pursuant to Section 12.3 of the Agreement.

(c) On each Business Day, the Paying Agent shall distribute (in accordance with the Daily Report delivered by the Servicer to the Trustee pursuant to subsection 3.4(b) of the Agreement) to each Class C Certificateholder of record (other than as provided in subsection 2.4(d) or in Section 12.3 of the Agreement respecting a final distribution) such Certificateholder's pro rata share (based on the aggregate Undivided Interests represented by Class C Certificates held by such Certificateholder) of such amounts on deposit in the Collection Account as are payable to the Class C Certificateholders pursuant to Section 4.6 of the Agreement; provided, however, that the final payment in retirement of the Class C Certificate will be made only upon presentation and surrender of the Class C Certificates at the office or offices specified in the notice of such final distribution delivered by the Trustee pursuant to Section 12.3 of the Agreement.

Section 5.2 Monthly Certificateholders' Statement. As soon as practicable, but no later than each Determination Date following the end of each Monthly Period with respect to items (i) through (vii) below, and no later than 30 days following the end of each Monthly Period with respect to the remaining items listed below, the Servicer shall forward to the Trustee, the Administrative Agent and the Rating Agencies a statement, substantially in the form of Exhibit E to this Variable Funding Supplement, including the following information:

(i) the amount of Net Principal Collections received in the Collection Account during the related Monthly Period and allocated in respect of each Class of Series 1999-1 Certificates;

(ii) the amount of Total Finance Charge Collections processed during the related Monthly Period and allocated in respect of each Class of Series 1999-1 Certificates;

(iii) the aggregate amount of Principal Receivables, the Invested Amount, the Class A Invested Amount, the Class B Invested Amount, the Class C Invested Amount, the Transferor Amount, the Floating Allocation Percentage and, during the Amortization Period, the Fixed/Floating Allocation Percentage with respect to the Principal Receivables in the Trust as of the end of the day on the last day of the Monthly Period preceding such Distribution Date;

(iv) the aggregate outstanding balance of Accounts which are 30, 60, 90, 120, 150 and 180 days or more delinquent as of the end of each billing cycle during the preceding Monthly Period for such account;

(v) the aggregate Investor Default Amount for the related Monthly Period;

(vi) the aggregate Investor Uncovered Dilution Amount for the related Monthly Period;

(vii) the aggregate amount of (A) Class A Investor Charge-Offs, (B) Class B Investor Charge-Offs and other reductions to the Class B Invested Amount pursuant to clause (d) of the definition thereof and (C) Class C Investor Charge-

Offs and other reductions to the Class C Invested Amount pursuant to clause (d) of the definition thereof for the related Monthly Period and reimbursements thereof;

(viii) the aggregate amount of the Monthly Servicing Fee for the related Monthly Period;

(ix) the Excess Spread Percentage, the Excess Spread Enhancement Cap Percentage, the Payment Rate Percentage, the Payment Rate Enhancement Cap Percentage and the Enhancement Percentage for the related Monthly Period;

(x) the Available Reserve Account Amount on the last day of Monthly Period immediately preceding the related Monthly Period, the aggregate deposits in the Reserve Account during the related Monthly Period, the aggregate disbursements from the Reserve Account during such Monthly Period, and the Available Reserve Account Amount and the Required Reserve Account Amount on the last day of such Monthly Period; and

(xi) the Portfolio Yield and the average of the daily Base Rates for the related Monthly Period.

Section 5.3 Annual Certificateholders' Tax Statement. On or before January 31 of each calendar year, beginning with calendar year 1998, the Trustee shall distribute to each Person who at any time during the preceding calendar year was a Series 1999-1 Certificateholder, a statement prepared by the Servicer containing information regarding the amounts distributed to such Person and the principal and interest portion thereof, aggregated for such calendar year or the applicable portion thereof during which such Person was a Series 1999-1 Certificateholder, together with such other customary information (consistent with the treatment of the Certificates as debt) as the Servicer deems necessary or desirable to enable the Series 1999-1 Certificateholders to prepare their tax returns.

SECTION 9 Article VI of Agreement. The Opinion of Counsel referred to in part (b) of the seventh sentence of Section 6.9 of the Agreement shall mean, with respect to the Series 1999-1 Certificates, an Opinion of Counsel to the effect that the Class A Certificates and the Class B Certificates will not represent interests in an association taxable as a corporation or a publicly traded partnership for federal income tax purposes. Except as provided in the preceding sentence, sections 6.1 through 6.14 of the Agreement shall be read in their entirety as provided in the Agreement. Article VI (except for Sections 6.1 through 6.14 thereof) shall read in its entirety as follows and shall be applicable only to the Series 1999-1 Certificates:

Section 6.15 VFC Additional Invested Amounts. (a) The Holders of the Class A Certificates, the Holders of the Class B Certificates and the Holders of the Class C Certificates agree, by acceptance of the Class A Certificates, the Class B Certificates or the Class C Certificates, respectively, that the Transferor may from time to time prior to the Amortization Period Commencement Date for the Variable Funding Certificates require that such Certificateholders acquire as of any Business Day additional undivided interests in the Trust in specified amounts (such amounts, respectively, the "VFC Additional Class A

Invested Amount," the "VFC Additional Class B Invested Amount," and the "VFC Additional Class C Invested Amount" and, collectively, the "VFC Additional Invested Amounts") not to exceed, after giving effect thereto, an amount equal to (i) the aggregate amount of Principal Receivables and amounts on deposit in the Excess Funding Account (other than investment earnings thereon), (ii) plus the amount on deposit in the Excess Purchase Account, minus (iii) the greater of (A) the sum of (x) the aggregate Invested Amount of each Series then outstanding as of such day including all Variable Funding Certificates minus amounts on deposit in the principal funding account for any Series and (y) the Minimum Transferor Amount as of such day or (B) the Minimum Aggregate Principal Receivables.

(b) The obligation of any Holder of Class A Certificates to acquire any VFC Additional Class A Invested Amount shall be subject to the satisfaction of any applicable conditions provided in the Class A Certificate Purchase Agreement and subject to the further conditions that, after giving effect to such acquisition and to any concurrent acquisitions of VFC Additional Invested Amounts, (i) the Class B Invested Amount shall be equal to or greater than the Required Class B Invested Amount and the Class C Invested Amount shall be equal to or greater than the Required Class C Invested Amount and (ii) the sum of the Available Reserve Amount plus the excess, if any, of the Class C Invested Amount over 10% of the Invested Amount shall be equal to or greater than the Required Reserve Amount. The obligation of any Holder of Class B Certificates to acquire any VFC Additional Class B Invested Amount shall be subject to the satisfaction of any applicable conditions provided in the Class B Certificate Purchase Agreement and subject to the further conditions that, after giving effect to such acquisition and to any concurrent acquisitions of VFC Additional Invested Amounts, (i) the Class C Invested Amount shall be equal to or greater than the Required Class C Invested Amount and (ii) the sum of the Available Reserve Amount plus the excess, if any, of the Class C Invested Amount over 10% of the Invested Amount shall be equal to or greater than the Required Reserve Amount.

(c) If the Holders of the Class A Certificates acquire such additional interest, then in consideration of such Holder's payments of the VFC Additional Class A Invested Amount, the Servicer shall note such VFC Additional Class A Invested Amount on the related Daily Report and direct the Trustee in writing to pay to the Transferor such VFC Additional Invested Amounts, and the Invested Amount of the Class A Variable Funding Certificates will be equal to the Invested Amount of the Class A Certificates stated in such Daily Report. If the Holders of the Class B Certificates acquire such additional interest, then in consideration of such Holder's payments of the VFC Additional Class B Invested Amount, the Servicer shall note such VFC Additional Class B Invested Amount on the related Daily Report and direct the Trustee to pay to the Transferor such VFC Additional Invested Amounts, and the Invested Amount of the Class B Certificates will be equal to the Invested Amount of the Class B Certificates stated in such Daily Report. If the Holders of the Class C Certificates acquire such additional interest, then in consideration of such

Holder's payments of the VFC Additional Class C Invested Amount, the Servicer shall appropriately note such VFC Additional Class C Invested Amount on the related Daily Report and direct the Trustee in writing to pay to the Transferor such VFC Additional Invested Amounts, and the Invested Amount of the Class C Certificates will be equal to the Invested Amount of the Class C Certificates stated in such Daily Report.

(d) The proceeds of the purchase on any Business Day of VFC Additional Invested Amounts received by the Trustee shall be deposited upon receipt into the Proceeds Account. To the extent that on any purchase date and after giving effect to the purchase of VFC Additional Invested Amounts pursuant to this Section 6.15, (a) the greater of (i) the sum of (A) the aggregate Invested Amount of each Series then outstanding as of such day including the Variable Funding Certificates minus amounts on deposit in the principal funding account for any Series and (B) the Minimum Transferor Amount as of such day or (ii) the Minimum Aggregate Principal Receivables exceeds (b) an amount equal to the aggregate amount of Principal Receivables and amounts on deposit in the Excess Funding Account (other than investment earnings thereon), the Servicer shall instruct the Trustee, and the Trustee, upon such instruction from the Servicer, shall withdraw a portion of the purchase price for such VFC Additional Invested Amounts equal to such excess from the Proceeds Account and deposit such portion into the Excess Purchase Account. The Trustee shall withdraw any remaining Proceeds of such purchase price from the Proceeds Account and transfer such amounts to the Transferor in accordance with the instructions of the Servicer.

(e) In the event that the proceeds of a purchase of any VFC Additional Class A Invested Amounts required to be made on a Business Day pursuant to the Class A Certificate Purchase Agreement shall not have been received in the Proceeds Account by 1:00 p.m., New York City time, on such Business Day, the Servicer shall notify the Class A Agent and the Transferor by not later than 1:30 p.m., New York City time, on such Business Day. In the event that the proceeds of a purchase of any VFC Additional Class B Invested Amounts required to be made on a Business Day pursuant to the Class B Certificate Purchase Agreement shall not have been received in the Proceeds Account by 1:00 p.m., New York City time, on such Business Day, the Servicer shall notify the Class B Agent and the Transferor by not later than 1:30 p.m., New York City time, on such Business Day.

Section 6.16 Extension. (a) If a Pay Out Event has not occurred or has occurred but has been remedied on or before the 30th Business Day preceding the Extension Date, the Transferor, in its sole discretion, may deliver to the Trustee on or before such date a notice substantially in the form of Exhibit B (the "Extension Notice") to this Variable Funding Supplement. The Trustee shall mail a copy of the Extension Notice and all documents annexed thereto to the Investor Certificateholders of record on the date of receipt thereof. The Transferor shall state in the Extension Notice that it intends to extend the Revolving Period until the later Amortization Period Commencement Date set forth in the Extension Notice. The Extension Notice shall also set forth

the next Extension Date. The following documents shall be annexed to the Extension Notice: (i) a form of the Opinion of Counsel addressed to the Transferor and the Trustee to the effect that despite the Extension the Transferor will not be treated as an association taxable as a corporation (the "Extension Tax Opinion"); (ii) a form of the Opinion of Counsel addressed to the Transferor and the Trustee (the "Extension Opinion") to the effect that (A) the Transferor has the corporate power and authority to effect the Extension, (B) the Extension has been duly authorized by the Transferor, and (C) all conditions precedent to the Extension required by this Section 6.16 have been fulfilled; and (iii) a form of Investor Certificateholder Election Notice substantially in the form of Exhibit C (the "Election Notice") to this Variable Funding Supplement. In addition, the Extension Notice shall state that any Investor Certificateholder electing to approve the Extension must do so on or before the Election Date (as defined below) by returning the annexed Election Notice properly executed to the Trustee in the manner described below. The Extension Notice shall also state that an Investor Certificateholder may withdraw any such election in whole or in part on or before the Election Date, and the Transferor, in its sole discretion, may, prior to the Election Date, withdraw its election to extend the Revolving Period. Any Holder that elects to approve an Extension hereunder shall deliver a duly executed Election Notice to the Trustee at the address designated in the Extension Notice on or before 3:00 p.m., New York City time, on or before the fifth Business Day preceding the Extension Date (such Business Day constituting the "Election Date").

(b) No Extension shall occur until prior satisfaction of the following conditions at the close of business on the Election Date: (i) no Pay Out Event shall have occurred and be continuing, (ii) there shall have been delivered to the Trustee (A) the Extension Tax Opinion and the Extension Opinion, each addressed to the Transferor and the Trustee and (B) written confirmation from each Rating Agency rating the Class A Certificates or the Class B Certificates or providing informal ratings on such Series 1999-1 Variable Funding Certificates for the benefit of a Class A Certificateholder or Class B Certificateholder that the Extension will not cause such Rating Agency to lower its then current rating or informal rating or withdraw its ratings or informal ratings of such Investor Certificates, (iii) each holder of Class A Certificates and each holder of Class B Certificates shall have elected to approve the Extension by returning to the Trustee on or before the Election Date the executed Election Notice annexed to the Extension Notice delivered to such Class A Certificateholders and Class B Certificateholders pursuant to subsection 6.16(a) of the Agreement, (iv) if provided for by the Transferor, in its sole discretion, in the Extension Notice, the holders of a specified minimum amount of outstanding Class C Certificates shall have elected to approve of the Extension by returning to the Trustee on or before the Election Date the executed form of Election Notice annexed to the Extension Notice delivered to such Class C Certificateholders pursuant to subsection 6.16(a) of the Agreement and (v) the Transferor shall have delivered to the Trustee an Officer's Certificate

and an Opinion of Counsel, each to the effect that all conditions precedent in this subparagraph (b) have been satisfied. If, by the close of business on the Election Date, all of the conditions stated in this subsection 6.16(b) of the Agreement have not been satisfied and all such documents delivered to the Trustee pursuant to this subsection 6.16(b) of the Agreement are not in form satisfactory to it, or if the Transferor has notified the Trustee, prior to the Election Date, that the Transferor has exercised its right to withdraw its election of an Extension, no Extension shall occur.

(c) The execution by the required number of Investor Certificateholders of the applicable Election Notice and return thereof to the Trustee by the required date and time, the continued election by the Transferor to extend the Revolving Period at the Election Date, and the compliance with all of the provisions of this Section 6.16, shall evidence an extension or renewal of the obligations represented by the Investor Certificates delivered in exchange therefor, and not a novation or extinguishment of such obligations or a substitution with respect thereto.

(d) To the extent required by applicable laws and regulations, as evidenced by an Opinion of Counsel delivered by the Transferor to the Trustee, the provisions of this Section 6.16 shall or may be modified to comply with all applicable laws and regulations in effect at the time of a prepared Extension.

Section 6.17 Transfers of Class C Certificates; Legends. (a) No Class C Certificate or any interest therein may be sold (including in the initial offering), conveyed, assigned, hypothecated, pledged, participated or otherwise transferred (each such act or event, a "Transfer"), except in accordance with this Section 6.17. Any Transfer of a Class C Certificate otherwise permitted by this Section 6.17 will be permitted only if it consists of a pro rata percentage interest in all payments made with respect to such Holder's beneficial interest in the Class C Certificates. No Transfer of a Class C Certificate or any interest therein to any Person (each, an "Assignee") may occur, unless the Assignee shall have executed and delivered to the Trustee an investment letter substantially in the form of Exhibit D hereto and the Transferor shall have granted its prior written consent thereto. Such consent shall not be granted if the Transferor determines in its sole and absolute discretion that such Transfer would create a risk that the Trust would be classified for federal or any applicable state tax purposes as an association or publicly traded partnership taxable as a corporation; provided, that any attempted Transfer that would cause the number of Targeted Holders to exceed ninety-nine shall be void; and provided, further, that the number of Targeted Holders for the Trust as a result of Transfers of Class C Certificates shall not be more than ten or such other number as may be consented to by the Transferor, which consent may be withheld in its sole and absolute discretion. The Transferor agrees to monitor the number of Targeted Holders and to deny its consent to any transfer of any interest in the Trust with respect to which no opinion has been rendered that such certificate (or other interest in the Trust) will be treated as debt for federal income tax

purposes if such transfer could cause the number of Targeted Holders to exceed ninety-nine.

(b) Each initial purchaser of a Class C Certificate or any interest therein and any Assignee thereof shall further certify to the Transferor, the Servicer and the Trustee that it has neither acquired nor will it sell, trade or transfer any interest in a Class C Certificate or cause an interest in a Class C Certificate to be marketed on or through an "established securities market" within the meaning of Section 7704(b)(1) of the Code and any proposed, temporary or final treasury regulation thereunder, including, without limitation, an over-the-counter-market or an interdealer quotation system that regularly disseminates firm buy or sell quotations. In addition, each initial purchaser of a Class C Certificate or any interest therein and any Assignee shall certify, prior to any delivery or Transfer to it of a Class C Certificate, that it is not and, for so long as it holds any interest in a Class C Certificate, will not become a partnership, Subchapter S corporation or grantor trust for U.S. federal income tax purposes. If an initial purchaser of an interest in a Class C Certificate or an Assignee cannot make the certification described in the preceding sentence, the Transferor may, in its sole discretion, prohibit a Transfer to such entity; provided, however, that if the Transferor agrees to permit such a Transfer, the Transferor or the Servicer may require additional certifications in order to prevent the Trust from being treated as a publicly traded partnership. Each initial purchaser of an interest in a Class C Certificate and each Assignee acknowledges that any Opinion of Counsel furnished to the Transferor or the Trustee to the effect that the Trust will not be treated as a publicly traded partnership taxable as a corporation will be dependent in part on the accuracy of the certifications described in this subsection 6.17(b).

(c) Subject to the provisions of subsections 6.17(a) and 6.17(b) above, the Transferor may at any time, without the consent of the Investor Certificateholders, (i) sell or transfer all or a portion of the Class C Certificates and (ii) in connection with any such sale or transfer, enter into a supplemental agreement with the Trustee pursuant to which the Transferor may amend the Class C Certificate Rate, set forth the amount of monthly interest due Class C Certificateholders (the "Class C Interest"), provide for the payment of additional amounts (the "Class C Additional Interest") with respect to any shortfall (the "Class C Interest Shortfall") in payments of such Class C Interest and provide for such other provisions with respect to the Class C Certificates as may be specified in such supplemental agreement, provided that in each such case (A) the Transferor shall have given notice to the Trustee, the Servicer, the Administrative Agent and the Rating Agencies of such proposed sale or transfer of the Class C Certificates and such supplemental agreement at least five Business Days prior to the consummation of such sale or transfer and the execution of such proposed supplemental agreement; (B) the Rating Agency Condition shall have been satisfied; (C) no Trust Pay Out Event or Series 1999-1 Pay Out Event shall have occurred prior to the consummation of such proposed sale or transfer of Class C Certificates or the execution of such

supplemental agreement; (D) the Transferor shall have delivered an Officer's Certificate, dated the date of the consummation of such sale or transfer and the effectiveness of such supplemental agreement, to the effect that, in the reasonable belief of the Transferor, such action will not, based on the facts known to such officer at the time of such certification, cause a Pay Out Event to occur with respect to any Series, (E) the Transferor will have delivered an Opinion of Counsel, dated the date of such certificate with respect to such action to the effect that such action will not adversely affect the Federal or Applicable Tax State income tax characterization of any outstanding Series of Investor Certificates or the taxability of the Trust under Federal or Applicable Tax State income tax laws, and (F) either (x) the Available Reserve Amount on the most recent Determination Date (after giving effect to all payments and allocations on such Determination Date) shall have been equal to or greater than the Required Reserve Amount on such Determination Date, each recalculated on a pro forma basis as though the Class C Certificates had borne interest at the amended Class C Interest Rate throughout each of the three Monthly Periods preceding such Determination Date or (y) the Administrative Agent shall have consented to such supplemental agreement and the terms and conditions set forth therein; provided, further, as a condition to the sale or transfer of all or a portion of the Class C Certificates the transferee shall be required to agree not to institute against, or join any other Person in instituting against, or join any other Person instituting against, the Trust or the Transferor any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after all Investor Certificates are paid in full.

(d) Transfers of Class C Certificates shall also be subject to the provisions of subsection 3(c) of this Variable Funding Supplement.

Section 6.18 Transfers of Variable Funding Certificates; Legends. (a) The provisions of this Section 6.18 shall apply to the Class A Certificates and the Class B Certificates unless, with respect to such Class, the Transferor and the Trustee shall have received an Opinion of Counsel to the effect that such Class will be treated as indebtedness for federal income tax purposes.

(b) Subject to subsection 6.18(a), no Transfer of a Class A Certificate or Class B Certificate or any interest therein (including in the initial offering) may occur, except in accordance with this Section 6.18. Any Transfer of a Class A Certificate or Class B Certificate otherwise permitted by this Section 6.18 will be permitted only if it consists of a pro rata percentage interest in all payments made with respect to such Holder's beneficial interest in the Class A Certificates or Class B Certificates, as the case may be. No Transfer of a Class A Certificate or a Class B Certificate or any interest therein to any Assignee shall be permitted, unless such Assignee shall have executed and delivered to the Trustee an investment letter substantially in the form of Exhibit A to the Class A Certificate Purchase Agreement or to the Class B Certificate Purchase Agreement, as applicable, and, except in the case

of a Transfer to a Support Bank (as defined in such respective agreements), unless the Transferor shall have granted its prior written consent thereto. Such consent shall not be granted if the Transferor reasonably determines that such Transfer would create a risk that the Trust would be classified for federal or any applicable state tax purposes as an association or publicly traded partnership taxable as a corporation; provided, that any attempted Transfer that would cause the number of Targeted Holders to exceed ninety-nine shall be void; and provided, further, that the number of Targeted Holders for the Trust as a result of Transfers of Class A Certificates and Class B Certificates shall not in the aggregate be more than 20 or such other number as may be consented to by the Transferor, which consent may be withheld in its sole and absolute discretion. The Transferor shall not withhold its consent to a Transfer unless (i) the determination referred to in the preceding sentence has been made with respect to such Transfer, (ii) one of the two provisos to the preceding sentence is applicable to such Transfer, (iii) the Transferor has the right to withhold its consent to such Transfer pursuant to the Class A Certificate Purchase Agreement or the Class B Certificate Purchase Agreement, as applicable, or (iv) the Transferor has the right to prohibit such Transfer pursuant to subsection 6.18(c).

(c) Each initial purchaser of a Class A Certificate or a Class B Certificate, as applicable, or any interest therein and any Assignee thereof shall further certify to the Transferor, the Servicer and the Trustee that it has neither acquired nor will it sell, trade or transfer any interest in a Class A Certificate or Class B Certificate, as applicable, or cause an interest in a Class A Certificate or Class B Certificate, as applicable, to be marketed on or through an "established securities market" within the meaning of Section 7704(b)(1) of the Code and any proposed, temporary or final treasury regulation thereunder, including, without limitation, an over-the-counter-market or an interdealer quotation system that regularly disseminates firm buy or sell quotations. In addition, each initial purchaser of a Class A Certificate or a Class B Certificate, as applicable, or any interest therein and any Assignee shall certify, prior to any delivery or Transfer to it of a Class A Certificate or Class B Certificate, as applicable, that it is not and, for so long as it holds any interest in a Class A Certificate or Class B Certificate, as applicable, will not become a partnership, Subchapter S corporation or grantor trust for U.S. federal income tax purposes. If an initial purchaser of an interest in a Class A Certificate or Class B Certificate or an Assignee cannot make the certification described in the preceding sentence, the Transferor may, in its sole discretion, by written notice to the Trustee permit a Transfer to such entity; provided, however, that if the Transferor agrees to permit such a Transfer, the Transferor, the Servicer or the Trustee may require additional certifications in order to prevent the Trust from being treated as a publicly traded partnership. Each initial purchaser of an interest in a Class A Certificate or a Class B Certificate and each Assignee acknowledges that the Opinion of Counsel to the effect that the Trust will not be treated as a publicly traded partnership taxable as

a corporation is dependent in part on the accuracy of the certifications described in this subsection 6.18(c).

(d) Transfers of Class A Certificates or Class B Certificates shall also be subject to the provisions of subsection 3(c) of this Variable Funding Supplement.

SECTION 10 Series 1999-1 Pay Out Events. The Pay Out Events which can cause the commencement of the Amortization Period with respect to the Series 1999-1 Variable Funding Certificates include the Trust Pay Out Events described in Section 9.1 of the Agreement and the Series 1999-1 Pay Out Events described in the following sentence. If any one of the following events shall occur with respect to the Series 1999-1 Certificates:

(a) failure on the part of the Transferor (i) to make any payment or deposit required by the terms of (A) the Agreement or (B) this Variable Funding Supplement, on or before the date occurring five days after the date such payment or deposit is required to be made herein or (ii) duly to observe or perform in any material respect any covenants or agreements of the Transferor set forth in the Agreement or this Variable Funding Supplement, which failure has a material adverse effect on the Series 1999-1 Variable Funding Certificateholders and which continues unremedied for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Trustee, or to the Transferor and the Trustee by the Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, and continues to affect materially and adversely the interests of the Series 1999-1 Variable Funding Certificateholders for such period;

(b) any representation or warranty made by the Transferor in the Agreement or this Series 1999-1 Variable Funding Supplement, or any information contained in a computer file or microfiche list required to be delivered by the Transferor pursuant to Section 2.1 or 2.6 of the Agreement, (i) shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Transferor by the Trustee, or to the Transferor and the Trustee by the Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, and (ii) as a result of which the interests of the Series 1999-1 Variable Funding Certificateholders are materially and adversely affected and continue to be materially and adversely affected for such period; provided, however, that a Series 1999-1 Pay Out Event pursuant to this subsection 10(b) shall not be deemed to have occurred hereunder if the Transferor has accepted reassignment of the related Receivable, or all of such Receivables, if applicable, during such period in accordance with the provisions of the Agreement;

(c) the average Portfolio Yield for any three consecutive Monthly Periods is reduced to a rate which is less than the average of the daily Base Rates for such period;

(d) (i) the Transferor Amount shall be less than the Minimum Transferor Amount or (ii) the sum of the amount of Principal Receivables in the Trust and the amount on deposit in the Excess Funding Account shall be less than the Minimum Aggregate Principal Receivables, in each case for 15 consecutive days;

(e) any Servicer Default shall occur which would have a material adverse effect on the Series 1999-1 Variable Funding Certificateholders;

(f) failure on the part of the Servicer to deliver the Daily Report or Settlement Statement to the Trustee when due, which failure continues for a period of five Business Days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given by the Trustee to the Servicer;

(g) the Trustee shall have received notice from the Administrative Agent that a Termination Event has occurred under the Class A Certificate Purchase Agreement or the Class B Certificate Purchase Agreement and stating that such occurrence constitutes a Series 1999-1 Pay Out Event;

(h) failure on the part of the Servicer duly to observe or perform in any respect any covenants or agreements of the Servicer set forth in the Agreement (other than those set forth in subsection 10.1(a) or 10.1(f) thereof), which has a material adverse effect on the Series 1999-1 Variable Funding Certificateholders and which continues unremedied for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, has been given to the Servicer by the Trustee, or to the Servicer and the Trustee by the Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, materially adversely affected thereby and continues to materially adversely affect such Series 1999-1 Variable Funding Certificateholders for such period; or the Servicer shall delegate its duties under the Agreement, except as permitted by Section 8.7 thereof; or any representation, warranty or certification made by the Servicer in the Agreement or in any certificate delivered pursuant to the Agreement shall prove to have been incorrect when made, which has a material adverse effect on the Series 1999-1 Variable Funding Certificateholders and which continues to be incorrect in any material respect for a period of 45 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Servicer by the Trustee, or to the Servicer and the Trustee by the Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, materially adversely affected thereby and continues to materially adversely affect such Series 1999-1 Variable Funding Certificateholders for such period;

(i) failure on the part of the Originator (i) to make any payment or deposit required by the terms of the Receivables Purchase Agreement on or before the date occurring five days after the date such payment or deposit is required to be made therein or (ii) duly to observe or perform in any material respect any covenants or agreements of the Originator set forth in the Receivables Purchase Agreement, which failure has a material adverse effect on the Series 1999-1 Variable

Funding Certificateholders and which continues unremedied for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Originator by the Trustee, or to the Originator and the Trustee by the Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, and continues to affect materially and adversely the interests of the Series 1999-1 Variable Funding Certificateholders for such period;

(j) any representation or warranty made by the Originator in the Receivables Purchase Agreement, or any information contained in a transmittal list required to be delivered by the Originator pursuant to Section 2.02 thereof, (i) shall prove to have been incorrect in any material respect when made or when delivered, which continues to be incorrect in any material respect for a period of 60 days after the date on which written notice of such failure, requiring the same to be remedied, shall have been given to the Originator by the Trustee, or to the Originator and the Trustee by the Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, and (ii) as a result of which the interests of the Series 1999-1 Variable Funding Certificateholders are materially and adversely affected and continue to be materially and adversely affected for such period; provided, however, that a Series 1999-1 Pay Out Event pursuant to this subsection 10(k) shall not be deemed to have occurred hereunder if the Originator has accepted reassignment of the related Receivable, or all of such Receivables, if applicable, during such period in accordance with the provisions of the Receivables Purchase Agreement;

(k) Federated shall cease to own directly or indirectly 100% of the issued and outstanding capital stock of each of the Transferor and the Originator;

(l) the Originator shall not be in compliance with all minimum ratios of total capital (and core capital) to risk-weighted-assets required by the governmental authorities regulating the Originator in accordance with the implementation by such authorities of the Basle Accord and such noncompliance shall have continued for a period of 30 days; or

(m) the sum of (i) Transferor's tangible net worth (determined in accordance with generally accepted accounting principles) plus (ii) to the extent excluded in determining such tangible net worth, the outstanding principal amount of, and all accrued and unpaid interest on, the subordinated promissory note from the Transferor to FCHC referred to in subsection 2.5(l) of the Agreement, at any time shall be less than \$20,000,000, and such condition shall continue for a period of 30 days;

then, in the case of any event described in subparagraph (a), (b), (c), (d), (e), (f), (g), (h), (i), (j), (k), (l) or (m) after the applicable grace period, if any, set forth in such subparagraphs, either the Trustee or the Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, by notice then given in writing to the

Transferor and the Servicer (and to the Trustee if given by the Certificateholders) may declare that a pay out event (a "Series 1999-1 Pay Out Event") has occurred as of the date of such notice, and in the case of any event described in subparagraph (c), (d), (g) or (h), a Series 1999-1 Pay Out Event shall occur without any notice or other action on the part of the Trustee or the Series 1999-1 Variable Funding Certificateholders immediately upon the occurrence of such event. The Servicer shall provide prompt written notice to the Rating Agencies of the occurrence of any Pay Out Event following the Servicer's obtaining actual knowledge of such event.

SECTION 11 Successor Servicer and Delegation. (a) Section 10.2 of the Agreement shall read in its entirety as provided in the Agreement and, in addition, the following sentence should be inserted in the fifteenth line of Section 10.2(a) between the phrase "acceptable to the Trustee." and "If such Successor Servicer is" and shall be applicable only with respect to the Series 1999-1 Certificates: "Any Successor Servicer must either (A) be approved by the Class A Agent and the Class B Agent, which approvals shall not be unreasonably withheld, or (B) be a Person which (i) has a net worth of at least \$50,000,000, (ii) has serviced at least \$2,000,000,000 of credit or charge card receivables at any one time outstanding during the previous 12 months and (iii) has a senior long-term debt rating, as determined by at least one nationally recognized statistical rating organization, of at least 'BBB' or its equivalent, provided, that if such Successor Servicer has no long term debt or such debt is not rated by a nationally recognized statistical rating organization, the long term debt rating of its parent must be at least 'BBB' or its equivalent."

(b) The Servicer shall not delegate any significant duties as servicer under the Agreement pursuant to Section 8.7 thereof to any Person other than an Affiliate of FDSNB except in accordance with such Section and with the prior consent of the Administrative Agent acting at the direction of Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount or of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, which direction shall not be unreasonably withheld.

(c) The Trustee covenants and agrees that, so long as any portion of the Class A Investor Principal Balance or the Class B Investor Principal Balance shall remain outstanding or any monetary obligation arising hereunder or under the Class A Certificate Purchase Agreement or the Class B Certificate Purchase Agreement to the Class A Agent, the Class B Agent or any purchaser thereunder shall remain unpaid, unless Holders of Class A Certificates evidencing Undivided Interests aggregating more than 50% of the Class A Invested Amount and of Class B Certificates evidencing Undivided Interests aggregating more than 50% of the Class B Invested Amount, shall otherwise consent in writing, it shall, for the benefit of the Class A Certificateholders, the Class A Agent, the Class B Certificateholders and the Class B Agent, and so long as the Class B Certificate Purchase Agreement or the Class B Certificate Purchase Agreement, as the case may be, shall be in effect, use reasonable efforts to consult with the Class A Agent and the Class B Agent prior to any appointment of any Successor Servicer pursuant to Section 10.2 of the Agreement; provided that the consent of the Class A Certificateholders or the Class B Certificateholders to the appointment of a Successor Servicer shall only be required if otherwise required under the terms of the Agreement.

SECTION 12 Successor Trustee. Section 11.6 of the Agreement shall read in its entirety as provided in the Agreement and, in addition, the following sentence shall be added to the end of subsection 11.6(c) of the Agreement and shall be applicable only to the Series 1999-1 Certificates: "Any successor trustee

appointed pursuant to this Section 11.6 shall be subject to the written consent of the Administrative Agent (which consent shall not be unreasonably withheld)."

SECTION 13 Notices to Administrative Agent. A copy of each notice, demand, direction, report, Officer's Certificate or other certificate, election and opinion required to be sent or delivered pursuant to Section or subsection 1.2(d), 2.3, 2.4(b), 2.4(d), 2.5(f), 2.6(d), 2.6(e), 2.7, 3.5, 3.6, 6.3(b), 6.9, 6.14, 7.2, 8.2, 8.7, 9.2, 10.1, 10.2, 10.3, 10.4, 11.6, 11.9, 11.15, 12.1, 12.2 or 13.2 of the Agreement shall also be sent or delivered and, in the case of opinions, shall be addressed to the Administrative Agent. The Trustee shall also promptly furnish to the Administrative Agent a copy of any notice delivered to it by any Holder of Investor Certificates (other than notices which relate solely to a Series of Investor Certificates other than the Series 1999-1 Certificates or in connection with transfers of Certificates).

The Transferor shall give prompt notice to the Administrative Agent (if not otherwise provided for in the Agreement or this Variable Funding Supplement) of any deposit made pursuant to subsection 2.4(c) or 3.8(a) of the Agreement, any change in Charge Account Agreements or the Credit and Collection Policy pursuant to subsection Section 2.5(c) of the Agreement or Section 14 of this Variable Funding Supplement that constitutes a change to the Charge Account Agreements, any transfer pursuant to subsection 2.5(f) of the Agreement and any circumstance contemplated by subsection 3.1(c) of the Agreement. The Servicer shall give prompt notice to the Administrative Agent of any change in the depository holding the Collection Account pursuant to subsection 4.2(a) of the Agreement, and the Trustee shall give prompt notice to the Administrative Agent of the appointment or change of any Paying Agent pursuant to Section 6.6 of the Agreement and any merger, conversion or consolidation of the Trustee as contemplated by Section 11.9 of the Agreement.

SECTION 14 Charge Account Agreements and Credit and Collection Policies. Section 2.5(c) of the Agreement shall read in its entirety as set forth below and as so amended and restated shall be applicable only with respect to the Series 1999-1 Certificates: "The Transferor shall comply with and perform its obligations and shall cause the Originator to comply with and perform their obligations under the Charge Account Agreements relating to the Accounts and the Credit and Collection Policy except insofar as any failure to comply or perform would not materially and adversely affect the rights of the Trust or the Certificateholders hereunder or under the Certificates. The Transferor may change the terms and provisions of the Charge Account Agreements or the Credit and Collection Policy in any respect (including, without limitation, the reduction of the required minimum monthly payment, the calculation of the amount, or the timing, of charge offs and the periodic finance charges and other fees to be assessed thereon) only if such change (i) would not, in the reasonable belief of the Transferor, cause, immediately or with the passage of time, a Series 1999-1 Pay Out Event to occur, (ii) (A) if it owns a comparable segment of charge card accounts, such change is made applicable to the comparable segment of the revolving credit card accounts owned by the Transferor, if any, which have characteristics the same as, or substantially similar to, the Accounts that are the subject of such change and (B) if it does not own such a comparable segment, it will not make any such change with the intent to materially benefit the Transferor or the Originator over the Investor Certificateholders, except as otherwise restricted by an endorsement, sponsorship, or other agreement between the Transferor and an unrelated third party or by the terms of the Charge Account Agreements, and (iii) if the Servicer is servicing charge card accounts owned by an unrelated third party, such change would not result in the Servicer's applying a materially higher standard of care to the servicing of such accounts than it applies under this Agreement. Notwithstanding the Credit and Collection Policy, in the event that (i) a Servicer Default shall

have occurred, or (ii) any event or circumstance described in subsection 9.1(a) of the Agreement shall have occurred with respect to Federated, the Servicer shall promptly take all steps necessary to cause the availability of In-Store Payments to cease and shall indemnify and hold the Trust harmless from any loss resulting from any further In-Store Payments which for any reason are not available for application as Collections as provided in the Agreement."

SECTION 15 Minimum Denominations. The Series 1999-1 Certificates shall initially be issued in the principal amounts of \$124,800,000 Class A Variable Funding Certificates, \$15,600,000 Class B Variable Funding Certificates and \$15,600,000 Class C Certificates. There shall be no minimum denomination for the Series 1999-1 Certificates and the principal amount thereof shall equal on any day the principal amount thereof reflected on the then most recently issued Daily Report.

SECTION 16 Cash Equivalents. No investment of any amounts on deposit in any account established pursuant to this Series 1999-1 Variable Funding Supplement which is not otherwise a Cash Equivalent (i) issued by an investment company described in subclause (x) of clause (c) of the definition of Cash Equivalents or (ii) described in clause (d) or (e) of the definition of Cash Equivalent shall constitute a Cash Equivalent without the written approval of the Administrative Agent.

SECTION 17 Automatic Additional Accounts. The Transferor shall not elect to terminate or suspend the inclusion of Automatic Additional Accounts without the prior written consent of the Administrative Agent acting on behalf of the Holders of Series 1999-1 Variable Funding Certificates as provided in Section 19 of this Variable Funding Supplement.

SECTION 18 Series 1999-1 Termination. The right of the Series 1999-1 Certificateholders to receive payments from the Trust will terminate on the first Business Day following the Series 1999-1 Termination Date.

SECTION 19 Actions by Administrative Agent. The Administrative Agent shall have no obligation hereunder to grant any consent or approval, to give any direction or to take any discretionary action unless and until it has been directed to do so by the Class A Certificateholders as provided in the Class A Certificate Purchase Agreement or by the Class B Certificateholders as provided in the Class B Certificate Purchase Agreement.

SECTION 20 Periodic Finance Charges and Other Fees. The Transferor hereby agrees that, except as otherwise required by any Requirement of Law, or as is deemed by the Transferor to be necessary in order for the Transferor to maintain its credit card business, based upon a good faith assessment by the Transferor, in its sole discretion, of the nature of the competition in the credit card business, it shall not at any time reduce the Periodic Finance Charges assessed on any Receivable or other fees on any Account if, as a result of such reduction, the Transferor's reasonable expectation of the Portfolio Yield as of such date would be less than the Base Rate.

SECTION 21 Rating Agency Condition. Any requirement set forth in the Agreement that, with respect to any action or series of related actions or proposed transaction or series or related proposed transactions, each Rating Agency shall have determined or notified the Trustee, the Transferor or the Servicer that such action or series of related actions or proposed transaction or series or related proposed transactions will not result in a reduction or withdrawal of the rating of any Series of Investor Certificates (or any similar requirement), shall mean with respect to the Series 1999-1, that the Rating Agency Condition has been satisfied with respect to such action or series of related actions or proposed transaction or series or related proposed transactions.

SECTION 22 Distribution Account. There shall be no Distribution Account for Series 1999-1.

SECTION 23 Certificate Purchase Agreements. The Trustee hereby acknowledges receipt of copies of the Class A Certificate Purchase Agreement and the Class B Certificate Purchase Agreement and agrees to be bound by the provisions of subsection 9.12 (b) and Sections 9.14 and 9.15 of each such agreement applicable to it. The Servicer hereby agrees to provide the Trustee with a copy of any amendment or other modification to either such agreement.

SECTION 24 Ratification of Agreement. As supplemented by this Variable Funding Supplement, the Agreement is in all respects ratified and confirmed and the Agreement as so supplemented by this Variable Funding Supplement shall be read, taken, and construed as one and the same instrument.

SECTION 25 Counterparts. This Variable Funding Supplement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all of such counterparts shall together constitute but one and the same instrument.

SECTION 26 GOVERNING LAW. THIS VARIABLE FUNDING SUPPLEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 27 The Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of (a) the sufficiency of this Variable Funding Supplement or for or in respect of the Preliminary Statement contained herein, all of which recitals are made solely by the Transferor, or (b) determining, calculating or verifying any of the amounts, percentages, collections, distributions or other computations set forth in this Variable Funding Supplement.

SECTION 28 Instructions in Writing. All instructions given by the Servicer to the Trustee pursuant to this Variable Funding Supplement shall be in writing, and may be included in a Daily Report or Settlement Statement.

IN WITNESS WHEREOF, the Transferor, the Servicer and the Trustee have caused this Series 1999-1 Variable Funding Supplement to be duly executed by their respective officers as of the day and year first above written.

PRIME II RECEIVABLES CORPORATION
Transferor

By:/s/ Susan P. Storer
Name: Susan P. Storer
Title: President

FDS NATIONAL BANK
Servicer

By:/s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

THE CHASE MANHATTAN BANK
Trustee

By:/s/ Jennifer Cupo
Name: Jennifer Cupo
Title: Vice President

Exhibit A-1

[FORM OF CLASS A VARIABLE FUNDING CERTIFICATE]

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS. NEITHER THE TRANSFEROR NOR THE TRUSTEE IS OBLIGATED TO REGISTER THE CERTIFICATES UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

EACH HOLDER OF THIS CERTIFICATE OR AN INTEREST THEREIN, BY ACCEPTING AND HOLDING THIS CERTIFICATE, IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (III) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

No. ____ % Percentage Interest

PRIME CREDIT CARD MASTER TRUST II
CLASS A VARIABLE FUNDING CERTIFICATE,
SERIES 1999-1

Evidencing an undivided interest in a trust, the corpus of which consists of receivables generated from time to time in the ordinary course of business from a portfolio of consumer revolving credit card accounts generated or to be generated by FDS National Bank ("FDSNB") and other assets and interests constituting the Trust under the Pooling and Servicing Agreement described below.

(Not an interest in or a recourse obligation of Prime II Receivables Corporation, FDSNB or any affiliate of either of them.)

This certifies that _____ (the "Certificateholder") is the registered owner of a fractional undivided interest in the Prime Credit Card Master Trust II (the "Trust") issued pursuant to the Pooling and Servicing Agreement, dated as of January 22, 1997 (the "Pooling and Servicing Agreement," such term to include any amendment or Supplement thereto) by and among Prime II Receivables Corporation, as Transferor (the "Transferor"), FDSNB, as Servicer (the "Servicer"), and The Chase Manhattan Bank, as Trustee (the "Trustee"), and the Series 1999-1 Variable Funding Supplement, dated as of July 6, 1999 (the "Supplement"), among the Transferor, the Servicer and the Trustee. The corpus of the Trust consists of all of the Transferor's right, title and interest in, to and under the Trust Property. The Certificateholder is entitled to payments from time to time as provided in the Pooling and Servicing Agreement.

The holder of this Certificate on any Business Day is entitled to payment in an amount equal to its pro rata share (as provided in the Pooling and Servicing Agreement) of (a) the Class A Initial Invested Amount plus (b) an amount equal to the aggregate principal amount of any VFC Additional Class A Invested Amount purchased by the Class A Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Pooling and Servicing Agreement minus (c) the aggregate amount of

principal payments made to the Class A Certificateholders prior to such Business Day.

This Certificate does not purport to summarize the Pooling and Servicing Agreement and reference is made to the Pooling and Servicing Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby and the rights, duties and obligations of the Trustee. A copy of the Pooling and Servicing Agreement may be requested from the Trustee by writing to the Trustee at 450 West 33rd Street, New York, New York 10001, Attention: Corporate Trustee Administration Department. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Pooling and Servicing Agreement. This Certificate is one of a series of Certificates entitled "Prime Credit Card Master Trust II Class A Variable Funding Certificates, Series 1999-1" (the "Class A Variable Funding Certificates"), each of which represents a fractional undivided interest in the Trust, and is issued under and is subject to the terms, provisions and conditions of the Pooling and Servicing Agreement, to which Pooling and Servicing Agreement, as amended from time to time, the Certificateholder by virtue of the acceptance hereof assents and by which the Certificateholder is bound.

The Series 1999-1 Certificates are issued in three classes, the Class A Variable Funding Certificates (of which this certificate is one), the Class B Variable Funding Certificates, which are subordinated to the Class A Variable Funding Certificates in certain rights of payment as described in the Agreement and the Class C Certificates, which are subordinated to the Class A Variable Funding Certificates and Class B Variable Funding Certificates in certain rights of payment as described in the Agreement.

A portion of the aggregate Receivables in the Trust as determined pursuant to the Pooling and Servicing Agreement will be treated as Finance Charge Receivables. Such amount may be adjusted from time to time pursuant to the Supplement. The remainder of such Receivables will be treated as Principal Receivables.

Each holder of a Class A Variable Funding Certificate (a "Class A Certificateholder") or any interest therein by acceptance of its Certificate or any interest therein, agrees to treat the Class A Variable Funding Certificates for purposes of federal, state and local income or franchise taxes and any other tax imposed on or measured by income, as indebtedness of the Transferor to the extent permitted by law.

The Trust's assets are allocated in part to the holders of the Investor Certificates (the "Investor Certificateholders") with the remainder allocated to holders of other Series of Certificates issued by the Trust, if any, and to the Transferor. In addition to the Investor Certificates, an Exchangeable Transferor Certificate will be issued pursuant to the Pooling and Servicing Agreement and will represent the Transferor's Interest in the Trust. The Exchangeable Transferor Certificate will represent the interest in the Receivables not represented by the Investor Certificates or any other Series of Certificates. The Exchangeable Transferor Certificate may be exchanged by the Transferor pursuant to the Pooling and Servicing Agreement for one or more Series of Certificates and a reissued Exchangeable Transferor Certificate upon the conditions set forth in the Pooling and Servicing Agreement. In addition, to the extent permitted for any Series of Certificates by the related Supplement, the Certificateholders of such Series may tender their Certificates and the Transferor may tender the Exchangeable Transferor Certificate in exchange for one or more Series of Certificates and a reissued Exchangeable Transferor Certificate.

The aggregate interest in the Trust represented by the Investor Certificates at any time shall not exceed an amount equal to the Invested Amount at such time. The Initial Invested Amount

is \$ _____. The aggregate interest in the Trust represented by the Class A Variable Funding Certificates at any time shall not exceed an amount equal to the Class A Invested Amount at such time. The Class A Initial Invested Amount is \$ _____.

Interest will accrue on the unpaid principal amount of the Class A Variable Funding Certificates at a per annum rate equal to the Class A Certificate Rate and will be calculated on each Business Day based on the product of the Class A Certificate Rate and the outstanding principal balance of the Class A Variable Funding Certificates on such Business Day.

If on any Determination Date the Series Default and Dilution Amount for the preceding Monthly Period exceeded the aggregate amount of Finance Charge Collections applied to the payment thereof and the Available Reserve Amount, and the amount of Excess Finance Charge Collections and Reallocated Principal Collections allocated thereto, then a portion of the Class C Invested Amount will be reduced by an amount equal to such deficiency (but not in excess of the Series Default and Dilution Amount for such Monthly Period) to avoid a charge-off with respect to the Class A Variable Funding Certificates or Class B Variable Funding Certificates. If the Class C Invested Amount is reduced to zero, then a portion of the Class B Invested Amount will be reduced by an amount by which the Class C Invested Amount would have been reduced below zero (but not in excess of the Class A/B Default and Dilution Amount for such Monthly Period). If the Class B Invested Amount is reduced to zero, then a portion of the Class A Invested Amount will be reduced by an amount by which the Class B Invested Amount would have been reduced below zero (but not in excess of Class A Default Amount for such Monthly Period).

The Servicer, is entitled to receive as servicing compensation a servicing fee in an amount equal to, with respect to each Series, the product of (i) a fraction, the numerator of which is the actual number of days in the measuring period specified in the applicable Series Supplement and the denominator of which is the actual number of days in the year, (ii) the applicable Series Servicing Fee Percentage and (iii) the Invested Amount as of the end of the date of determination for such payment as specified in the applicable Series Supplement. The share of the Servicing Fee allocable to the Investor Certificates for any Business Day is equal to the product of (i) a fraction, the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is the actual number of days in the year, (ii) 2.0% per annum and (iii) the Adjusted Invested Amount as of the end of the preceding Business Day (the "Servicing Fee"). The Servicing Fee will be paid in the manner set forth in the Pooling and Servicing Agreement. The remainder of the servicing compensation will be allocable to the Transferor Amount and the Certificateholders of all other Series, and the Trustee and the Investor Certificateholders will not have any obligation to pay such portion of the servicing compensation.

As described in the Pooling and Servicing Agreement, Principal Collections with respect to any Business Day will be allocated on the basis of the aggregate Investor Percentage of all Series and the Transferor Percentage with respect to the Principal Collections.

Subject to the Pooling and Servicing Agreement and the Supplement, payments of principal are limited to the unpaid Class A Invested Amount of the Class A Variable Funding Certificates, which may be less than the unpaid balance of the Class A Variable Funding Certificates pursuant to the terms of the Pooling and Servicing Agreement and the Supplement. All principal of and interest on the Class A Variable Funding Certificates is due and payable no later than July 31, 2004, unless a different date shall be set forth in an Extension Notice (the "Series Termination Date"). After the Series Termination Date, neither the Trust nor the Transferor will have any further obligation to distribute

principal or interest on the Class A Variable Funding Certificates. In the event that the Class A Invested Amount is greater than zero on the Series Termination Date, the Trustee will sell or cause to be sold, to the extent necessary, an amount of Principal Receivables and the related Finance Charge Receivables (or, in some cases, interests therein) up to 110% of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount at the close of business on such date (but not more than the total amount of Receivables allocable to the Investor Certificates determined pursuant to the Pooling and Servicing Agreement), and shall pay the proceeds to the Class A Certificateholders pro rata in final payment of the Class A Variable Funding Certificates, then to the Class B Variable Funding Certificateholders pro rata in final payment of the Class B Variable Funding Certificates and then to the Class C Certificateholders pro rata in final payment of the Class C Certificates.

The transfer of this Certificate shall be registered in the Certificate Register upon surrender of this Certificate for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer in a form satisfactory to the Trustee and the Transfer Agent and Registrar duly executed by the Certificateholder or such Certificateholder's attorney-in-fact duly authorized in writing, and thereupon one or more new Class A Variable Funding Certificates of authorized denominations and for the same aggregate fractional Undivided Interests will be issued to the designated transferee or transferees.

As provided in the Pooling and Servicing Agreement and certain limitations therein and herein set forth, Class A Variable Funding Certificates are exchangeable for new Class A Variable Funding Certificates evidencing like aggregate fractional undivided interests, as requested by the Class A Certificateholder surrendering such Class A Variable Funding Certificates. No service charge may be imposed for any such exchange but the Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Trustee, the Paying Agent and the Transfer Agent and Registrar, and any agent of any of them, may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Paying Agent and the Transfer Agent and Registrar, nor any agent of any of them or of any such agent shall be affected by notice to the contrary except in certain circumstances described in the Pooling and Servicing Agreement.

The Pooling and Servicing Agreement and the Supplement may be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class A Certificateholders, to cure any ambiguity, to revise any exhibits or schedules (other than Schedule 1) of the Pooling and Servicing Agreement, to correct or supplement any provisions therein which may be inconsistent with any other provisions therein or to add any other provisions with respect to matters or questions raised under the Pooling and Servicing Agreement or the Supplement which shall not be inconsistent with the provisions of the Pooling and Servicing Agreement or the Supplement; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any of the Investor Certificateholders. Additionally, the Pooling and Servicing Agreement and the Supplement may be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class A Certificateholders, to add to or change any of the provisions of the Pooling and Servicing Agreement (i) to provide that Bearer Certificates may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of (or premium, if any) or any interest on Bearer Certificates to comply with the Bearer Rules, to permit Bearer Certificates to be issued in exchange for

Registered Certificates (if then permitted by the Bearer Rules), to permit Bearer Certificates to be issued in exchange for Bearer Certificates of other authorized denominations or to permit the issuance of Certificates in uncertificated form or (ii) to restrict or eliminate in any way the Transferor's right to designate Removed Accounts and to remove from the Trust all of the Trust's right, title and interest in, to and under the Receivables in such Removed Accounts pursuant to Section 2 of the Pooling and Servicing Agreement. The Trustee may, but shall not be obligated to, enter into any such amendment which affects the Trustee's rights, duties or immunities under the Pooling and Servicing Agreement or otherwise.

The Pooling and Servicing Agreement (and any schedule or exhibit thereto) and the Supplement (and any schedule or exhibit thereto) may also be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class A Certificateholders, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or the Supplement, or of modifying in any manner the rights of the Holders of the Class A Variable Funding Certificates; provided that (i) the Servicer shall have provided an Officer's Certificate to the Trustee to the effect that such amendment will not materially and adversely affect the interests of the Certificateholders, (ii) such amendment shall not, as evidenced by an Opinion of Counsel, cause the Trust to be characterized for U.S. federal income tax purposes as an association taxable as a corporation or otherwise have any material adverse impact on the U.S. federal income taxation of the Class A Variable Funding Certificates or the Class A Certificateholders and (iii) the Servicer shall have provided at least ten Business Days prior written notice to each Rating Agency of such amendment and shall have received written confirmation from each Rating Agency to the effect that the then current rating of any Series or any Class of any Series will not be reduced or withdrawn as a result of such amendment; provided, further, that such amendment shall not reduce in any manner the amount of, or delay the timing of, distributions which are required to be made on any Class A Variable Funding Certificate without the consent of the related Class A Certificateholder, change the definition of or the manner of calculating the interest of any Investor Certificateholder of such Series without the consent of the related Investor Certificateholder or reduce the percentage pursuant to the next succeeding paragraph required to consent to any such amendment, in each case without the consent of all such Class A Certificateholders.

The Pooling and Servicing Agreement and the Supplement may also be amended from time to time by the Servicer, the Transferor and the Trustee with the consent of the Holders of Investor Certificates evidencing Undivided Interests aggregating not less than 66-2/3% of the Invested Amount of each and every Series adversely affected, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or of modifying in any manner the rights of the Investor Certificateholders of any Series then issued and outstanding; provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, distributions which are required to be made on any Investor Certificate of any Series without the consent of the related Investor Certificateholders; (ii) change the definition of or the manner of calculating the interest of any Investor Certificateholder of any Series without the consent of the related Investor Certificateholder or (iii) reduce the aforesaid percentage required to consent to any such amendment, in each case without the consent of all such Investor Certificateholders; provided, further, that for the purposes of the Officer's Certificate referred to in clause (i) above, any action taken in order to enable the Trust or a portion thereof to elect to qualify as a FASIT (or comparable tax entity for the securitization of financial assets) in accordance with the Internal Revenue Code of 1986, as amended, shall be deemed not to materially and adversely

affect the interest of the Certificateholders.

THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Pooling and Servicing Agreement, or be valid for any purpose.

IN WITNESS WHEREOF, the Transferor has caused this Certificate to be duly executed under its official seal.

PRIME II RECEIVABLES CORPORATION

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Class A Variable Funding Certificates referred to in the within-mentioned Pooling and Servicing Agreement.

THE CHASE MANHATTAN BANK,
as Trustee

By: _____
Authorized Signatory

Exhibit A-2

[FORM OF CLASS B VARIABLE FUNDING CERTIFICATE]

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS. NEITHER THE TRANSFEROR NOR THE TRUSTEE IS OBLIGATED TO REGISTER THE CERTIFICATES UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

EACH HOLDER OF THIS CERTIFICATE OR AN INTEREST THEREIN, BY ACCEPTING AND HOLDING THIS CERTIFICATE, IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (III) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

No. ____ % Percentage Interest

PRIME CREDIT CARD MASTER TRUST II
CLASS B VARIABLE FUNDING CERTIFICATE,
SERIES 1999-1

Evidencing an undivided interest in a trust, the corpus of which consists of receivables generated from time to time in the ordinary course of business from a portfolio of consumer revolving credit card accounts generated or to be generated by FDS National Bank ("FDSNB") and other assets and interests constituting the Trust under the Pooling and Servicing Agreement described below.

(Not an interest in or a recourse obligation of Prime II Receivables Corporation, FDSNB or any affiliate of either of them.)

This certifies that _____ (the "Certificateholder") is the registered owner of a fractional undivided interest in the Prime Credit Card Master Trust II (the "Trust") issued pursuant to the Pooling and Servicing Agreement, dated as of January 22, 1997 (the "Pooling and Servicing Agreement," such term to include any amendment or Supplement thereto) by and among Prime II Receivables Corporation, as Transferor (the "Transferor"), FDSNB, as Servicer (the "Servicer"), and The Chase Manhattan Bank, as Trustee (the "Trustee"), and the Series 1999-1 Variable Funding Supplement, dated as of July 6, 1999 (the "Supplement"), among the Transferor, the Servicer and the Trustee. The corpus of the Trust consists of all of the Transferor's right, title and interest in, to and under the Trust Property. The Certificateholder is entitled to payments from time to time as provided in the Pooling and Servicing Agreement.

The holder of this Certificate on any Business Day is entitled to payment in an amount equal to its pro rata share (as provided in the Pooling and Servicing Agreement) of (a) the Class B Initial Invested Amount plus (b) an amount equal to the aggregate principal amount of any VFC Additional Class B Invested Amount purchased by the Class B Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Pooling and Servicing Agreement minus (c) the aggregate amount of principal payments made to the Class B Certificateholders prior to such Business Day.

This Certificate does not purport to summarize the Pooling and Servicing Agreement and reference is made to the Pooling and Servicing Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby and the rights, duties and obligations of the Trustee. A copy of the Pooling and Servicing Agreement may be requested from the Trustee by writing to the Trustee at 450 West 33rd Street, New York, New York 10001, Attention: Corporate Trustee Administration Department. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Pooling and Servicing Agreement. This Certificate is one of a series of Certificates entitled "Prime Credit Card Master Trust II Class B Variable Funding Certificates, Series 1999-1" (the "Class B Variable Funding Certificates"), each of which represents a fractional undivided interest in the Trust, and is issued under and is subject to the terms, provisions and conditions of the Pooling and Servicing Agreement, to which Pooling and Servicing Agreement, as amended from time to time, the Certificateholder by virtue of the acceptance hereof assents and by which the Certificateholder is bound.

The Series 1999-1 Certificates are issued in three classes, the Class A Variable Funding Certificates, the Class B Variable Funding Certificates (of which this certificate is one), which are subordinated to the Class A Variable Funding Certificates in certain rights of payment as described in the Agreement and the Class C Certificates, which are subordinated to the Class A Variable Funding Certificates and Class B Variable Funding Certificates in certain rights of payment as described in the Agreement.

A portion of the aggregate Receivables in the Trust as

determined pursuant to the Pooling and Servicing Agreement will be treated as Finance Charge Receivables. Such amount may be adjusted from time to time pursuant to the Supplement. The remainder of such Receivables will be treated as Principal Receivables.

Each holder of a Class B Variable Funding Certificate (a "Class B Certificateholder") or any interest therein by acceptance of its Certificate or any interest therein, agrees to treat the Class B Variable Funding Certificates for purposes of federal, state and local income or franchise taxes and any other tax imposed on or measured by income, as indebtedness of the Transferor to the extent permitted by law.

The Trust's assets are allocated in part to the holders of the Investor Certificates (the "Investor Certificateholders") with the remainder allocated to holders of other Series of Certificates issued by the Trust, if any, and to the Transferor. In addition to the Investor Certificates, an Exchangeable Transferor Certificate will be issued pursuant to the Pooling and Servicing Agreement and will represent the Transferor's Interest in the Trust. The Exchangeable Transferor Certificate will represent the interest in the Receivables not represented by the Investor Certificates or any other Series of Certificates. The Exchangeable Transferor Certificate may be exchanged by the Transferor pursuant to the Pooling and Servicing Agreement for one or more Series of Certificates and a reissued Exchangeable Transferor Certificate upon the conditions set forth in the Pooling and Servicing Agreement. In addition, to the extent permitted for any Series of Certificates by the related Supplement, the Certificateholders of such Series may tender their Certificates and the Transferor may tender the Exchangeable Transferor Certificate in exchange for one or more Series of Certificates and a reissued Exchangeable Transferor Certificate.

The aggregate interest in the Trust represented by the Investor Certificates at any time shall not exceed an amount equal to the Invested Amount at such time. The Initial Invested Amount is \$ _____. The aggregate interest in the Trust represented by the Class B Variable Funding Certificates at any time shall not exceed an amount equal to the Class B Invested Amount at such time. The Class B Initial Invested Amount is \$ _____.

Interest will accrue on the unpaid principal amount of the Class B Variable Funding Certificates at a per annum rate equal to the Class B Certificate Rate and will be calculated on each Business Day based on the product of the Class B Certificate Rate and the outstanding principal balance of the Class B Variable Funding Certificates on such Business Day.

If on any Determination Date the Series Default and Dilution Amount for the preceding Monthly Period exceeded the aggregate amount of Finance Charge Collections applied to the payment thereof and the Available Reserve Amount, and the amount of Excess Finance Charge Collections and Reallocated Principal Collections allocated thereto, then a portion of the Class C Invested Amount will be reduced by an amount equal to such deficiency (but not in excess of the Series Default and Dilution Amount for such Monthly Period) to avoid a charge-off with respect to the Class A Variable Funding Certificates or Class B Variable Funding Certificates. If the Class C Invested Amount is reduced to zero, then a portion of the Class B Invested Amount will be reduced by an amount by which the Class C Invested Amount would have been reduced below zero (but not in excess of the Class A/B Default and Dilution Amount for such Monthly Period). If the Class B Invested Amount is reduced to zero, then a portion of the Class A Invested Amount will be reduced by an amount by which the Class B Invested Amount would have been reduced below zero (but not in excess of the Class A Default and Dilution Amount for such Monthly Period).

The Servicer, is entitled to receive as servicing compensation a servicing fee in an amount equal to, with respect to each Series, the product of (i) a fraction, the numerator of

which is the actual number of days in the measuring period specified in the applicable Series Supplement and the denominator of which is the actual number of days in the year, (ii) the applicable Series Servicing Fee Percentage and (iii) the Invested Amount as of the end of the date of determination for such payment as specified in the applicable Series Supplement. The share of the Servicing Fee allocable to the Investor Certificates for any Business Day is equal to the product of (i) a fraction, the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is the actual number of days in a year, (ii) 2.0% per annum and (iii) the Adjusted Invested Amount as of the end of the preceding Business Day (the "Servicing Fee"). The Servicing Fee will be paid in the manner set forth in the Pooling and Servicing Agreement. The remainder of the servicing compensation will be allocable to the Transferor Amount and the Certificateholders of all other Series, and the Trustee and the Investor Certificateholders will not have any obligation to pay such portion of the servicing compensation.

As described in the Pooling and Servicing Agreement, Principal Collections with respect to any Business Day will be allocated on the basis of the aggregate Investor Percentage of all Series and the Transferor Percentage with respect to the Principal Collections.

Subject to the Pooling and Servicing Agreement and the Supplement, payments of principal are limited to the unpaid Class B Invested Amount of the Class B Variable Funding Certificates, which may be less than the unpaid balance of the Class B Variable Funding Certificates pursuant to the terms of the Pooling and Servicing Agreement and the Supplement. All principal of and interest on the Class B Variable Funding Certificates is due and payable no later than July 31, 2004, unless a different date shall be set forth in an Extension Notice (the "Series Termination Date"). After the Series Termination Date, neither the Trust nor the Transferor will have any further obligation to distribute principal or interest on the Class B Variable Funding Certificates. In the event that the Class B Invested Amount is greater than zero on the Series Termination Date, the Trustee will sell or cause to be sold, to the extent necessary, an amount of Principal Receivables and the related Finance Charge Receivables (or, in some cases, interests therein) up to 110% of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount at the close of business on such date (but not more than the total amount of Receivables allocable to the Investor Certificates determined pursuant to the Pooling and Servicing Agreement), and shall pay the proceeds to the Class A Certificateholders pro rata in final payment of the Class A Variable Funding Certificates, then to the Class B Variable Funding Certificateholders pro rata in final payment of the Class B Variable Funding Certificates and then to the Class C Certificateholders pro rata in final payment of the Class C Certificates.

The transfer of this Certificate shall be registered in the Certificate Register upon surrender of this Certificate for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer in a form satisfactory to the Trustee and the Transfer Agent and Registrar duly executed by the Certificateholder or such Certificateholder's attorney-in-fact duly authorized in writing, and thereupon one or more new Class B Variable Funding Certificates of authorized denominations and for the same aggregate fractional Undivided Interests will be issued to the designated transferee or transferees.

As provided in the Pooling and Servicing Agreement and certain limitations therein and herein set forth, Class B Variable Funding Certificates are exchangeable for new Class B Variable Funding Certificates evidencing like aggregate fractional undivided interests, as requested by the Class B Certificateholder surrendering such Class B Variable Funding Certificates. No

service charge may be imposed for any such exchange but the Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Trustee, the Paying Agent and the Transfer Agent and Registrar, and any agent of any of them, may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Paying Agent and the Transfer Agent and Registrar, nor any agent of any of them or of any such agent shall be affected by notice to the contrary except in certain circumstances described in the Pooling and Servicing Agreement.

The Pooling and Servicing Agreement and the Supplement may be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class B Certificateholders, to cure any ambiguity, to revise any exhibits or schedules (other than Schedule 1) of the Pooling and Servicing Agreement, to correct or supplement any provisions therein which may be inconsistent with any other provisions therein or to add any other provisions with respect to matters or questions raised under the Pooling and Servicing Agreement or the Supplement which shall not be inconsistent with the provisions of the Pooling and Servicing Agreement or the Supplement; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any of the Investor Certificateholders. Additionally, the Pooling and Servicing Agreement and the Supplement may be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class B Certificateholders, to add to or change any of the provisions of the Pooling and Servicing Agreement (i) to provide that Bearer Certificates may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of (or premium, if any) or any interest on Bearer Certificates to comply with the Bearer Rules, to permit Bearer Certificates to be issued in exchange for Registered Certificates (if then permitted by the Bearer Rules), to permit Bearer Certificates to be issued in exchange for Bearer Certificates of other authorized denominations or to permit the issuance of Certificates in uncertificated form or (ii) to restrict or eliminate in any way the Transferor's right to designate Removed Accounts and to remove from the Trust all of the Trust's right, title and interest in, to and under the Receivables in such Removed Accounts pursuant to Section 2 of the Pooling and Servicing Agreement. The Trustee may, but shall not be obligated to, enter into any such amendment which affects the Trustee's rights, duties or immunities under the Pooling and Servicing Agreement or otherwise.

The Pooling and Servicing Agreement (and any schedule or exhibit thereto) and the Supplement (and any schedule or exhibit thereto) may also be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class B Certificateholders, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or the Supplement, or of modifying in any manner the rights of the Holders of the Class B Variable Funding Certificates; provided that (i) the Servicer shall have provided an Officer's Certificate to the Trustee to the effect that such amendment will not materially and adversely affect the interests of the Certificateholders, (ii) such amendment shall not, as evidenced by an Opinion of Counsel, cause the Trust to be characterized for U.S. federal income tax purposes as an association taxable as a corporation or otherwise have any material adverse impact on the U.S. federal income taxation of the Class B Variable Funding Certificates or the Class B Certificateholders and (iii) the Servicer shall have provided at least ten Business Days prior written notice to each Rating Agency of such amendment and shall have received written confirmation from each Rating Agency to the effect that the then current rating of any Series or any Class of any Series will not be reduced or withdrawn as a result of such

amendment; provided, further, that such amendment shall not reduce in any manner the amount of, or delay the timing of, distributions which are required to be made on any Class B Variable Funding Certificate without the consent of the related Class B Certificateholder, change the definition of or the manner of calculating the interest of any Investor Certificateholder of such Series without the consent of the related Investor Certificateholder or reduce the percentage pursuant to the next succeeding paragraph required to consent to any such amendment, in each case without the consent of all such Class B Certificateholders.

The Pooling and Servicing Agreement and the Supplement may also be amended from time to time by the Servicer, the Transferor and the Trustee with the consent of the Holders of Investor Certificates evidencing Undivided Interests aggregating not less than 66-2/3% of the Invested Amount of each and every Series adversely affected, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or of modifying in any manner the rights of the Investor Certificateholders of any Series then issued and outstanding; provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, distributions which are required to be made on any Investor Certificate of any Series without the consent of the related Investor Certificateholders; (ii) change the definition of or the manner of calculating the interest of any Investor Certificateholder of any Series without the consent of the related Investor Certificateholder or (iii) reduce the aforesaid percentage required to consent to any such amendment, in each case without the consent of all such Investor Certificateholders; provided, further, that for the purposes of the Officer's Certificate referred to in clause (i) above, any action taken in order to enable the Trust or a portion thereof to elect to qualify as a FASIT (or comparable tax entity for the securitization of financial assets) in accordance with the Internal Revenue Code of 1986, as amended, shall be deemed not to materially and adversely affect the interest of the Certificateholders.

THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Pooling and Servicing Agreement, or be valid for any purpose.

IN WITNESS WHEREOF, the Transferor has caused this Certificate to be duly executed under its official seal.

PRIME II RECEIVABLES CORPORATION

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Class B Variable Funding Certificates referred to in the within-mentioned Pooling and Servicing Agreement.

THE CHASE MANHATTAN BANK,
as Trustee

By: _____
Authorized Signatory

Exhibit A-3

[FORM OF CLASS C CERTIFICATE]

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS. NEITHER THE TRANSFEROR NOR THE TRUSTEE IS OBLIGATED TO REGISTER THE CERTIFICATES UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

EACH HOLDER OF THIS CERTIFICATE OR AN INTEREST THEREIN, BY ACCEPTING AND HOLDING THIS CERTIFICATE, IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (III) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

No. ____ % Percentage Interest

PRIME CREDIT CARD MASTER TRUST II
CLASS C CERTIFICATE,
SERIES 1999-1

Evidencing an undivided interest in a trust, the corpus of which consists of receivables generated from time to time in the ordinary course of business from a portfolio of consumer revolving credit card accounts generated or to be generated by FDS National Bank ("FDSNB") and other assets and interests constituting the Trust under the Pooling and Servicing Agreement described below.

(Not an interest in or a recourse obligation of Prime II Receivables Corporation, FDSNB or any affiliate of either of them.)

This certifies that _____ (the "Certificateholder") is the registered owner of a fractional undivided interest in the Prime Credit Card Master Trust II (the "Trust") issued pursuant to the Pooling and Servicing Agreement, dated as of January 22, 1997 (the "Pooling and Servicing Agreement," such term to include any amendment or Supplement thereto) by and among Prime II Receivables Corporation, as Transferor (the "Transferor"), FDSNB, as Servicer (the "Servicer"), and The Chase Manhattan Bank, as Trustee (the "Trustee"), and the Series 1999-1 Variable Funding Supplement, dated as of July 6, 1999 (the "Supplement"), among the Transferor, the Servicer and the Trustee. The corpus of the Trust consists of all of the Transferor's right, title and interest in, to and under the Trust Property. The Certificateholder is entitled to payments from time to time as provided in the Pooling and Servicing Agreement.

The holder of this Certificate on any Business Day is entitled to payment in an amount equal to its pro rata share (as provided in the Pooling and Servicing Agreement) of (a) the Class

C Initial Invested Amount plus (b) an amount equal to the aggregate principal amount of any VFC Additional Class C Invested Amount purchased by the Class C Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Pooling and Servicing Agreement minus (c) the aggregate amount of principal payments to the Class C Certificateholders prior to such Business Day.

This Certificate does not purport to summarize the Pooling and Servicing Agreement and reference is made to the Pooling and Servicing Agreement for information with respect to the interests, rights, benefits, obligations, proceeds, and duties evidenced hereby and the rights, duties and obligations of the Trustee. A copy of the Pooling and Servicing Agreement may be requested from the Trustee by writing to the Trustee at 450 West 33rd Street, New York, New York 10001, Attention: Corporate Trustee Administration Department. To the extent not defined herein, the capitalized terms used herein have the meanings ascribed to them in the Pooling and Servicing Agreement. This Certificate is one of a series of Certificates entitled "Prime Credit Card Master Trust II Class C Certificates, Series 1999-1" (the "Class C Certificates"), each of which represents a fractional undivided interest in the Trust, and is issued under and is subject to the terms, provisions and conditions of the Pooling and Servicing Agreement, to which Pooling and Servicing Agreement, as amended from time to time, the Certificateholder by virtue of the acceptance hereof assents and by which the Certificateholder is bound.

The Series 1999-1 Certificates are issued in three classes, the Class A Variable Funding Certificates, the Class B Variable Funding Certificates, which are subordinated to the Class A Variable Funding Certificates in certain rights of payment as described in the Agreement and the Class C Certificates (of which this certificate is one), which are subordinated to the Class A Variable Funding Certificates and Class B Variable Funding Certificates in certain rights of payment as described in the Agreement.

A portion of the aggregate Receivables in the Trust as determined pursuant to the Pooling and Servicing Agreement will be treated as Finance Charge Receivables. Such amount may be adjusted from time to time pursuant to the Supplement. The remainder of such Receivables will be treated as Principal Receivables.

Each holder of a Class C Certificate (a "Class C Certificateholder") or any interest therein by acceptance of its Certificate or any interest therein, agrees to treat the Class C Certificates for purposes of federal, state and local income or franchise taxes and any other tax imposed on or measured by income, as indebtedness of the Transferor to the extent permitted by law.

The Trust's assets are allocated in part to the holders of the Investor Certificates (the "Investor Certificateholders") with the remainder allocated to holders of other Series of Certificates issued by the Trust, if any, and to the Transferor. In addition to the Investor Certificates, an Exchangeable Transferor Certificate will be issued pursuant to the Pooling and Servicing Agreement and will represent the Transferor's Interest in the Trust. The Exchangeable Transferor Certificate will represent the interest in the Receivables not represented by the Investor Certificates or any other Series of Certificates. The Exchangeable Transferor Certificate may be exchanged by the Transferor pursuant to the Pooling and Servicing Agreement for one or more Series of Certificates and a reissued Exchangeable Transferor Certificate upon the conditions set forth in the Pooling and Servicing Agreement. In addition, to the extent permitted for any Series of Certificates by the related Supplement, the Certificateholders of such Series may tender their Certificates and the Transferor may tender the Exchangeable Transferor Certificate in exchange for one or more Series of Certificates and a reissued Exchangeable Transferor Certificate.

The aggregate interest in the Trust represented by the Investor Certificates at any time shall not exceed an amount equal to the Invested Amount at such time. The Initial Invested Amount is \$ _____. The aggregate interest in the Trust represented by the Class C Certificates at any time shall not exceed an amount equal to the Class C Invested Amount at such time. The Class C Initial Invested Amount is \$ _____.

Interest will accrue on the unpaid principal amount of the Class C Certificates at a per annum rate equal to the Class C Certificate Rate and will be calculated on each Business Day based on the product of the Class C Certificate Rate and the outstanding principal balance of the Class C Certificates on such Business Day.

If on any Determination Date the Series Default and Dilution Amount for the preceding Monthly Period exceeded the aggregate amount of Finance Charge Collections applied to the payment thereof and the Available Reserve Amount, and the amount of Excess Finance Charge Collections and Reallocated Principal Collections allocated thereto, then a portion of the Class C Invested Amount will be reduced by an amount equal to such deficiency (but not in excess of the Series Default and Dilution Amount for such Monthly Period) to avoid a charge-off with respect to the Class A Variable Funding Certificates or Class B Variable Funding Certificates. If the Class C Invested Amount is reduced to zero, then a portion of the Class B Invested Amount will be reduced by an amount by which the Class C Invested Amount would have been reduced below zero (but not in excess of the Class A/B Default and Dilution Amount for such Monthly Period). If the Class B Invested Amount is reduced to zero, then a portion of the Class A Invested Amount will be reduced by an amount by which the Class B Invested Amount would have been reduced below zero (but not in excess of the Class A Default and Dilution Amount for such Monthly Period).

The Servicer, is entitled to receive as servicing compensation a servicing fee in an amount equal to, with respect to each Series, the product of (i) a fraction, the numerator of which is the actual number of days in the measuring period specified in the applicable Series Supplement and the denominator of which is the actual number of days in the year, (ii) the applicable Series Servicing Fee Percentage and (iii) the Adjusted Invested Amount as of the end of the date of determination for such payment as specified in the applicable Series Supplement. The share of the Servicing Fee allocable to the Investor Certificates for any Business Day is equal to the product of (i) a fraction, the numerator of which is the actual number of days from and including the preceding Business Day to but excluding such Business Day and the denominator of which is the actual number of days in a year, (ii) 2.0% per annum and (iii) the Invested Amount as of the end of the preceding Business Day (the "Servicing Fee"). The Servicing Fee will be paid in the manner set forth in the Pooling and Servicing Agreement. The remainder of the servicing compensation will be allocable to the Transferor Amount and the Certificateholders of all other Series, and the Trustee and the Investor Certificateholders will not have any obligation to pay such portion of the servicing compensation.

As described in the Pooling and Servicing Agreement, Principal Collections with respect to any Business Day will be allocated on the basis of the aggregate Investor Percentage of all Series and the Transferor Percentage with respect to the Principal Collections.

Subject to the Pooling and Servicing Agreement and the Supplement, payments of principal are limited to the unpaid Class C Invested Amount of the Class C Certificates, which may be less than the unpaid balance of the Class C Certificates pursuant to the terms of the Pooling and Servicing Agreement and the Supplement. All principal of and interest on the Class C Certificates is due and payable no later than July 31, 2004, unless a different date shall be set forth in an Extension Notice (the "Series Termination Date"). After the Series Termination

Date, neither the Trust nor the Transferor will have any further obligation to distribute principal or interest on the Class C Certificates. In the event that the Class C Invested Amount is greater than zero on the Series Termination Date, the Trustee will sell or cause to be sold, to the extent necessary, an amount of Principal Receivables and the related Finance Charge Receivables (or, in some cases, interests therein) up to 110% of the Class A Invested Amount, the Class B Invested Amount and the Class C Invested Amount at the close of business on such date (but not more than the total amount of Receivables allocable to the Investor Certificates determined pursuant to the Pooling and Servicing Agreement), and shall pay the proceeds to the Class A Certificateholders pro rata in final payment of the Class A Variable Funding Certificates, then to the Class B Variable Funding Certificateholders pro rata in final payment of the Class B Variable Funding Certificates and then to the Class C Certificateholders pro rata in final payment of the Class C Certificates.

The transfer of this Certificate shall be registered in the Certificate Register upon surrender of this Certificate for registration of transfer at any office or agency maintained by the Transfer Agent and Registrar accompanied by a written instrument of transfer in a form satisfactory to the Trustee and the Transfer Agent and Registrar duly executed by the Certificateholder or such Certificateholder's attorney-in-fact duly authorized in writing, and thereupon one or more new Class C Certificates of authorized denominations and for the same aggregate fractional Undivided Interests will be issued to the designated transferee or transferees.

As provided in the Pooling and Servicing Agreement and certain limitations therein and herein set forth, Class C Certificates are exchangeable for new Class C Certificates evidencing like aggregate fractional undivided interests, as requested by the Class C Certificateholder surrendering such Class C Certificates. No service charge may be imposed for any such exchange but the Transfer Agent and Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The Trustee, the Paying Agent and the Transfer Agent and Registrar, and any agent of any of them, may treat the person in whose name this Certificate is registered as the owner hereof for all purposes, and neither the Trustee, the Paying Agent and the Transfer Agent and Registrar, nor any agent of any of them or of any such agent shall be affected by notice to the contrary except in certain circumstances described in the Pooling and Servicing Agreement.

The Pooling and Servicing Agreement and the Supplement may be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class C Certificateholders, to cure any ambiguity, to revise any exhibits or schedules (other than Schedule 1) of the Pooling and Servicing Agreement, to correct or supplement any provisions therein which may be inconsistent with any other provisions therein or to add any other provisions with respect to matters or questions raised under the Pooling and Servicing Agreement or the Supplement which shall not be inconsistent with the provisions of the Pooling and Servicing Agreement or the Supplement; provided, however, that such action shall not, as evidenced by an Opinion of Counsel, adversely affect in any material respect the interests of any of the Investor Certificateholders. Additionally, the Pooling and Servicing Agreement and the Supplement may be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class C Certificateholders, to add to or change any of the provisions of the Pooling and Servicing Agreement (i) to provide that Bearer Certificates may be registrable as to principal, to change or eliminate any restrictions on the payment of principal of (or premium, if any) or any interest on Bearer Certificates to comply with the Bearer Rules, to permit Bearer Certificates to be issued in exchange for

Registered Certificates (if then permitted by the Bearer Rules), to permit Bearer Certificates to be issued in exchange for Bearer Certificates of other authorized denominations or to permit the issuance of Certificates in uncertificated form or (ii) to restrict or eliminate in any way the Transferor's right to designate Removed Accounts and to remove from the Trust all of the Trust's right, title and interest in, to and under the Receivables in such Removed Accounts pursuant to Section 2 of the Pooling and Servicing Agreement. The Trustee may, but shall not be obligated to, enter into any such amendment which affects the Trustee's rights, duties or immunities under the Pooling and Servicing Agreement or otherwise.

The Pooling and Servicing Agreement (and any schedule or exhibit thereto) and the Supplement (and any schedule or exhibit thereto) may also be amended from time to time by the Servicer, the Transferor and the Trustee, without the consent of any of the Class C Certificateholders, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or the Supplement, or of modifying in any manner the rights of the Holders of the Class C Certificates; provided that (i) the Servicer shall have provided an Officer's Certificate to the Trustee to the effect that such amendment will not materially and adversely affect the interests of the Certificateholders, (ii) such amendment shall not, as evidenced by an Opinion of Counsel, cause the Trust to be characterized for U.S. federal income tax purposes as an association taxable as a corporation or otherwise have any material adverse impact on the U.S. federal income taxation of the Class C Certificates or the Class C Certificateholders and (iii) the Servicer shall have provided at least ten Business Days prior written notice to each Rating Agency of such amendment and shall have received written confirmation from each Rating Agency to the effect that the then current rating of any Series or any Class of any Series will not be reduced or withdrawn as a result of such amendment; provided, further, that such amendment shall not reduce in any manner the amount of, or delay the timing of, distributions which are required to be made on any Class C Certificate without the consent of the related Class C Certificateholder, change the definition of or the manner of calculating the interest of any Investor Certificateholder of such Series without the consent of the related Investor Certificateholder or reduce the percentage pursuant to the next succeeding paragraph required to consent to any such amendment, in each case without the consent of all such Class C Certificateholders.

The Pooling and Servicing Agreement and the Supplement may also be amended from time to time by the Servicer, the Transferor and the Trustee with the consent of the Holders of Investor Certificates evidencing Undivided Interests aggregating not less than 66-2/3% of the Invested Amount of each and every Series adversely affected, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or of modifying in any manner the rights of the Investor Certificateholders of any Series then issued and outstanding; provided, however, that no such amendment shall (i) reduce in any manner the amount of, or delay the timing of, distributions which are required to be made on any Investor Certificate of any Series without the consent of the related Investor Certificateholders; (ii) change the definition of or the manner of calculating the interest of any Investor Certificateholder of any Series without the consent of the related Investor Certificateholder or (iii) reduce the aforesaid percentage required to consent to any such amendment, in each case without the consent of all such Investor Certificateholders; provided, further, that for the purposes of the Officer's Certificate referred to in clause (i) above, any action taken in order to enable the Trust or a portion thereof to elect to qualify as a FASIT (or comparable tax entity for the securitization of financial assets) in accordance with the Internal Revenue Code of 1986, as amended, shall be deemed not to materially and adversely affect the interest of the Certificateholders.

THIS CERTIFICATE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee, by manual signature, this Certificate shall not be entitled to any benefit under the Pooling and Servicing Agreement, or be valid for any purpose.

IN WITNESS WHEREOF, the Transferor has caused this Certificate to be duly executed under its official seal.

PRIME II RECEIVABLES CORPORATION

By: _____
Name:
Title:

CERTIFICATE OF AUTHENTICATION

This is one of the Class C Certificates referred to in the within-mentioned Pooling and Servicing Agreement.

THE CHASE MANHATTAN BANK,
as Trustee

By: _____
Authorized Signatory

EXHIBIT B

FORM OF EXTENSION NOTICE

PRIME CREDIT CARD MASTER TRUST II, SERIES 1999-1

The undersigned, a duly authorized representative of Prime II Receivables Corporation, a Delaware corporation (the "Transferor"), as Transferor pursuant to the Pooling and Servicing Agreement dated as of January 22, 1997 (the "Pooling and Servicing Agreement"), by and between the Transferor, as transferor, FDS National Bank, as Servicer (the "Servicer"), and The Chase Manhattan Bank, as trustee (the "Trustee"), as supplemented by the Series 1999-1 Supplement, dated July 6, 1999 (the "Series 1999-1 Supplement"), by and between the Transferor, the Servicer and the Trustee, (the Pooling and Servicing Agreement, as supplemented by the Series 1999-1 Supplement, or as the Pooling and Servicing Agreement may from time to time be amended, supplemented, or modified, the "Agreement"), does hereby notify the Trustee (or any successor Trustee) and the Investor Certificateholders:

A. Capitalized terms used but not defined in this Certificate shall have the respective meanings set forth in the Agreement. References herein to certain sections and subsections are references to the respective sections and subsections of the Agreement.

B. The undersigned is a Treasurer, Vice President or more senior officer of the Transferor who is duly authorized to execute and deliver this Certificate on behalf of the Transferor.

C. This Certificate is being delivered pursuant to Section 6.16(a) of the Agreement.

D. The Transferor is the Transferor under the Agreement.

E. No Pay Out Event has occurred that has not been remedied pursuant to the provisions of the Agreement.

F. The Certificate is being delivered to the Trustee on or before the date specified in subsection 6.16(a) for such delivery.

G. NOTIFICATION OF EXTENSION.

Pursuant to subsection 6.16(a) and in respect of [,] (the "Current Extension Date"), the Transferor hereby notifies the Trustee and the Investor Certificateholders of the Transferor's intention to extend the Revolving Period in respect of Series 1999-1 on the Current Extension Date pursuant to the provisions of Section 6.16, until the date set forth below (such extension, the "Extension").

H. REQUIREMENTS TO COMPLETE EXTENSION

(1) Annexed hereto is an election notice (an "Election Notice") to be returned by any Investor Certificateholder electing to approve the Extension. No Extension shall occur unless Investor Certificateholders holding at least the aggregate principal amount of Class A Certificates and Class B Certificates set forth below, respectively, shall return properly executed Election Notices approving the Extension by the Election Date (as defined below). Any Investor Certificateholder electing to approve the Extension must deliver a properly executed Election Notice at the office of the Trustee, [address] on or before 3:00 p.m., [New York City] time, on [,] (the "Election Date"). Any Investor Certificateholder may withdraw any Election Notice delivered by it to the Trustee by notifying the Trustee in writing at the address set forth in the previous sentence on or prior to the Election Date.

(2) The minimum principal amount of Class A Certificates that must approve of the Extension before such Extension may occur shall equal \$.

(3) The minimum principal amount of Class B Certificates that must approve of the Extension before such Extension may occur shall equal \$.

(4) THE EXTENSION SHALL NOT OCCUR UNTIL PRIOR SATISFACTION OF CERTAIN CONDITIONS PRECEDENT BY THE CLOSE OF BUSINESS ON THE ELECTION DATE, INCLUDING THE APPROVAL OF SUCH EXTENSION BY THE INVESTOR CERTIFICATEHOLDERS HOLDING THE REQUIRED AGGREGATE PRINCIPAL AMOUNT OF CLASS A AND CLASS B CERTIFICATES, THAT NO PAY OUT EVENT SHALL HAVE OCCURRED AND BE CONTINUING, AND THAT CERTAIN LEGAL OPINIONS AND RATING AGENCY CONFIRMATIONS SHALL HAVE BEEN DELIVERED TO THE TRANSFEROR AND THE TRUSTEE PURSUANT TO SECTION 6.16(b). THE TRANSFEROR MAY IN ITS SOLE DISCRETION WITHDRAW THIS EXTENSION NOTICE AT ANY TIME ON OR PRIOR TO THE ELECTION DATE BY DELIVERING NOTICE OF SUCH WITHDRAWAL IN WRITING TO THE TRUSTEE. IF ANY SUCH NOTICE OF WITHDRAWAL SHALL BE SO DELIVERED, NO EXTENSION SHALL OCCUR.

I. NEW PROVISIONS TO BECOME EFFECTIVE ON THE EXTENSION DATE.

(1) The new Amortization Period Commencement Date shall be the earlier of (a) [(b) the Pay Out Commencement Date.

(2) The new Extension Date shall be [,] .

[(3) The new Scheduled Series 1999-1 Termination Date shall be [,].]

[(4) The following are additional provisions that will apply to the Investor Certificates on and after the Extension Date:

INSERT PROVISIONS]

J. Annexed hereto are the following:

- (1) the form of Extension Tax Opinion.
- (2) the form of Extension Opinion.
- (3) the Election Notice.

IN WITNESS WHEREOF, the undersigned has duly executed this certificate this [] day of [], [].

PRIME II RECEIVABLES CORPORATION

By: _____
Name: _____
Title: _____

EXHIBIT C

FORM OF INVESTOR CERTIFICATEHOLDER ELECTION NOTICE

The Chase Manhattan Bank
450 West 33rd Street
New York, New York 10001
Attention: Corporate Trustee Administration Department

Re: Prime Credit Card Master Trust II:
Election Notice to Extend Series 1999-1

Ladies and Gentlemen:

The undersigned hereby elects to approve the extension of the Revolving Period for Series 1999-1 until the Amortization Period Commencement Date set forth in the Extension Notice dated [], [] (the "Extension Notice") and delivered to the undersigned pursuant Section 6.16(a) of the Pooling and Servicing Agreement, dated as of January 22, 1997 including the Series 1999-1 Supplement thereto, each by and among Prime II Receivables Corporation, as transferor, FDS National Bank, as Servicer, and The Chase Manhattan Bank, as trustee (the "Pooling and Servicing Agreement"). The undersigned hereby acknowledges that commencing on the Current Extension Date (as defined in the Extension Notice), the terms and provisions of the Pooling and Servicing Agreement shall be modified as set forth in the Extension Notice.

IN WITNESS WHEREOF, the undersigned registered owner(s) has [have] executed this Election Notice as of the date set forth below.

Dated:

Name(s): _____

Address: _____
(Please Print)

Signature(s): _____

EXHIBIT D

FORM OF INVESTMENT LETTER
(Class C Certificates, Series 1999-1)

[Date]

Re: Prime Credit Card Master Trust II
Class C Certificates, Series 1999-1

Ladies and Gentlemen:

This letter (the "Investment Letter") is delivered by the undersigned (the "Purchaser") pursuant to Section 6.17 of the Series 1999-1 Variable Funding Supplement, dated as of July 6, 1999 (the "Supplement"), among Prime II Receivables Corporation, as Transferor (the "Transferor"), FDS National Bank, as Servicer (the "Servicer"), and The Chase Manhattan Bank, as Trustee (the "Trustee"), which supplements the Pooling and Servicing Agreement, dated as of January 22, 1997, among the Transferor, the Servicer and the Trustee, in connection with the Purchaser's acquisition of Class C Certificates or an interest therein. Capitalized terms used herein without definition shall have the meanings set forth in the Supplement. The Purchaser represents to and agrees with the Transferor and the Trustee as follows:

(a) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Series C Certificates and is able to bear the economic risk of such investment. The Purchaser has independently and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Trust, the Transferor and the Servicer and made its own decision to purchase its interest in the Series C Certificates, and will, independently and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis, appraisals and decisions in taking or not taking action under the Supplement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Trust, the Transferor and the Servicer.

(b) The Purchaser is an "accredited investor", as defined in Rule 501, promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), or is a sophisticated institutional investor. The Purchaser understands that the offering and sale of the Series C Certificates has not been and will not be registered under the Securities Act and has not and will not be registered or qualified under any applicable "Blue Sky" law, and that the offering and sale of the Series C Certificates has not been reviewed by, passed on or submitted to any federal or state agency or commission, securities exchange or other regulatory body.

(c) The Purchaser is acquiring an interest in Series C Certificates without a view to any distribution, resale or other transfer thereof except, with respect to any Series C Certificates or any interest or participation therein, as contemplated in the following sentence. The Purchaser will not resell or otherwise transfer any interest or participation in the Series C Certificates, except in accordance with Section 6.17 of the Supplement and (i) in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and applicable state securities or "blue sky" laws; (ii) to the Transferor or any affiliate of the Transferor; or (iii) to a person who the Purchaser reasonably believes is a qualified institutional buyer (within the meaning thereof in Rule 144A under the Securities Act) that is aware that the resale or other transfer is being made in reliance upon Rule 144A. In connection

therewith, the Purchaser hereby agrees that it will not resell or otherwise transfer the Series C Certificates or any interest therein unless the purchaser thereof provides to the addressee hereof a letter substantially in the form hereof.

(d) The Purchaser hereby certifies to the Transferor, the Servicer and the Trustee that it has neither acquired nor will it sell, trade or transfer any interest in a Class C Certificate or cause an interest in a Class C Certificate to be marketed on or through an "established securities market" within the meaning of Section 7704(b)(1) of the Code and any proposed, temporary or final treasury regulation thereunder, including, without limitation, an over-the-counter market or an interdealer quotation system that regularly disseminates firm buy or sell quotations. The Purchaser hereby further certifies that it is not and, for so long as it holds any interest in a Class C Certificate, will not become a partnership, Subchapter S corporation or grantor trust for U.S. federal income tax purposes. The Purchaser acknowledges that the Opinion of Counsel to the effect that the Trust will not be treated as a publicly traded partnership taxable as a corporation is dependent in part on the accuracy of the certifications described in this paragraph.

(e) Pursuant to subsection 6.17(c) of the Supplement, the Purchaser hereby agrees not to institute against, or join any other Person in instituting against, or join any other Person in instituting against, the Trust or the Transferor any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and one day after all Investor Certificates are paid in full.

(f) This Investment Letter has been duly executed and delivered and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally and general principles of equity.

EXECUTION COPY

CLASS A CERTIFICATE PURCHASE AGREEMENT

Dated as of July 6, 1999

among

PRIME II RECEIVABLES CORPORATION,
as Transferor,

FDS NATIONAL BANK,
as Servicer,

THE CLASS A PURCHASERS PARTIES HERETO,

and

PNC BANK, NATIONAL ASSOCIATION,
as Agent and Administrative Agent

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CLASS A CERTIFICATE PURCHASE AGREEMENT, dated as of July 6, 1999, by and among PRIME II RECEIVABLES CORPORATION, a Delaware corporation ("Prime II Receivables Corporation"), as Transferor (the "Transferor"), FDS NATIONAL BANK, a national banking association ("FDSNB"), as Servicer (the "Servicer"), the CLASS A PURCHASERS from time to time parties hereto (the "Class A Purchasers"), and PNC BANK, NATIONAL ASSOCIATION, as Agent for the Class A Purchasers (in such capacity, the "Agent") and as Administrative Agent for the Class A Purchasers and the Class B Purchasers (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, Prime II Receivables Corporation, as Transferor, FDSNB, as Servicer, and the Trustee are parties to a certain Pooling and Servicing Agreement dated as of January 22, 1997 (as the same may from time to time be amended or otherwise modified, the "Master Pooling and Servicing Agreement"), and a Series 1999-1 Variable Funding Supplement thereto, dated as of July 6, 1999 (as the same may from time to time be amended or otherwise modified, the "Supplement" and, together with the Master Pooling and Servicing Agreement, the "Pooling and Servicing Agreement");

WHEREAS, the Trust proposes to issue its Class A

Variable Funding Certificates, Series 1999-1 (the "Class A Certificates") and its Class B Variable Funding Certificates, Series 1999-1 (the "Class B Certificates" and, together with the Class A Certificates, the "Series 1999-1 Variable Funding Certificates") pursuant to the Pooling and Servicing Agreement;

WHEREAS, the Trust also proposes to issue its Class C Certificates, Series 1999-1 (the "Class C Certificates" and, together with the Series 1999-1 Variable Funding Certificates, the "Series 1999-1 Certificates") pursuant to the Pooling and Servicing Agreement; and

WHEREAS, the Class A Purchasers are willing to purchase the Class A Certificates on the Closing Date and from time to time thereafter to purchase VFC Additional Class A Invested Amounts thereunder on the terms and conditions provided for herein;

NOW THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby expressly acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

. Definitions. All capitalized terms used herein as defined terms and not defined herein shall have the meanings given to them in the Pooling and Servicing Agreement. Each capitalized term defined herein shall relate only to the Series 1999-1 Certificates and to no other Series of Certificates issued by the Trust.

"Act" has the meaning specified in subsection 2.7(a) of this Agreement.

"Additional Interest Amount" has the meaning assigned to such term in Section 2.3(g).

"Adjusted Eurodollar Rate" shall mean, for any Fixed Period (or any shorter period of time agreed to by the Agent and the Transferor), an interest rate per annum (rounded upward to the nearest 1/16th of 1%) determined pursuant to the following formula:

LIBOR

100% - Eurodollar Rate Reserve Percentage

where "Eurodollar Rate Reserve Percentage" means, for any Fixed Period (or any shorter period of time agreed to by the Agent and the Transferor), the reserve percentage (expressed as a decimal, rounded upward to the nearest 1/100th of 1%) applicable during such Fixed Period or such shorter period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Fixed Period or such shorter period during which any such percentage shall be so applicable) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to "Eurocurrency" funding (currently referred to as "Eurocurrency liabilities") having a term comparable to such Fixed Period or such shorter period.

"Administrative Agent" has the meaning specified in the preamble to this Agreement.

"Affected Party" shall mean, (i) the Agent, (ii) the Administrative Agent, and (iii) with respect to any Structured Purchaser, any Support Bank of such Structured Purchaser.

"Agent" shall mean PNC, in its capacity as Agent for the Class A Purchasers, or any successor agent hereunder.

"Agent Base Rate" shall mean, for any day, a

fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the higher of:

(a) the rate of interest in effect for such day as publicly announced from time to time by PNC in Pittsburgh, Pennsylvania as its "prime rate." Such "prime rate" is set by PNC based upon various factors, including PNC's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate, and

(b) 0.50% per annum above the latest Federal Funds Rate.

"Agreement" shall mean this Class A Certificate Purchase Agreement, as amended, modified or otherwise supplemented from time to time.

"Alternate Rate" shall mean, for any Fixed Period (or, with respect to the Adjusted Eurodollar Rate, a shorter period of time agreed to by the Agent and the Transferor) with respect to the portion of the Class A Investor Principal Balance owed to a Class A Purchaser, an interest rate per annum equal to, at the Transferor's option: (a) the Applicable Margin, plus the Adjusted Eurodollar Rate for such Fixed Period or such shorter period, or (b) the Agent Base Rate for such Fixed Period; provided, however, that in the case of:

(i) any Fixed Period (or, with respect to the Adjusted Eurodollar Rate, any such shorter period) on or prior to the date on which such Class A Purchaser shall have notified the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful for such Class A Purchaser (or, in the case of a Structured Purchaser, for any entity providing funds to such Structured Purchaser at an interest rate determined by reference to the Adjusted Eurodollar Rate or a similar rate) to fund such portion of the Class A Investor Principal Balance at the Alternate Rate described above (and such Class A Purchaser shall not have subsequently notified the Agent that such circumstances no longer exist),

(ii) any Fixed Period of less than 30 days; provided, that the Agent and the Transferor may agree that the Adjusted Eurodollar Rate may apply to a period of less than 30 days,

(iii) any Fixed Period as to which: (A) the Agent does not receive notice before 4:00 p.m. (Pittsburgh, Pennsylvania time) on: (1) the Business Day immediately preceding the first day of such Fixed Period that the Transferor desires the related portion of the Class A Investor Principal Balance to be funded at the Commercial Paper Rate, or (2) the third Business Day preceding the first day of such Fixed Period, or the second Business Day preceding the last day of any shorter period agreed to by the Agent and the Transferor, in either case, that the Transferor desires that the related portion of the Class A Investor Principal Balance to be funded at the Alternate Rate and based on the Adjusted Eurodollar Rate, or (B) the Agent shall have notified the Transferor that funding the related portion of the Class A Investor Principal Balance at the Commercial Paper Rate for any period of time is (in the Agent's sole discretion) economically inadvisable to the related Class A Purchaser, the Agent or the Transferor, or such Class A Purchaser is not permitted to issue commercial paper notes for any period of time to fund the Class A Investor Principal Balance hereunder, or

(iv) any Fixed Period relating to a Class A Investor

Principal Balance that is less than \$5,000,000,

the "Alternate Rate" for each such Fixed Period shall be an interest rate per annum equal to the Agent Base Rate in effect on each day of such Fixed Period.

"Applicable Margin" means, with respect to any purchase for which Yield is calculated based on the Adjusted Eurodollar Rate and the applicable Class A Purchaser is (a) Market Street Capital Corp., 0.0%, or (b) any other Class A Purchaser, 0.75%.

"Assignee" and "Assignment" have the respective meanings specified in subsection 8.1(e) of this Agreement.

"Business Day" means any day on which (i) banks are not authorized or required to close in New York City or Pittsburgh, Pennsylvania, and (ii) if such term is used in connection with the Adjusted Eurodollar Rate, dealings are carried out in the London interbank market.

"Class A Certificates" has the meaning specified in the recitals to this Agreement.

"Class A Fee Letter" shall mean that certain letter agreement, designated therein as the Series 1999-1 Class A Fee Letter and dated as of the date hereof, among the Agent, the Transferor and the Servicer, as such letter agreement may be amended or otherwise modified from time to time.

"Class A Investor Principal Balance" shall mean, when used with respect to any Business Day, an aggregate amount equal to (a) the Class A Initial Invested Amount, plus (b) the aggregate VFC Additional Class A Invested Amounts purchased by the Class A Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Pooling and Servicing Agreement, minus (c) the aggregate amount of principal payments made to the Class A Certificateholders prior to such Business Day.

"Class A Owners" shall mean, with respect to any Class A Certificate held by the Agent hereunder for the benefit of Class A Purchasers, the owners of the Class A Invested Amount represented by such Class A Certificate as reflected on the books of the Class A Agent in accordance with this Agreement.

"Class A Program Fee" shall mean the ongoing fees payable to the Agent or the Class A Purchasers in the amounts and on the dates set forth in the Class A Fee Letter.

"Class A Purchasers" has the meaning specified in the preamble to this Agreement.

"Class A Repayment Amount" shall mean the sum of all amounts payable with respect to the principal amount of the Class A Certificates and interest on the Class A Certificates and all other amounts (other than amounts payable pursuant to subsection 2.3(b) or (c), the last sentence of subsection 2.6(a) and Section 2.7 hereof unless such amounts are not paid by the Servicer pursuant to this Agreement) owing to the Class A Purchasers hereunder.

"Class B Certificates" has the meaning specified in the recitals to this Agreement.

"Class C Certificates" has the meaning specified in the recitals to this Agreement.

"Closing Date" shall mean July 6, 1999.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commercial Paper Rate" shall mean, for any Fixed

Period for any portion of the Class A Investor Principal Balance, to the extent a Structured Purchaser funds such portion for such Fixed Period by issuing commercial paper notes, a rate calculated by the Agent equal to: (a) the rate (or if more than one rate, the weighted average of the rates) at which commercial paper notes of such Structured Purchaser on each day during such Fixed Period have been outstanding such Structured Purchaser; provided, that if such rate(s) is a discount rate(s), then the Commercial Paper Rate shall be the rate (or if more than one rate, the weighted average of the rates) resulting from converting such discount rate(s) to an interest-bearing equivalent rate, plus (b) the commissions and charges charged by such placement agent or commercial paper dealer with respect to such commercial paper notes, expressed as a percentage of the face amount of such commercial paper notes and converted to an interest-bearing equivalent rate per annum.

"Committed Class A Purchaser" shall mean any Class A Purchaser which has a Commitment, as set forth in its respective Joinder Supplement and any Assignee of such Class A Purchaser to the extent of the portion of such Commitment assumed by such Assignee pursuant to its respective Transfer Supplement.

"Commitment" shall mean, for any Committed Class A Purchaser, the maximum amount of such Committed Class A Purchaser's commitment to purchase a portion the Class A Invested Amount, as set forth in the Joinder Supplement or the Transfer Supplement by which such Committed Class A Purchaser became a party to this Agreement or assumed the Commitment (or a portion thereof) of another Committed Class A Purchaser, as such amount may be adjusted from time to time pursuant to Transfer Supplement(s) executed by such Committed Class A Purchaser and its Assignee and delivered pursuant to Section 8.1 of this Agreement or pursuant to Section 2.2 of this Agreement.

"Commitment Expiration Date" shall mean, for each Committed Class A Purchaser, the earlier to occur of (i) the date set forth in the Joinder Supplement or the Transfer Supplement by which such Committed Class A Purchaser became a party to this Agreement or assumed the Commitment (or a portion thereof) of another Committed Class A Purchaser, as such date may be extended from time to time by mutual agreement of all Class A Purchasers, the Agent and the Transferor, and (ii) the date that the commitment of any Support Bank to such Committed Class A Purchaser terminates under any liquidity agreement or credit agreement which relates to this Agreement.

"Commitment Percentage" shall mean, for a Committed Class A Purchaser, such Class A Purchaser's Commitment as a percentage of the aggregate Commitments of all Committed Class A Purchasers.

"Defaulting Purchaser" has the meaning specified in subsection 2.1(e) of this Agreement.

"Downgraded Purchaser" has the meaning specified in subsection 8.1(k).

"Eligible Assignee" shall mean PNC and each other Person listed in a letter from the Agent to the Transferor dated the Closing Date, as such list may be augmented from time to time with the consent of the Agent and the Transferor.

"Excluded Taxes" has the meaning specified in subsection 2.5(a) of this Agreement.

"FDSNB" has the meaning specified in the preamble to this Agreement.

"Federal Funds Rate" means, for any day, the per annum rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, "H.15(519)") for

such day opposite the caption "Federal Funds (Effective)." If on any relevant day such rate is not yet published in H.15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the "Composite 3:30 p.m. Quotations") for such day under the caption "Federal Funds Effective Rate." If on any relevant day the appropriate rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged before 9:00 a.m. (New York time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

"Fixed Period" shall mean, with respect to a Class A Purchaser and any portion of the Class A Investor Principal Balance owed to such Class A Purchaser, a period from and including a Distribution Date to, but excluding, the next succeeding Distribution Date; provided that (i) the first Fixed Period shall commence on the Closing Date and end on the first Distribution Date, (ii) in the case of any Fixed Period for any portion of the Class A Principal Balance which commences before the Termination Date and would otherwise end on a date occurring after the Termination Date, such Fixed Period shall end on the Termination Date and the duration of each Fixed Period which commences on or after the Termination Date shall be of such duration as shall be selected by the Agent, and (iii) upon the occurrence, and during the continuance, of an event described in clause (iii)(B) of the definition of Alternate Rate, the Agent may, upon notice to the Transferor, terminate any Fixed Period then in effect if Yield for such Fixed Period is calculated on the basis of the Commercial Paper Rate. Any portion of the Class A Investor Principal Balance allocated to any such terminated Fixed Period shall (i) initially be reallocated to a Fixed Period beginning on such date of termination and ending on (but excluding) the third Business Day immediately succeeding such date of termination and the Yield during such Fixed Period shall be calculated based on the Alternate Rate as set forth in the definition thereof, and (ii) then be reallocated to a Fixed Period beginning on such third Business Day and ending on (but excluding) the immediately succeeding Distribution Date and the Yield during such Fixed Period shall be calculated based on the Alternate Rate as set forth in the definition thereof.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indemnitee" has the meaning specified in subsection 2.7(a) of this Agreement.

"Indemnifying Party" has the meaning specified in subsection 2.7(b) of this Agreement.

"Investing Office" shall mean, with respect to any Affected Party, any office of such Affected Party which is a beneficial holder of a portion of the Class A Certificates.

"Investment Letter" has the meaning specified in subsection 8.1(a) of this Agreement.

"Joinder Supplement" has the meaning specified in subsection 2.2(d) of this Agreement.

"LIBOR" shall mean, with respect to any Fixed Period

(or any shorter period agreed to by the Agent and the Transferor) for any Class A Investor Amount to be funded at the Adjusted Eurodollar Rate, the rate of interest per annum determined by the Agent to be the arithmetic mean (rounded upward to the nearest 1/16th of 1%) of the rates of interest per annum notified to the Agent by the Reference Bank as the rate of interest at which dollar deposits in the approximate amount of such Class A Investor Principal Amount to be funded at the Adjusted Eurodollar Rate during such Fixed Period or such shorter period would be offered by major banks in the London interbank market to the Reference Bank at its request at or about 11:00 a.m. (London time) on the second Business Day before the commencement of such Fixed Period or such shorter period.

"Liquidation Day" shall mean, for any Class A Purchaser and any portion of the Class A Investor Principal Balance owed to such Purchaser (a) any day other than a Distribution Date or a Business Day on which a decrease in the Class A Investor Principal occurs pursuant to, and in accordance with, Section 2.3(h), on which a reduction of such portion of the Class A Investor Principal Balance occurs, (b) any Purchase Date on which the conditions set forth in Sections 3.2 of the Agreement are not satisfied, and (c) any day on which the Agent reallocates any portion of the Class A Investor Principal Balance as the result of the termination of a Fixed Period pursuant to clause (iii)(B) of the definition thereof.

"Liquidation Fee" shall mean, for any Class A Purchaser and for any Liquidation Day, the amount, if any, by which (i) the additional Yield (calculated without taking into account any Liquidation Fee) which would have accrued during the current Fixed Period or, with respect to the Adjusted Eurodollar Rate, any shorter period agreed to by the Agent and the Transferor (without giving effect to any termination of such Fixed Period or such shorter period) on the portion of the Class A Investor Principal Balance owed to such Class A Purchaser, exceeds (ii) the income, if any, received by such Class A Purchaser from investing the proceeds of such reduction of the Class A Investor Principal Balance.

"Master Pooling and Servicing Agreement" has the meaning specified in the recitals to this Agreement.

"Moody's" shall mean Moody's Investors Service, Inc.

"Noncommitted Class A Purchaser" shall mean a Class A Purchaser which is not a Committed Class A Purchaser.

"Noncommitted Purchaser Percentage" shall mean for each Class A Purchaser which is not a Committed Class A Purchaser, the percentage set forth in its Joinder Supplement or the Transfer Supplement by which such Class A Purchaser became a party to this Agreement, as such percentage may be adjusted from time to time pursuant to Transfer Supplement(s) executed by such Class A Purchaser and any Assignee and delivered pursuant to Section 8.1 of this Agreement.

"Nondefaulting Purchaser" has the meaning specified in subsection 2.1(e) of this Agreement.

"Participant" has the meaning specified in subsection 8.1(d) of this Agreement.

"Participation" has the meaning specified in subsection 8.1(d) of the Agreement.

"Percentage Interest" shall mean, for a Class A Purchaser, (a) the sum of (i) the portion of the Class A Initial Invested Amount (if any) purchased by such Class A Purchaser, plus (ii) the aggregate VFC Additional Class A Invested Amounts (if any) purchased by such Class A Purchaser through the end of the preceding Business Day pursuant to Section 6.15 of the Pooling and Servicing Agreement, plus (iii) any portion of the

Class A Investor Principal Balance acquired by such Class A Purchaser as an Assignee from another Class A Purchaser pursuant to a Transfer Supplement executed and delivered pursuant to Section 8.1 of this Agreement, minus (iv) the aggregate amount of principal payments made to such Class A Purchaser prior to such Business Day, minus (v) any portion of the Class A Investor Principal Balance assigned by such Class A Purchaser to an Assignee pursuant to a Transfer Supplement executed and delivered pursuant to Section 8.1 of this Agreement, as a percentage of (b) the aggregate Class A Investor Principal Balance.

"PNC" shall mean PNC Bank, National Association.

"Pooling and Servicing Agreement" has the meaning specified in the recitals to this Agreement.

"Prime II Receivables Corporation" has the meaning specified in the preamble to this Agreement.

"Purchase Date" shall mean the Closing Date and each date on which a purchase of a VFC Additional Class A Invested Amount is to occur in accordance with Section 6.15 of the Pooling and Servicing Agreement and Section 2.1 hereof.

"Purchase Request" shall have the meaning assigned to such term in Section 2.1(c).

"Rating Agency" shall mean each of Moody's and Standard & Poor's.

"Reference Bank" means PNC.

"Reduction Amount" has the meaning specified in subsection 2.6(a) of this Agreement.

"Regulatory Change" shall mean (i) as to each Class A Purchaser, any change occurring after the date of the execution and delivery of the Joinder Supplement or the Transfer Supplement by which it became party to this Agreement, or, in the case of a Participant, the date on which its Participation became effective, or (ii) as to any Affected Party, the date it became such an Affected Party, in any (or the adoption after such date of any new):

(i) United States Federal or state law or foreign law applicable to such Class A Purchaser, Affected Party or Participant; or

(ii) regulation, interpretation, directive, guideline or request (whether or not having the force of law) applicable to such Class A Purchaser, Affected Party or Participant of any court or other judicial authority or any Governmental Authority charged with the interpretation or administration of any law referred to in clause (i) or of any fiscal, monetary or other authority or central bank having jurisdiction over such Class A Purchaser, Affected Party or Participant.

"Related Documents" shall mean, collectively, this Agreement (including the Class A Fee Letter and all Joinder Supplements and Transfer Supplements), the Master Pooling and Servicing Agreement, the Supplement, the Series 1999-1 Certificates, and the Receivables Purchase Agreement.

"Replacement Purchaser" has the meaning specified in subsection 2.4(c) of this Agreement.

"Required Class A Owners" shall mean, at any time, Class A Purchasers having Percentage Interests aggregating at least 50.1%.

"Required Class A Purchasers" shall mean, at any time, Committed Class A Purchasers having Commitments aggregating at

least 50.1% of the aggregate Commitments of all Committed Class A Purchasers.

"Requirement of Law" shall mean, as to any Person, any law, treaty, rule or regulation, or determination of an arbitrator or Governmental Authority, in each case applicable to or binding upon such Person or to which such Person is subject, whether federal, state or local (including, without limitation, usury laws, the Federal Truth in Lending Act and Regulation Z and Regulation B of the Board of Governors of the Federal Reserve System).

"Reserve Account Increase Notice" shall mean a notice delivered by the Administrative Agent in accordance with Section 2.8 hereof.

"Series 1999-1 Certificates" has the meaning specified in the recitals to this Agreement.

"Series 1999-1 Variable Funding Certificates" has the meaning specified in the recitals to this Agreement.

"Servicer" has the meaning specified in the preamble to this Agreement.

"Standard & Poor's" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Structured Purchaser" shall mean (i) Market Street Capital Corp., and (ii) any Class A Purchaser whose principal business consists of issuing commercial paper, medium term notes or other securities to fund its acquisition and maintenance of receivables, accounts, instruments, chattel paper, general intangibles and other similar assets or interests therein and which is required by any nationally recognized rating agency which is rating such securities to obtain from its principal debtors an agreement such as that set forth in subsection 9.12(b) of this Agreement in order to maintain such rating.

"Supplement" has the meaning specified in the recitals to this Agreement.

"Support Bank" shall mean any Person extending or having a commitment to extend funds to or for the account of any Structured Purchaser, including by agreement to (i) purchase an assignment of, or participation in Class A Certificates under a liquidity or credit support agreement which relates to this Agreement, (ii) provide one or more letters of credit for the account of such Structured Purchaser, and (iii) issue one or more surety bonds under which such Structured Purchaser is obligated to repay such Person for any drawings thereunder.

"Taxes" has the meaning specified in subsection 2.5(a) of this Agreement.

"Termination Date" shall mean the Amortization Period Commencement Date.

"Termination Event" has the meaning specified in Section 2.8 hereof.

"Transfer" has the meaning specified in subsection 8.1(c) of this Agreement.

"Transfer Supplement" has the meaning specified in subsection 8.1(e) of this Agreement.

"Transferor" has the meaning specified in the preamble to this Agreement.

"Trust" shall mean the Prime Credit Card Master Trust
II.

"Trustee" shall mean The Chase Manhattan Bank, a banking corporation organized and existing under the laws of the State of New York, in its capacity as Trustee under the Pooling and Servicing Agreement, together with its successors in such capacity.

"written" or "in writing" (and other variations thereof) shall mean any form of written communication or a communication by means of telex, telecopier device, telegraph or cable.

"Yield" shall mean, for any Business Day the aggregate of the following amounts:

(i) for each portion of the Class A Investor Principal Balance owed to a Structured Purchaser to the extent that such Structured Purchaser has funded such portion through the issuance of commercial paper notes on the immediately preceding Business Day,

$$\frac{PB \times CPR \times ED + LF + AI}{360}$$

and

(ii) for each remaining portion of the Class A Investor Principal Balance,

$$\frac{PB \times AR \times ED + LF + AI}{TD}$$

where:

PB = the relevant portion of the Class A Investor Principal Balance

CPR = the Commercial Paper Rate then applicable to the relevant portion of the Class A Investor Principal Balance

AR = the Alternate Rate then applicable to the relevant portion of the Class A Investor Principal Balance

ED = the number of days elapsed since the immediately preceding Business Day

TD = 360 if AR is the Adjusted Eurodollar Rate, or 365 or 366, as applicable, if AR is the Agent Base Rate

LF = the Liquidation Fee, if any, for such Business Day

AI = the Additional Interest Amount, if any, for such Business Day.

If during any Fixed Period any portion of the Class A Invested Principal Balance is funded through the issuance of commercial paper notes, the Servicer shall make daily allocations of Class A Interest based on the Commercial Paper Rate applicable to the immediately preceding Fixed Period (or, in the event that no portion of the Class A Investor Principal Balance accrued Yield at the Commercial Paper Rate during such immediately preceding Fixed Period, the Agent will on the first day of the related Fixed Period provide the Servicer an estimate of the Commercial Paper Rate applicable to such portion of the Class A Investor Principal Balance and such Fixed Period). It is understood and agreed that (i) the Commercial Paper Rate described in the immediately preceding sentence will be used solely for purposes of making daily allocations of Class A Interest under the Supplement, and (ii) any resulting differences between such estimated daily allocations and the actual Yield for such Fixed Period shall be reconciled as set forth in the definitions of Class A Carrying Costs.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Purchases. (a) On and subject to the terms and conditions of this Agreement, each Noncommitted Class A Purchaser which is a party hereto on the Closing Date, severally, agrees to acquire its Noncommitted Purchaser Percentage of the Class A Certificates on the Closing Date for a purchase price equal to its Noncommitted Purchaser Percentage of the Initial Class A Invested Amount, which shall not be less than \$500,000, and each Committed Class A Purchaser which is a party hereto on the Closing Date, severally, agrees to acquire its Commitment Percentage of the Class A Certificates not so acquired by Noncommitted Class A Purchasers on the Closing Date for a purchase price equal to the portion of the Initial Class A Invested Amount represented thereby on the Closing Date. Such purchase price shall be made available to the Transferor on the Closing Date, subject to the satisfaction of the conditions specified in Section 3 hereof, by wire transfer at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on the Closing Date at an account of the Transferor specified in writing by the Transferor to the Agent in funds immediately available to the Transferor; provided, that, in any event, the Agent shall notify the Transferor at or prior to 1:00 p.m. Pittsburgh, Pennsylvania time, if such wire transfer will not be initiated at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on the Closing Date. The Class A Purchasers hereby direct that the Class A Certificates be registered in the name of the Agent, on behalf of the Class A Owners from time to time hereunder.

(b) On and subject to the terms and conditions of this Agreement and prior to the Termination Date, (i) each Noncommitted Class A Purchaser may purchase its Noncommitted Purchaser Percentage of any VFC Additional Class A Invested Amount offered for purchase by the Transferor pursuant to Section 6.15 of the Pooling and Servicing Agreement in an amount of not less than \$500,000, and (ii) each Committed Class A Purchaser, severally, agrees to purchase a portion of such VFC Additional Class A Invested Amount which is not purchased by Noncommitted Class A Purchasers pursuant to clause (i) in an amount equal to the lesser of (A) its Commitment Percentage thereof, or (B) the excess of its Commitment over its Percentage Interest of the Class A Investor Principal Balance (determined prior to giving effect to such purchase), in either case for a purchase price equal to the VFC Additional Class A Invested Amount so purchased. Such purchase price shall be made available to the Trustee in immediately available funds, by wire transfer at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on the applicable Purchase Date for the account of the Transferor, subject to the satisfaction of the conditions specified in Section 3 hereof, on the applicable Purchase Date specified pursuant to subsection 2.1(c), for deposit in the Proceeds Account held by the Trustee pursuant to the Supplement; provided, that, in any event, the Agent shall notify the Transferor at or prior to 1:00 p.m. Pittsburgh, Pennsylvania time, if such wire transfer will not be initiated at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on such Purchase Date. Each Noncommitted Class A Purchaser which is a Structured Purchaser confirms by becoming a party to this Agreement that, subject to the terms and conditions of this Agreement, it currently intends to purchase its Noncommitted Purchaser Percentage of any VFC Additional Class A Invested Amount offered for purchase by the Transferor pursuant to Section 6.15 of the Pooling and Servicing Agreement to the extent that, at the time of such purchase, it is permitted and able in the ordinary course of its business to issue commercial paper which is rated not lower than the respective ratings assigned by Moody's and Standard & Poor's on the date on which such Structured Purchaser became a Class A Purchaser (without increasing or otherwise modifying any letter of credit or other enhancement provided to such Structured Purchaser or any liquidity support provided to such Structured Purchaser by Affected Parties) in sufficient amounts fully to fund such purchase.

(c) The purchase of the Initial Class A Invested Amount and each purchase of any VFC Additional Class A Invested Amount shall be made on prior written notice in the form of Exhibit D (a "Purchase Request") from the Transferor to the Agent received by the Agent not later than 4:00 p.m. Pittsburgh, Pennsylvania time (i) in the case of a purchase to be funded at the Alternate Rate based upon the Adjusted Eurodollar Rate, on the third Business Day immediately preceding the applicable Purchase Date (or, in the case of the initial purchase, the Closing Date), (ii) in the case of a purchase to be funded at the Commercial Paper Rate on the Business Day immediately preceding the applicable Purchase Date (or, in the case of the initial purchase, the Closing Date), or (iii) in the case of a purchase to be funded at the Alternate Base Rate based upon the Agent Base Rate, on the Business Day (or, in the event that Market Street Capital Corporation is the applicable Class A Purchaser, the second Business Day) immediately preceding the applicable Purchase Date (or, in the case of the initial purchase, the Closing Date). Each such Purchase Request shall be irrevocable and shall specify (i) the aggregate Initial Class A Invested Amount or VFC Additional Class A Invested Amount, as the case may be, to be purchased and (ii) the applicable Purchase Date (which shall be a Business Day). The Agent shall promptly forward a copy of such Purchase Request to each Class A Purchaser. In the case of the purchase of a VFC Additional Class A Invested Amount, each Noncommitted Class A Purchaser shall notify the Agent by 10:45 a.m., Pittsburgh, Pennsylvania time, on the applicable Purchase Date whether it has determined to make such purchase and, if so, whether all of the terms specified by the Transferor are acceptable to such Noncommitted Class A Purchaser. In the event that a Noncommitted Class A Purchaser shall not have timely provided such notice, it shall be deemed to have determined not to make such purchase. The Agent shall notify the Transferor and each Committed Class A Purchaser on or prior to 11:00 a.m., Pittsburgh, Pennsylvania time, on the applicable Purchase Date of whether each Noncommitted Class A Purchaser has so determined to purchase its share of such VFC Additional Class A Invested Amount and, in the event that Noncommitted Class A Purchasers have not determined to purchase the entire VFC Additional Class A Invested Amount, the Agent shall specify in such notice (i) the portion of the VFC Additional Class A Invested Amount to be purchased by each Committed Class A Purchaser, (ii) the applicable Purchase Date (which shall be a Business Day). Notwithstanding anything else herein to the contrary, if the Transferor has requested that the purchase be funded at the Commercial Paper Rate, the Agent shall notify the Transferor no later than 12:00 (noon) Pittsburgh, Pennsylvania time on the applicable Purchase Date, whether the Agent has exercised its discretion not to fund such purchase with the issuance of commercial paper notes as described in clause (iii)(B) of the definition of Commercial Paper Rate, in which case the Transferor shall be deemed to have requested that the purchase be funded at the Alternate Base Rate and be based upon the Agent Base Rate.

(d) In no event may the Transferor offer any VFC Additional Class A Invested Amount for purchase hereunder or under Section 6.15 of the Pooling and Servicing Agreement, nor shall any Committed Class A Purchaser be obligated to purchase any VFC Additional Class A Invested Amount, to the extent that such VFC Additional Class A Invested Amount, when aggregated with the Class A Investor Principal Balance determined prior to giving effect to the issuance thereof, would exceed the aggregate Commitments.

(e) In the event that one or more Committed Class A Purchasers (the "Defaulting Purchasers") fails to fund its Committed Percentage of any purchase of a VFC Additional Class A Invested Amount by 1:00 p.m., Pittsburgh, Pennsylvania time, on the applicable Purchase Date and the Servicer shall have notified the Agent of such failure by not later than 1:30 p.m., Pittsburgh, Pennsylvania time, on such Purchase Date, the Agent shall so notify each of the other Committed Class A Purchasers

(the "Nondefaulting Purchasers") not later than 2:30 p.m., Pittsburgh, Pennsylvania time, on such Purchase Date, and each Nondefaulting Purchaser shall, subject to the satisfaction of the conditions specified in Section 3 hereof, purchase a portion of the aggregate VFC Additional Class A Invested Amount which was to be purchased by the Defaulting Purchasers equal to the lesser of (i) its Commitment Percentage thereof as a percentage of the aggregate Commitment Percentages of all Nondefaulting Purchasers, and (ii) the excess of its Commitment over its Percentage Interest of the Class A Investor Principal Balance (determined prior to giving effect to such purchase), in either case for a purchase price equal to the VFC Additional Class A Invested Amount so purchased, by making such purchase price available to the Trustee for the account of the Transferor on such Purchase Date for deposit in the Proceeds Account in immediately available funds. No such purchase by Nondefaulting Purchasers shall relieve any Defaulting Purchaser of its obligations to make purchases hereunder, and each Defaulting Purchaser shall from and after the applicable Purchase Date be obligated to purchase the portion of any VFC Additional Class A Invested Amount which such Defaulting Purchaser was required to purchase hereunder and which was purchased by a Nondefaulting Purchaser from such Nondefaulting Purchaser at a purchase price equal to (i) the portion of the Class A Investor Principal Balance represented thereby, plus (ii) accrued and unpaid interest thereon at the applicable Class A Certificate Rate, plus (iii) an amount calculated at the rate of 1.0% per annum from the applicable Purchase Date for such VFC Additional Class A Invested Amount through the date of such purchase by the Defaulting Purchaser. The Transferor shall have the right to replace any Defaulting Purchaser hereunder with a Replacement Purchaser, and the Agent, acting at the request of the Required Class A Purchasers, shall have the right to replace such Defaulting Purchaser with a Replacement Purchaser which is an Eligible Assignee or is otherwise reasonably acceptable to the Transferor; provided, that (x) such replacement shall not affect the Defaulting Purchaser's right to receive any amounts otherwise owed to it hereunder, when and as the same would have been due and payable without regard to such replacement (subject to the rights of the other parties hereto with respect to such Defaulting Purchaser), and (y) such Replacement Purchaser shall, concurrently with its becoming a Committed Class A Purchaser hereunder, purchase the portion of any VFC Additional Class A Invested Amount at the time required to be purchased by the Defaulting Purchaser pursuant to the preceding sentence for a purchase price equal to (i) the portion of the Class A Investor Principal Balance represented thereby, plus (ii) accrued and unpaid interest thereon at the applicable Class A Certificate Rate; provided further, that upon any such replacement and purchase by a Replacement Purchaser, any amounts owing to Nondefaulting Purchasers by such Defaulting Purchaser under clause (iii) of the preceding sentence shall remain an obligation of such Defaulting Purchaser.

(f) The Class A Certificates shall be paid as provided in the Pooling and Servicing Agreement. The Agent shall allocate each payment in reduction of the Class A Investor Principal Balance to the Class A Owners pro rata based on their respective Percentage Interests, and shall allocate each payment of Class A Interest for any Business Day to the Class A Owners pro rata based on the Yield on such Class A Owner's portion of the Class A Investor Principal Balance for such Business Day. Amounts so allocated by the Agent shall be distributed by the Agent to the respective Class A Owners when and as received by the Agent from the Trust.

2.2 Reductions and Increases of Commitments. (a) At any time the Transferor may, upon at least five Business Days' prior written notice to the Agent, terminate in whole or reduce in part the portion of the Commitments which exceed the then outstanding Class A Investor Principal Balance (after adjustments thereto occurring on the date of such termination or reduction). Each such partial reduction shall be in an aggregate amount of \$10,000,000 or integral multiples thereof. On the Termination

Date, the aggregate Commitments shall automatically reduce to an amount equal to the Class A Investor Principal Balance on such day, and on each Business Day thereafter shall be further reduced by an amount equal to the reduction in the Class A Investor Principal Balance (if any) on such day. Reductions of the aggregate Commitments pursuant to this subsection 2.2(a) shall be allocated to the pro rata to the Commitments of each Committed Class A Purchaser based on its respective Commitment Percentage.

(b) The Transferor may, upon at least two Business Days' prior written notice to the Agent, terminate in whole or reduce in part the Commitment of any Defaulting Purchaser or Downgraded Purchaser to an amount not less than such Class A Purchaser's Percentage Interest of the Class A Investor Principal Balance. Each such partial reduction shall be in an aggregate amount of 1,000,000 or integral multiples thereof. No such termination of reduction shall relieve such Defaulting Purchaser of its obligations to Nondefaulting Purchasers pursuant to subsection 2.1(e) hereof.

(c) The aggregate Commitments of the Committed Class A Purchasers may be increased from time to time through the increase of the Commitment of one or more Committed Class A Purchasers; provided, however, that no such increase shall have become effective unless (i) the Agent and the Transferor shall have given their written consent thereto, (ii) such increasing Committed Class A Purchaser shall have entered into an appropriate amendment or supplement to this Agreement reflecting such increased Commitment and (iii) such conditions, if any, as the Agent shall have required in connection with its consent (including, without limitation, the delivery of legal opinions with respect to such Committed Class A Purchaser, the agreement of such Committed Class A Purchaser to become a Support Bank for one or more Structured Purchasers having a support commitment corresponding to its Commitment hereunder and approvals from the Rating Agency) shall have been satisfied. The Transferor may also increase the aggregate Commitments of the Committed Class A Purchasers from time to time by adding additional Committed Class A Purchasers in accordance with subsection 2.2(d).

(d) Subject to the provisions of subsections 8.1(a) and 8.1(b) applicable to initial purchasers of Class A Certificates, a Person having short-term credit ratings of not lower than P-1 from Moody's and A-1 from Standard & Poor's may from time to time with the consent of the Agent and the Transferor become a party to this Agreement as an initial or an additional Noncommitted Class A Purchaser or an initial or an additional Committed Class A Purchaser by (i) delivering to the Transferor an Investment Letter and (ii) entering into an agreement substantially in the form attached hereto as Exhibit B hereto (a "Joinder Supplement"), with the Agent and the Transferor, acknowledged by the Servicer, which shall specify (A) the name and address of such Person for purposes of Section 9.2 hereof, (B) whether such Person will be a Noncommitted Class A Purchaser or Committed Class A Purchaser and, if such Person will be a Committed Class A Purchaser, its Commitment, and (C) the other information provided for in such form of Joinder Supplement. Upon its receipt of a duly executed Joinder Supplement, the Agent shall on the effective date determined pursuant thereto give notice of such effectiveness to the Transferor, the Servicer and the Trustee, and the Servicer will provide notice thereof to each Rating Agency (if required). If, at the time the effectiveness of the Joinder Supplement for an additional Committed Class A Purchaser, the other Committed Class A Purchasers are Class A Owners, it shall be a condition to such effectiveness that such additional Committed Class A Purchaser purchase from each other Class A Purchaser an interest in the Class A Certificates in an amount equal to (i) such other Class A Purchaser's Percentage Interest of the Class A Investor Principal Balance, times (ii) a fraction, the numerator of which equals the Commitment of such additional Class A Purchaser, and the denominator of which equals the aggregate Commitments of the Class A Purchasers (determined after giving effect to the

additional Commitment of the additional Class A Purchaser as set forth in such Joinder Supplement), for a purchase price equal to the portion of the Class A Investor Principal Balance purchased.

2.3 Fees, Expenses, Payments, Etc. (a) Subject to the provisions of subsection 9.12(a) hereof, the Transferor agrees to pay to the Agent for the account of the Class A Purchasers the fees set forth in the Class A Fee Letter at the times specified therein.

(b) Subject to the provisions of subsection 9.12(a) hereof in the case of the Transferor, the Transferor and FDSNB, jointly and severally, shall be obligated to pay on demand to (i) the Agent and the initial Class A Purchasers all reasonable costs and expenses in connection with the preparation, execution, delivery and administration (including any requested amendments, waivers or consents of any of the Related Documents) of this Agreement, and the other documents to be delivered hereunder or in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent and each of the initial Class A Purchasers with respect thereto and (ii) the Agent and each Class A Purchaser, all reasonable costs and expenses, if any, in connection with the enforcement of any of the Related Documents, and the other documents delivered thereunder or in connection therewith.

(c) Subject to the provisions of subsection 9.12(a) hereof in the case of the Transferor, the Transferor and FDSNB, jointly and severally, shall be obligated to pay on demand any and all stamp and other taxes (other than Taxes covered by Section 2.5) and fees payable in connection with the execution, delivery, filing and recording of this Agreement, the Class A Certificates, any of the other Related Documents or the other documents and agreements to be delivered hereunder and thereunder, and agree to save each Class A Purchaser and the Agent harmless from and against any liabilities with respect to or resulting from any delay by the Transferor or FDSNB in paying or omission to pay such taxes and fees.

(d) Yield calculated by reference to the Adjusted Eurodollar Rate shall be calculated on the basis of a 360-day year for the actual days elapsed. Any Yield or interest accruing at the Agent Base Rate shall be calculated on the basis of a 365- or 366-day year, as applicable, for the actual days elapsed. Fees or other periodic amounts payable hereunder shall be calculated, unless otherwise specified in the Class A Fee Letter, on the basis of a 360-day year and for the actual days elapsed.

(e) Each determination of Yield by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Class A Purchasers, the Transferor, the Servicer and the Trustee in the absence of manifest error.

(f) All payments to be made hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 2:30 p.m., Pittsburgh, Pennsylvania time, on the due date thereof to the Agent's account specified in subsection 9.2(b) hereof, in United States dollars and in immediately available funds. Notwithstanding anything herein to the contrary, if any payment due hereunder becomes due and payable on a day other than a Business Day, the payment date thereof shall be extended to the next succeeding Business Day and interest shall accrue thereon at the applicable rate during such extension. To the extent that (i) the Trustee, FDSNB, the Transferor or the Servicer makes a payment to the Agent or a Class A Purchaser or (ii) the Agent or a Class A Purchaser receives or is deemed to have received any payment or proceeds for application to an obligation, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy or insolvency law, state or Federal law, common law, or for equitable cause, then, to the extent such

payment or proceeds are set aside, the obligation or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received or deemed received by the Agent or the Class A Purchaser, as the case may be.

(g) If on any Distribution Date the amount on deposit in the Interest Funding Account is less than the amount of Class A Interest and Class B Interest payable with respect to the Class A Certificates and Class B Certificates on such Distribution Date, an additional amount equal to the product of (i) such interest shortfall (or portion thereof which has not been paid to the Class A Certificateholder), times (ii) (A) a fraction, the numerator of which is the actual number of days in the period from and including the preceding Distribution Date to but excluding such Distribution Date and the denominator of which is 360, times (B) the applicable rate of interest on each day, shall be payable as provided in the Supplement with respect to the Class A Certificates, on each Distribution Date following such Distribution Date to and including the Distribution Date on which such interest shortfall is paid to the Class A Certificateholder (any such amount being referred to herein as an "Additional Interest Amount"). Notwithstanding anything to the contrary herein, any Additional Interest Amount shall only be payable or distributed to the Class A Certificateholder to the extent permitted by applicable law.

(h) Subject to the terms and conditions of this Agreement and the Supplement (including, without limitation, Section 4.6(f) thereof), the Transferor may decrease the Class A Investor Principal Balance in whole or in part on any Business Day by giving the Class A Agent prior written notice of such decrease no later than 4:00 p.m. (Pittsburgh, Pennsylvania time) on (i) in the case of a decrease in the Class A Investor Principal Balance of \$10,000,000 or less, the Business Day immediately preceding the Business Day on which such decrease shall occur, (ii) in the case of a decrease in the Class A Investor Principal Balance of more than \$10,000,000 but less than \$30,000,000, the third Business Day immediately preceding the Business Day on which such decrease shall occur, and (iii) in the case of a decrease in the Class A Investor Principal Balance of \$30,000,000 or more, the fifth Business Day immediately preceding the Business Day on which such decrease shall occur; provided, however, that each such decrease in the Class A Investor Principal Balance shall be in a minimum amount of \$500,000 and integral multiples of \$100,000 in excess thereof.

2.4 Requirements of Law. (a) In the event that any Affected Party shall have reasonably determined that any Regulatory Change shall:

(i) subject such Affected Party to any tax of any kind whatsoever with respect to this Agreement, its Commitment or its beneficial interest in the Class A Certificates, or change the basis of taxation of payments in respect thereof (except for Taxes covered by Section 2.5 and taxes included in the definition of Excluded Taxes in subsection 2.5(a) and changes in the rate of tax on the overall net income of such Affected Party);

(ii) impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, such Affected Party; or

(iii) impose on such Affected Party any other condition.

and the result of any of the foregoing is to increase the cost to such Affected Party, by an amount which such Affected Party, in its reasonable judgment, deems to be material, of maintaining its

Commitment or its beneficial interest in the Class A Certificates or to reduce any amount receivable in respect thereof, then, in any such case, after submission by such Affected Party to the Agent of a written request therefor and the submission by the Agent to the Transferor, the Trustee and the Servicer of such written request therefor, (subject to subsection 9.12(a) hereof) the Transferor shall pay to the Agent for the account of such Affected Party any additional amounts necessary to compensate such Affected Party for such increased cost or reduced amount receivable, together with interest on each such amount from the day which is ten Business Days after the date such request for compensation under this subsection 2.4(a) is received by the Transferor until payment in full thereof (after as well as before judgment) at the Agent Base Rate in effect from time to time.

(b) In the event that any Affected Party shall have reasonably determined that any Regulatory Change regarding capital adequacy has the effect of reducing the rate of return on such Affected Party's capital or on the capital of any corporation controlling such Affected Party as a consequence of its obligations hereunder or its maintenance of its Commitment or its beneficial interest in the Class A Certificates to a level below that which such Affected Party or such corporation could have achieved but for such Regulatory Change (taking into consideration such Affected Party's or such corporation's policies with respect to capital adequacy) by an amount reasonably deemed by such Affected Party to be material, then, from time to time, after submission by such Affected Party to the Agent of a written request therefor and submission by the Agent to the Transferor and the Servicer of such written request therefor, (subject to subsection 9.12(a) hereof) the Transferor shall pay to the Agent for the account of such Affected Party such additional amount or amounts as will compensate such Affected Party for such reduction, together with interest on each such amount from the day which is ten Business Days after the date such request for compensation under this subsection 2.4(b) is received by the Transferor until payment in full thereof (after as well as before judgment) at the Agent Base Rate in effect from time to time.

(c) Each Affected Party agrees that it shall use its reasonable efforts to reduce or eliminate any claim for compensation pursuant to subsections 2.4(a) and 2.4(b), including but not limited to designating a different Investing Office for its Class A Certificates (or any interest therein) if such designation will avoid the need for, or reduce the amount of, any increased amounts referred to in subsection 2.4(a) or 2.4(b) and will not, in the reasonable opinion of such Affected Party, be disadvantageous to such Affected Party or inconsistent with its policies or result in an unreimbursed cost or expense to such Affected Party or in an increase in the aggregate amount payable under both subsections 2.4(a) and 2.4(b). If any increased amounts referred to in subsection 2.4(a) or 2.4(b) shall not be eliminated or reduced by the designation of a different Investing Office and payment thereof hereunder shall not be waived by such Affected Party, the Transferor shall have the right to replace such Affected Party hereunder with a new purchaser reasonably acceptable to the Agent ("Replacement Purchaser") that shall succeed to the rights of such Affected Party under this Agreement and such Affected Party shall assign its beneficial interest in the Class A Certificates to such Replacement Purchaser in accordance with the provisions of Section 8.1, provided, that (i) such Affected Party shall not be replaced here under with a new investor until such Affected Party has been paid in full its Percentage Interest of the Class A Investor Principal Balance and all accrued and unpaid Yield (including any Liquidation Fee determined for the replacement date) thereon by such new investor and all other amounts (including all amounts owing under this Section 2.4) owed to it pursuant to this Agreement and (ii) if the Affected Party to be replaced is the Agent, the Administrative Agent or any Support Bank or, unless the Agent and the Administrative Agent otherwise agree, a Structured Purchaser sponsored or administered by the Administrative Agent or the

Agent (in its individual capacity), a replacement Agent or Administrative Agent, as the case may be, shall have been appointed in accordance with Section 7.9 and the Agent or Administrative Agent, as the case may be, to be replaced shall have been paid all amounts owing to it as Agent or Administrative Agent, as the case may be, pursuant to this Agreement; provided, further, that the Transferor shall provide such Affected Party with an Officer's Certificate stating that such new investor is not subject to, or has agreed not to seek, such increased amount.

(d) Each Affected Party claiming increased amounts described in subsection 2.4(a) or 2.4(b) will furnish to the Agent (together with its request for compensation) a certificate setting forth any actions taken by such Affected Party to reduce or eliminate such increased amounts pursuant to subsection 2.4(c) and the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 2.4(a) or 2.4(b), such certificate to be conclusive as to the factual information set forth therein absent manifest error.

2.5 Taxes. (a) All payments made to the Class A Purchasers or the Agent under this Agreement and the Pooling and Servicing Agreement (including all amounts payable with respect to the Class A Certificates) shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (collectively, "Taxes"), excluding (i) income taxes (including, without limitation, branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other taxes based on or measured by the net income of the Class A Purchaser or the gross receipts or income of the Class A Purchaser; (ii) any Taxes that would not have been imposed but for the failure of such Class A Purchaser or the Agent, as applicable, to provide and keep current (to the extent legally able) any certification or other documentation required to qualify for an exemption from, or reduced rate of, any such Taxes or required by this Agreement to be furnished by such Class A Purchaser or the Agent, as applicable; (iii) any Taxes imposed as a result of a change by any Class A Purchaser of the Investing Office (other than changes mandated by this Agreement, including subsection 2.4(c) hereof, or required by law); and (iv) any Taxes imposed as a result of the Transfer by any Class A Purchaser of its interest hereunder other than in accordance with Section 8.1 (all such excluded taxes being hereinafter called "Excluded Taxes"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Class A Purchaser or the Agent hereunder or under the Pooling and Servicing Agreement, then after submission by any Class A Purchaser to the Agent (in the case of an amount payable to a Class A Purchaser) and by the Agent to the Transferor and the Servicer of a written request therefor, the amounts so payable to such Class A Purchaser or the Agent, as applicable, shall be increased and the Transferor shall be liable to pay to the Agent for the account of such Class A Purchaser or for its own account, as applicable, the amount of such increase) to the extent necessary to yield to such Class A Purchaser or the Agent, as applicable (after payment of all such Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified in this Agreement and the Pooling and Servicing Agreement; provided, however, that the amounts so payable to such Class A Purchaser or the Agent shall not be increased pursuant to this subsection 2.5(a) if such requirement to withhold results from the failure of such Person to comply with subsection 2.5(c) hereof. Whenever any Taxes are payable on or with respect to amounts distributed to a Class A Purchaser or the Agent, as promptly as possible thereafter the Servicer shall send to the Agent, on behalf of such Class A Purchaser (if applicable), a certified copy of an original official receipt showing payment thereof. If the

Trustee, upon the direction of the Servicer, fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent, on behalf of such Class A Purchaser (if applicable), the required receipts or other required documentary evidence, subject to subsection 9.12(a), the Transferor shall pay to the Agent on behalf of such Class A Purchaser or for its own account, as applicable, any incremental taxes, interest or penalties that may become payable by such Class A Purchaser or the Agent, as applicable, as a result of any such failure. If any increased amounts payable under this subsection 2.5(a) shall not be waived by the applicable Class A Purchaser, the Transferor shall have the right to replace the Class A Purchaser hereunder with a Replacement Purchaser that will succeed to the rights of such Class A Purchaser under this Agreement; provided, that (i) such Class A Purchaser shall not be replaced hereunder with a new investor until such Class A Purchaser has been paid in full its Percentage Interest of the Class A Investor Principal Balance and all accrued and unpaid Yield (including any Liquidation Fee determined for the replacement date) thereon and all other amounts (including all amounts owing under this Section 2.5) owed to it pursuant to this Agreement and (ii) if the Class A Purchaser to be replaced is the Agent or Administrative Agent, or, unless the Agent and the Administrative Agent otherwise agree, a Structured Purchaser sponsored or administered by the Administrative Agent or the Agent (in its individual capacity), a replacement Agent or Administrative Agent, as the case may be, shall have been appointed in accordance with Section 7.9 and the Agent or Administrative Agent, as the case may be, to be replaced shall have been paid all amounts owing to it as Agent or Administrative Agent, as the case may be, pursuant to this Agreement; provided, further, that the Transferor shall provide such Class A Purchaser with an Officer's Certificate stating that such new investor is not subject to such Taxes or that such new investor is subject to a lesser amount of Taxes than the Class A Purchaser.

(b) A Class A Purchaser claiming increased amounts under subsection 2.5(a) for Taxes paid or payable by such Class A Purchaser (or the Agent for its own account) will furnish to the Agent who will furnish to the Transferor and the Servicer a certificate, setting forth the basis and amount of each request by such Class A Purchaser for such Taxes, such certificate to be conclusive as to the factual information set forth therein absent manifest error. All such amounts shall be due and payable to the Agent on behalf of such Class A Purchaser or for its own account, as the case may be, on the succeeding Distribution Date following receipt by the Transferor of such certificate at least 10 days prior to such Distribution Date, in each case if then incurred by such Class A Purchaser and otherwise shall be due and payable on the following Distribution Date (or, if earlier, on the Series 1999-1 Termination Date).

(c) Each Class A Purchaser and each Participant holding an interest in Class A Certificates agrees that prior to the date on which the first interest payment hereunder is due thereto, it will deliver to the Servicer and the Trustee, if such Class A Purchaser or Participant is not incorporated under the laws of the United States or any State thereof (i) two duly completed copies of the U.S. Internal Revenue Service Form 4224 or successor applicable forms required to evidence that the Class A Purchaser's or Participant's income from this Agreement or the Class A Certificates is "effectively connected" with the conduct of a trade or business in the United States as the case may be and (ii) a U.S. Internal Revenue Service Form W-8 or W-9 or successor applicable or required forms. Each Class A Purchaser or Participant holding an interest in Class A Certificates also agrees to deliver to the Servicer and the Trustee two further copies of said Form 4224 and Form W-8 or W-9, or such successor applicable forms or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Servicer and the Trustee, and such extensions or renewals thereof

as may reasonably be requested by the Servicer, unless in any such case, solely as a result of a change in treaty, law or regulation occurring prior to the date on which any such delivery would otherwise be required, and assuming that Section 1446 of the Code does not apply, the Class A Purchaser is no longer eligible to deliver the then-applicable form set forth above. Each Class A Purchaser certifies, represents and warrants and each Participant acquiring an interest in a Class A Certificate or Class A Purchaser which is an Assignee shall certify, represent and warrant as a condition of acquiring its Participation or beneficial interest in the Class A Certificates (x) that its income from this Agreement or the Class A Certificates is effectively connected with a United States trade or business and (y) that it is entitled to an exemption from United States backup withholding tax. Further, each Class A Purchaser covenants and each Participant acquiring an interest in a Class A Certificate that for so long as it shall hold such Participation or Class A Certificates it shall be held in such manner that the income therefrom shall be effectively connected with the conduct of a United States trade or business. The Servicer and the Trustee shall be entitled to withhold or cause such withholding, and additional amounts in respect of Taxes need not be paid to a Class A Purchaser or Participant in the event of a breach of the certifications, representations, warranties or covenants set forth in this subsection 2.5(c) by such Class A Purchaser or Participant.

(d) In the event that any Class A Purchaser or Participant holding an interest in Class A Certificates shall breach the certifications, representations, warranties or covenants set forth in this Section 2.5, the Transferor shall have the right to replace such Class A Purchaser or such Participant's lead Class A Purchaser hereunder with a Replacement Purchaser that shall succeed to the rights of such Class A Purchaser under this Agreement and, subject to compliance with the provisos to the last sentence of subsection 2.5(a), such Class A Purchaser shall assign its interest in this Agent and any Class A Certificates owned by it to such Replacement Purchaser in accordance with the provisions of Section 8.1.

2.6 Non-recourse. (a) Except to the extent provided in this Section 2.6, the obligation to repay the Class A Repayment Amount shall be without recourse to the Transferor, the Servicer (or any Person acting on behalf of any of them), the Holder of the Exchangeable Transferor Certificate, the Trust (except to the extent specifically provided for herein or in the Pooling and Servicing Agreement), the Trustee, the Certificateholders or any Affiliate of any of them, and shall be limited solely to amounts payable to the Series 1999-1 Certificateholders under the Pooling and Servicing Agreement. To the extent that such amounts are insufficient to pay the Class A Repayment Amount, the obligation to pay the Class A Repayment Amount shall not constitute a claim against the Transferor, the Servicer (or any Person acting on behalf of any of them), the Holder of the Exchangeable Transferor Certificate, the Trust (except to the extent specifically provided for herein or in the Pooling and Servicing Agreement), the Trustee, the Certificateholders or any Affiliate of any of them. Notwithstanding anything to the contrary contained herein, if the Transferor or the Servicer shall fail to make any payment, deposit or transfer relating to the Series 1999-1 Certificates required to be made pursuant to the Pooling and Servicing Agreement and, as a result of such failure, the amount available to be applied to the Class A Certificates pursuant to the Pooling and Servicing Agreement is reduced to an amount which is less than the amount which otherwise would have been available had such payment, deposit or transfer been made (the amount of any such reduction hereinafter referred to as a "Reduction Amount"), the Transferor or the Servicer, as the case may be, shall repay the Class A Investor Principal Balance, together with interest due thereon in accordance with the Pooling and Servicing Agreement, to the extent of (i) such Reduction Amount and (ii) interest on the portion of the Class A Investor Charge-Offs, if

any, which results from the existence of any Reduction Amount at the Agent Base Rate plus 2.00% per annum.

(b) Subject to and without limiting the foregoing provisions of this Section 2.6, the obligations of the Transferor and the Servicer under this Agreement shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement, irrespective of any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement, the Pooling and Servicing Agreement, the Series 1999-1 Certificates or the Supplement;

(ii) any amendment to or waiver of, or consent to or departure from, this Agreement, the Series 1999-1 Certificates, the Pooling and Servicing Agreement or the Supplement, unless agreed to by the Required Class A Owners and the Required Class A Purchasers or all the Class A Owners and the Required Class A Purchasers if required hereunder;

(iii) the existence of any claim, setoff, defense or other right which the Transferor, the Servicer or the Trustee may have at any time against each other, the Agent, the Administrative Agent or any Class A Purchaser, as the case may be, or any other Person, whether in connection with this Agreement, the Class A Certificates, the Pooling and Servicing Agreement or any unrelated transactions;

(iv) the bankruptcy or insolvency of the Trust or with respect to any party jointly and severally liable with another party hereto, of such other party; or

(v) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing; provided, that, with respect to obligations owing to any Class A Purchaser, the same shall not have constituted gross negligence or willful misconduct of such Class A Purchaser.

2.7 Indemnification. (a) Subject to subsection 9.12(a) hereof in the case of the Transferor, the Transferor and FDSNB, jointly and severally, agree to indemnify and hold harmless the Agent, the Administrative Agent, each Support Bank and each Class A Purchaser and any directors, officers, employees, attorneys, auditors or accountants of such Agent, the Administrative Agent, Support Bank or Class A Purchaser (each such person being referred to as an "Indemnatee") from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which such Indemnatee may incur (or which may be claimed against such Indemnatee) by reason of or in connection with the execution and delivery of, or payment under, this Agreement, the Pooling and Servicing Agreement, the Series 1999-1 Certificates, except (i) to the extent that any such claim, damage, loss, liability, cost or expense shall be caused by the willful misconduct or gross negligence of such Indemnatee, (ii) to the extent that any such claim, damage, loss, liability, cost or expense relates to any Excluded Taxes, (iii) to the extent that any such claim, damage, loss, liability, cost or expense relates to disclosure made by the Agent or a Class A Purchaser in connection with an Assignment or Participation pursuant to Section 8.1 of this Agreement which disclosure is not based on information given to the Agent by or on behalf of the Transferor, the Servicer or the Trustee or (iv) to the extent that such claim, damage, loss, liability, cost or expense shall be caused by a charge off of Receivables. The foregoing indemnity shall include any claims, damages, losses, liabilities, costs or expenses to which any such Indemnatee may become subject under the Securities Act of 1933, as amended (the "Act"), the Securities Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended, or other federal or state law or regulation arising out of or based upon any untrue statement or alleged untrue statement of a material fact in any disclosure

document relating to the Class A Certificates or the Class B Certificates, or any amendments thereof or supplements thereto or arising out of, or based upon, the omission or the alleged omission to state a material fact necessary to make the statements therein or any amendment thereof or supplement thereto, in light of the circumstances in which they were made, not misleading.

(b) Promptly after the receipt by an Indemnitee of a notice of the commencement of any action against an Indemnitee, such Indemnitee will notify the Agent and the Agent will, if a claim in respect thereof is to be made against the Transferor pursuant to subsection 2.7(a) (the "Indemnifying Party"), notify the Indemnifying Party in writing of the commencement thereof; but the omission so to notify such party will not relieve such party from any liability which it may have to such Indemnitee pursuant to subsection 2.7(a). Upon receipt of such notice, the Indemnifying Party shall assume the defense of such action or proceeding, including the employment of counsel satisfactory to the Indemnitee in its reasonable judgment and the payment of all related expenses. Each Indemnitee shall have the right to employ separate counsel in any such action or proceeding and to participate in (but not control) the defense thereof, but the fees and expenses of such counsel shall be at its own expense unless (a) the Indemnifying Party shall have failed to assume or continue to defend such action or proceeding, (b) the named parties to any such action or proceeding (including any impleaded parties) include both such Indemnitee and either the Transferor or another person or entity that may be entitled to indemnification from the Transferor (by virtue of this Agreement or otherwise) and such Indemnitee shall have been advised by counsel that there may be one or more legal defenses available to such Indemnitee which are different from or additional to those available to the Transferor or such other party or shall otherwise have reasonably determined that the co-representation would present such counsel with a conflict of interest, or (c) the Indemnifying Party and the Indemnitee shall have mutually agreed to the retention of separate counsel. Anything contained in this Agreement to the contrary notwithstanding, the Indemnifying Party (i) shall not be entitled to assume the defense of any part of a Third Party Claim that specifically seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnitee, and (ii) shall not (and shall not permit any counsel employed pursuant to this Section 2.7) to enter into any settlement, or agree to the terms of any settlement, without the prior written consent of each Indemnitee that would be affected thereby.

2.8 Termination Events. In the event that any one or more of the following (each, a "Termination Event") shall have occurred:

(a) the failure of the Transferor, the Servicer or the Trustee to make a deposit, payment or withdrawal required hereunder or under any Related Document (determined without regard to the failure of the Servicer to deliver any statement or certificate required hereunder or under the Supplement in order for such deposit, payment or withdrawal to be made) when and as required and such failure continues for five Business Days; provided that the failure of the Transferor to make additional payments pursuant to subsection 2.4(a) or 2.4(b) or Section 2.5 hereof shall not constitute a Termination Event unless such failure continues after the last Business Day of the Monthly Period which follows the Monthly Period in which the Transferor received a request for such payment pursuant to such subsection;

(b) any representation or warranty made herein or in connection with this Agreement by the Transferor, the Servicer or the Trustee shall prove to have been incorrect in any material respect when made, and continues to be incorrect in any material respect for a period of sixty (60) days after receipt of written notice thereof, requiring the

same to be remedied, by the Transferors and the Servicer from the Agent and as a result the interests of the Class A Purchasers or any other them are and continue to be materially and adversely affected;

(c) the failure by the Transferor or the Servicer or, if such failure is reasonably expected to have a material adverse effect on the Class A Investors, by the Trustee, to duly observe or perform any term or provision of this Agreement (except as described in clause (a) above) which is not cured within 60 days after written notice of such failure is given to the defaulting party by the Agent;

(d) the occurrence (whether occurring before or after the commencement of an Amortization Period) of a Trust Pay Out Event, a Series 1999-1 Pay Out Event or a Servicer Default, or the occurrence of an event or condition which would be a Trust Pay Out Event, a Series 1999-1 Pay Out Event or a Servicer Default but for a waiver of or failure to declare or determine such event by the Certificateholders or the Trustee;

(e) the Commitment Expiration Date; or

(f) Market Street Funding Corporation shall not have become a Class A Purchaser hereunder by the ninetieth calendar day after the Closing Date;

then, in the event of a Termination Event described in any of clauses (a) through (d) above, in addition to any other rights or remedies of the Class A Purchasers hereunder or under any Related Documents, (A) the Administrative Agent, at the direction of the Required Class A Owners and of the Required Class A Purchasers (and without regard to whether a similar direction shall have been given pursuant to the Class B Certificate Purchase Agreement) in their discretion, shall deliver a Reserve Account Increase Notice to the Servicer as contemplated by the Supplement, and/or (B) the Administrative Agent, at the direction of the Required Class A Owners and of the Required Class A Purchasers (and without regard to whether a similar direction shall have been given pursuant to the Class B Certificate Purchase Agreement) in their discretion, shall deliver a notice to the Trustee and the Servicer that such Termination Event has occurred and directing that such Termination Event constitute a Series 1999-1 Pay Out Event under subsection 10(g) of the Supplement. In the event that a Termination Event described in clause (e) above shall have occurred, the Agent shall give notice thereof to the Administrative Agent, which shall, without further direction, deliver prompt notice to the Trustee and the Servicer that such Termination Event has occurred and directing that such Termination Event constitute a Series 1999-1 Pay Out Event under subsection 10(g) of the Supplement.

2.9 Certain Agreements of the Agent. If on the thirtieth day after the Closing Date and/or the sixtieth day after the Closing Date (or, in either case, if such day is not a Business Day, the immediately succeeding Business Day) Market Street Funding Corporation has failed to become a Class A Purchaser hereunder, the Agent hereby agrees to notify the Transferor on such thirtieth and/or sixtieth day of the basis for such failure and any actions that are required to be taken by the Transferor, Servicer or any of their affiliates or agents in order for Market Street Funding Corporation to become a Class A Purchaser hereunder.

SECTION 3. CONDITIONS PRECEDENT

3.1 Condition to Initial Purchase. As a condition precedent to the initial purchase by any Class A Purchasers of the Class A Certificates, (i) the Agent on behalf of the Class A Purchasers shall have received on the Closing Date the following items, each of which shall be in form and substance satisfactory to the Agent:

(a) the favorable written opinion of counsel for each of Prime II Receivables Corporation and FDSNB addressed to the Agent and the Class A Purchasers and dated the Closing Date, covering general corporate matters and the due execution and delivery of, and the enforceability of, each of the Related Documents to which it is party and such other matters as the Agent may request;

(b) a copy of (i) the corporate charter and by-laws of, and an incumbency certificate with respect to its officers executing any of the Related Documents on the Closing Date on behalf of, each of Prime II Receivables Corporation and FDSNB, certified by an authorized officer of each such entity, (ii) good standing certificates from the appropriate Governmental Authority as of a recent date with respect to each of Prime II Receivables Corporation and FDSNB and (iii) resolutions of the Board of Director (or an authorized committee thereof) of each of Prime II Receivables Corporation and FDSNB with respect to the Related Documents to which it is party, certified by an authorized officer of each such entity;

(c) the representations and warranties of the Transferor set forth or referred to in Section 4.1 hereof and the representations and warranties of FDSNB set forth or referred to in Section 4.2 hereof shall be true and correct in all material respects on Closing Date as though made on and as of the Closing Date, and the Agent shall have received an Officer's Certificate of the Transferor and of FDSNB, respectively, confirming the satisfaction of the condition set forth in this clause (c);

(d) customary sale/security interest, tax, bankruptcy and non-consolidation opinions, addressed to the Agent and the Class A Purchasers;

(e) an agreed procedures letter from the independent certified public accountants of FDSNB and a certificate of an authorized officer of FDSNB with respect to the accuracy of data previously furnished to the Agent with respect to the Receivables in the Trust, in each case in form and scope satisfactory to the Agent;

(f) an executed copy of the Master Pooling and Servicing Agreement, the Receivables Purchase Agreement and the Supplement;

(g) evidence satisfactory to the Agent that the Class B Certificates having a Class B Initial Invested Amount at least equal to the Required Class B Invested Amount and the Class C Certificates having a Class C Initial Invested Amount at least equal to the Required Class C Invested Amount shall have been duly issued;

(h) evidence satisfactory to the Agent that the initial deposit (if any) in the Reserve Account required by Section 4.9(a) of the Pooling and Servicing Agreement shall have been made;

(i) evidence satisfactory to the Agent of the due execution and delivery of the Related Documents to which it is party by the Trustee; and

(j) all up front fees and expenses agreed and specified in the Class A Fee Letter shall have been paid by the Transferor on the Closing Date; and

(ii) all representations and warranties of the Transferor and the Servicer contained herein shall be true and correct in all material respects on the Closing Date (and after giving effect to the transactions contemplated hereby) and no event which of itself or with the giving of notice or lapse of time, or both, would permit the furnishing of a Reserve Account Increase Notice has occurred and is continuing and the Agent shall have received

an Officer's Certificate of each of the Transferor and the Servicer to such effect.

3.2 Condition to Additional Purchases. The following shall be conditions precedent to each purchase by any Class A Purchasers of VFC Additional Class A Invested Amounts hereunder:

(a) the Transferor shall have timely delivered a Purchase Request pursuant to subsection 2.1(c) of this Agreement;

(b) no Termination Event shall have occurred;

(c) after giving effect to such purchase of VFC Additional Class A Invested Amount, the aggregate Class A Investor Principal Balance shall not exceed the aggregate Commitments of the Committed Class A Purchasers minus the aggregate Commitments of all Defaulting Purchasers;

(d) the conditions set forth in Section 6.15 of the Pooling and Servicing Agreement to the issuance of such VFC Additional Class A Invested Amount shall have been satisfied; and

(e) the representations and warranties of the Transferor contained in Section 4.1 and of FDSNB contained in Section 4.2 shall be true and correct in all material respects on and as of the applicable Purchase Date, as though made on and as of such date, other than the representations and warranties of FDSNB contained in the last sentence of subsection 4.2(f) or in subsection 4.2(h), which shall have been true and correct in all material respects when made and as of the Closing Date, and other than the representations and warranties of the Transferor and of FDSNB set forth in subsection 4.1(l) and subsection 4.2(g), respectively, which shall have been true and correct on all material respects on or as of the respective dates specified therein.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Transferor.

The Transferor repeats and reaffirms to the Class A Purchasers and the Agent the representations and warranties of the Transferor set forth in Sections 2.3 and 2.4 of the Pooling and Servicing Agreement and represents and warrants that such representations and warranties are true and correct as of the date hereof. The Transferor further represents and warrants to, and agrees with, the Agent and each Class A Purchaser that, as of the date hereof:

(a) The Transferor has been duly organized and is validly existing and in good standing as a corporation under the laws of the State of Delaware, with corporate power and authority to own its properties and to transact the business in which it is now engaged, and the Transferor is duly qualified to do business and is in good standing in each State of the United States where the nature of its business requires it to be so qualified.

(b) The Transferor has the full corporate power, authority and legal right to make, execute, deliver and perform the Related Documents to which it is party and all of the transactions contemplated thereby and to issue the Series 1999-1 Certificates from the Trust and has taken all necessary corporate action to authorize the execution, delivery and performance of the Related Documents to which it is party and such issuance. Each of the Related Documents to which it is party constitutes the legal, valid and binding agreement of the Transferor enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and except as such enforceability may be limited by general principles of equity, whether considered in a proceeding

at law or in equity).

(c) The Transferor is not required to obtain the consent of any other party or any consent, license, approval or authorization of, or registration with, any Governmental Authority in connection with the execution, delivery or performance of each of the Related Documents to which it is party that has not been duly obtained and which is not and will not be in full force and effect on the Closing Date.

(d) The execution, delivery and performance of the Related Documents to which it is party by the Transferor do not violate or conflict with any provision of any existing law or regulation applicable to the Transferor or any order or decree of any court to which the Transferor is subject or the Certificate of Incorporation or Bylaws of the Transferor, or any mortgage, security agreement, indenture, contract or other agreement to which the Transferor is a party or by which the Transferor or any significant portion of its properties is bound.

(e) There is no litigation, investigation or administrative proceeding before any court, tribunal, regulatory body or governmental body presently pending, or, to the knowledge of the Transferor, threatened, with respect to any of the Related Documents, the transactions contemplated thereby, or the issuance of the Series 1999-1 Certificates and there is no such litigation or proceeding against the Transferor or any significant portion of its properties which would, individually or in the aggregate, have a material adverse effect on the transactions contemplated by any of the Related Documents or the ability of the Transferor to perform its obligations thereunder.

(f) The Transferor is not insolvent or the subject of any voluntary or involuntary bankruptcy proceedings.

(g) No Pay Out Event, Servicer Default, Termination Event or event permitting the furnishing of a Reserve Account Increase Notice has occurred and is continuing, and no event, act or omission has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute such an event or default.

(h) The Pooling and Servicing Agreement is not required to be qualified under the Trust Indenture Act of 1939, as amended, and neither the Trust nor the Transferor is required to be registered under the Investment Company Act of 1940, as amended.

(i) The Receivables conveyed by the Transferor to the Trust under the Pooling and Servicing Agreement are in an aggregate amount, determined as of July 6, 1999, of \$456,983,326.18. The Receivables Purchase Agreement is in full force and effect on the date hereof and no material default by any party exists thereunder.

(j) The Trust is duly created and existing under the laws of the State of New York. Simultaneous with the closing hereunder, all conditions to the issuance and sale of the Series 1999-1 Certificates set forth in the Pooling and Servicing Agreement have been satisfied and the Series 1999-1 Certificates have been duly issued by the Trust.

(k) Neither the Transferor nor any of its Affiliates has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Act) that is or will be integrated with the sale of the any Series 1999-1 Certificates in a manner that would require the registration under the Act of the offering of the Series 1999-1 Certificates or (ii) engaged in any form of general solicitation or general advertising in connection with the offering of the Series 1999-1 Certificates (as those terms are used in Regulation D under the Act) or in any manner involving a public offering within the

meaning of Section 4(2) of the Act. Assuming the accuracy of the representations and warranties of each Class A Purchaser in its Investment Letter and of each purchaser of Class B Certificates and Class C Certificate in their respective investment letters, the offer and sale of the Series 1999-1 Certificates are transactions which are exempt from the registration requirements of the Act.

(l) All written factual information heretofore furnished by the Transferor to, or for delivery to, the Agent for purposes of or in connection with this Agreement, including, without limitation, information relating to the Accounts and Receivables and the Transferor's and FDSNB's credit card businesses, was true and correct in all material respects on the date as of which such information was stated or certified and remains true and correct in all material respects (unless such information specifically relates to an earlier date in which case such information shall have been true and correct in all material respects on such earlier date).

(m) The Transferor has reviewed the areas within its business and operations which would reasonably be expected to be materially adversely affected by, and have developed or are developing a program to address on a timely basis, the internal "Year 2000 Problem" (that is, the risk that computer applications used by the Transferor may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and has made related appropriate inquiry of material suppliers and vendors. The "Year 2000 Problem" will not have a material adverse effect on the interests of the Class A Purchasers or the Agent hereunder or under the Pooling and Servicing Agreement.

4.2 Representations and Warranties of FDSNB. FDSNB repeats and reaffirms to the Class A Purchasers and the Agent the representations and warranties of the Servicer set forth in Section 3.3 of the Pooling and Servicing Agreement and represents and warrants that such representations and warranties are true and correct as of the date hereof. FDSNB further represents and warrants to, and agrees with, the Agent and each Class A Purchaser that, as of the date hereof:

(a) FDSNB has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States of America, with corporate power and authority to own its properties and to transact the business in which it is now engaged, and FDSNB is duly qualified to do business (or is exempt from such qualification) and is in good standing in each State of the United States where the nature of its business requires it to be so qualified. FDSNB is an insured depository institution under Section 4(a) of the Federal Deposit Insurance Act.

(b) FDSNB has the full corporate power, authority and legal right to make, execute, deliver and perform the Related Documents to which it is party and all the transactions contemplated thereby and has taken all necessary corporate action to authorize the execution, delivery and performance of the Related Documents to which it is party. Each of the Related Documents to which it is party constitutes the legal, valid and binding agreement of FDSNB enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and the rights of creditors of national banking associations and except as such enforceability may be limited by general principles of equity, whether considered in a proceeding at law or in equity).

(c) FDSNB is not required to obtain the consent of any other party or any consent, license, approval or authorization of, or registration with, any Governmental Authority in connection with the execution, delivery or performance of each of the Related Documents to which it is party

that has not been duly obtained and which is not and will not be in full force and effect on the Closing Date.

(d) The execution, delivery and performance of each of the Related Documents to which it is party by FDSNB do not violate or conflict with any provision of any existing law or regulation applicable to FDSNB or any order or decree of any court to which FDSNB is subject or the Articles of Association or Bylaws of FDSNB, or any mortgage, security agreement, indenture, contract or other agreement to which FDSNB is a party or by which FDSNB or any significant portion of FDSNB's properties is bound.

(e) There is no litigation, investigation or administrative proceeding before any court, tribunal, regulatory body or governmental body presently pending, or, to the knowledge of FDSNB, threatened, with respect to the Related Documents, the transactions contemplated thereby, or the issuance of the Series 1999-1 Certificates, and there is no such litigation or proceeding against FDSNB or any significant portion of its properties which would, individually or in the aggregate, have a material adverse effect on the transactions contemplated by any of the Related Documents or the ability of FDSNB, in its capacity as Servicer or otherwise, to perform its obligations thereunder.

(f) FDSNB is not insolvent or the subject of any insolvency or liquidation proceeding. The financial statements of FDSNB delivered to the Agent are complete and correct in all material respects and fairly present the financial condition of FDSNB as of date of such statements and the results of operations of FDSNB for the period then ended, all in accordance with regulatory accounting principles consistently applied. Since the date of the most recent audited financial statements of FDSNB delivered to the Agent, there has not been any material adverse change in the condition (financial or otherwise) of FDSNB.

(g) All written factual information heretofore furnished by FDSNB to, or for delivery to, the Agent for purposes of or in connection with this Agreement, including, without limitation, information relating to the Accounts and Receivables and the Transferor's and FDSNB's VISAr credit card businesses, was true and correct in all material respects on the date as of which such information was stated or certified and remains true and correct in all material respects (unless such information specifically relates to an earlier date in which case such information shall have been true and correct in all material respects on such earlier date).

(h) There are no outstanding comments from the most recent report prepared by FDSNB's (in its capacity as Servicer) independent public accountants in connection with its VISAr credit card receivables.

(i) No Pay Out Event, Servicer Default, Termination Event or event permitting the furnishing of a Reserve Account Increase Notice has occurred and is continuing, and no event, act or omission has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute such an event or default.

(j) FDSNB has reviewed the areas within its business and operations which would reasonably be expected to be materially adversely affected by, and have developed or are developing a program to address on a timely basis, the internal "Year 2000 Problem" (that is, the risk that computer applications used by the FDSNB may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and has made related appropriate inquiry of material suppliers and vendors. The "Year 2000 Problem" will not have a material adverse effect on the interests of the Class A Purchasers or the Agent hereunder or under the Pooling and Servicing Agreement.

4.3 Representations and Warranties of the Agent and

the Class A Purchasers. Each of the Agent and the Class A Purchasers represents and warrants to, and agrees with, the Transferor and the Servicer, that:

(a) It is duly authorized to enter into and perform this Agreement and to purchase its Commitment Percentage (if any) of the Class A Certificates, and has duly executed and delivered this Agreement; and the person signing this Agreement on behalf of such Class A Purchaser has been duly authorized by such Class A Purchaser to do so.

(b) This Agreement constitutes the legal, valid and binding obligation of such Class A Purchaser, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, conservatorship or other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general, and except as such enforceability may be limited by general principles of equity (whether considered in a proceeding at law or in equity).

(c) No registration with or consent or approval of or other action by any state or local governmental authority or regulatory body having jurisdiction over such Class A Purchaser is required in connection with the execution, delivery or performance by such Class A Purchaser of this Agreement other than as may be required under the blue sky laws of any state.

SECTION 5. COVENANTS

5.1 Covenants of the Transferor and FDSNB. Each of the Transferor and FDSNB (individually or, as set forth below, as the Servicer) covenants and agrees, so long as any amount of the Class A Investor Principal Balance shall remain outstanding or any monetary obligation arising hereunder shall remain unpaid, unless the Required Class A Owners and the Required Class A Purchasers shall otherwise consent in writing, that:

(a) each of the Transferor and the Servicer shall perform in all material respects each of the respective agreements, warranties and indemnities applicable to it and comply in all material respects with each of the respective terms and provisions applicable to it hereunder and under the other Related Documents to which it is party, which agreements are hereby incorporated by reference into this Agreement as if set forth herein in full; and each of the Transferor and the Servicer shall take all reasonable action to enforce the obligations of each of the other parties to such Related Documents which are contained therein;

(b) the Transferor and the Servicer shall furnish to the Agent (i) a copy of each opinion, certificate, report, statement, notice or other communication (other than investment instructions) relating to the Series 1999-1 Certificates which is furnished by or on behalf of either of them to Certificateholders, to any Rating Agency or to the Trustee and furnish to the Agent after receipt thereof, a copy of each notice, demand or other communication relating to the Series 1999-1 Certificates, this Agreement or the Pooling and Servicing Agreement received by the Transferor or the Servicer from the Trustee, any Rating Agency or 15% or more of the Series 1999-1 Certificateholders (to the extent such notice, demand or communication relates to the Accounts, the Receivables, any Servicer Default or any Pay Out Event); and (ii) such other information, documents records or reports respecting the Trust, the Receivables, the Transferor, FDSNB or the Servicer as the Agent may from time to time reasonably request without unreasonable expense to the Transferor or the Servicer;

(c) the Servicer shall furnish to the Agent on or before the date such reports are due under the Pooling and Servicing Agreement copies of each of the reports and certificates required by subsection 3.4(b) and Sections 3.5 and

3.6 of the Pooling and Servicing Agreement;

(d) the Servicer shall promptly furnish to the Agent a copy, addressed to the Agent, of each opinion of counsel delivered to the Trustee pursuant to Section 13.2(d) of the Pooling and Servicing Agreement;

(e) FDSNB shall furnish to the Agent (i) a copy of its annual Call Report promptly after it becomes available, (ii) an annual certificate dated within 90 days after the end each of its fiscal years stating its compliance (or failure to comply) with each minimum ratio of total capital and core capital to risk-weighted assets required by Governmental Authorities in accordance with the implementation of the Basle Accord;

(f) the Servicer shall furnish to the Agent a certificate concurrently with its delivery of its annual certificate pursuant to Section 3.5 of the Pooling and Servicing Agreement stating that no Termination Event (other than a Termination Event described in clause (e) of subsection 2.8) or event or condition which with the passage of time or the giving of notice, or both, would constitute such a Termination Event or, if such Termination Event, event or condition has occurred, identifying the same in reasonable detail;

(g) the Transferor shall not exercise its right to accept optional reassignment of the Receivables or repurchase the Series 1999-1 Certificates pursuant to Sections 10.2 or 12.2 of the Pooling and Servicing Agreement or Section 3 of the Supplement, unless the Class A Purchasers have been paid, or will be paid upon such repurchase or in connection with such optional reassignment, the Class A Investor Principal Balance, all interest thereon and all other amounts owing hereunder in full;

(h) the Transferor and the Servicer shall at any time from time to time during regular business hours, on reasonable notice to the Transferor or the Servicer, as the case may be, permit the Agent, or its agents or representatives to:

(i) examine all books, records and documents (including computer tapes and disks) in its possession or under its control relating to the Receivables, and

(ii) visit its offices and property for the purpose of examining such materials described in clause (i) above.

The information obtained by the Agent or any Class A Purchaser pursuant to this subsection shall be held in confidence in accordance with Section 6.2 hereof;

(i) the Servicer shall furnish to the Agent, promptly after the occurrence of any Servicer Default, Termination Event, Pay Out Event or any event which would permit the furnishing of a Reserve Account Increase Notice, a certificate of an appropriate officer of the Servicer setting forth the circumstances of such Servicer Default, Pay Out Event, Termination Event or event and any action taken or proposed to be taken by the Servicer or the Transferor with respect thereto;

(j) the Transferor and the Servicer shall timely make all payments, deposits or transfers and give all instructions to transfer required by this Agreement and the Pooling and Servicing Agreement;

(k) the Transferor shall not terminate (except in accordance with the terms thereof), amend, waive or otherwise modify the Pooling and Servicing Agreement or the Supplement unless (i) such amendment, waiver or modification shall not, as evidenced by an Officer's Certificate of the Transferor delivered to the Agent, adversely affect in any material respect the interests of the Agent or the Class A Purchasers under this Agreement or the Pooling and Servicing Agreement, and will not

result in a reduction or withdrawal of the then current rating by any Rating Agency of any commercial paper notes issued by any Structured Purchaser; (ii) all of the provisions of Section 13.1 of the Pooling and Servicing Agreement have been complied with and (iii) in the case of any amendment of the Supplement, any amendment to be effected pursuant to subsection 13.1(b) of the Pooling and Servicing Agreement or any amendment to the interest rate to be borne by the Class B Certificates or the Class C Certificates, the prior written consent thereto shall have been provided by the Required Class A Owners and the Required Class A Purchasers;

(l) the Transferor and the Servicer shall execute and deliver to the Agent all such documents and instruments and do all such other acts and things as may be necessary or reasonably required by the Agent or the Trustee to enable the Trustee or the Agent to exercise and enforce their respective rights under this Agreement and the Pooling and Servicing Agreement and to realize thereon, and record and file and rerecord and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the Trustee or the Agent to validate, preserve, perfect and protect the position of the Trustee under the Pooling and Servicing Agreement;

(m) without the prior written consent of the Required Class A Owners and the Required Class A Purchasers, the Transferor will not appoint (or cause to be appointed) a successor Trustee;

(n) neither the Transferor nor the Servicer will consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, except (i) in accordance with Section 7.2 or 8.2 of the Pooling and Servicing Agreement, with respect to the Transferor or the Servicer, respectively, and (ii) so long as (A) the obligations of the Transferor or the Servicer, as the case may be, under this Agreement and any other document executed and delivered in connection herewith shall be expressly assumed in writing by the transferee, purchaser or successor corporation, (B) the Transferor or the Servicer, as the case may be, has delivered to the Agent an Officer's Certificate of the Transferor or the Servicer and an Opinion of Counsel addressed to the Agent and each Class A Purchaser meeting the requirements of subsection 7.2(a)(ii) or 8.2(ii) of the Pooling and Servicing Agreement, as appropriate, as provided in such agreement, (C) the Transferor or the Servicer, as the case may be, has delivered to the Agent a copy of the notice to the Rating Agencies delivered pursuant to subsection 7.2(a)(iii) or 8.2(iii) of the Pooling and Servicing Agreement, and (D) such consolidation, merger or transfer, in the reasonable judgment of the Transferor and the Servicer, will not have a material adverse effect on the interests of the Class A Purchasers hereunder or under the Pooling and Servicing Agreement;

(o) the Transferor shall not reduce or withdraw any Discount Percentage then in effect unless such reduction or withdrawal (i) would not in the reasonable belief of the Transferor cause a Pay Out Event with respect to the Series 1999-1 Certificates or an event which, with notice or lapse of time or both, would constitute such a Pay Out Event to occur or (ii) is consented to by the Required Class A Owners and the Required Class A Purchasers;

(p) the Transferor and FDSNB will not make any material amendment, modification or change to, or provide any waiver under, the Receivables Purchase Agreement without the prior written consent of the Required Class A Owners and the Required Class A Purchasers;

(q) the Transferor will not incur, permit or suffer to exist any lien, charge or other adverse claim on the Minimum Transferor Amount in the Trust;

(r) the Transferor will not engage in any business other than the transactions contemplated by this Agreement and the Related Documents;

(s) the Transferor will not (i) incur any liabilities or indebtedness, other than pursuant to this Agreement and the Related Documents or reasonably related thereto, (ii) incur or permit or suffer to exist any lien, charge or encumbrance on any of its properties or assets, other than as provided for in the Pooling and Servicing Agreement, (iii) make any investments other than in Cash Equivalents or (iv) make any capital expenditures other than those reasonably required for its performance of its obligations hereunder and under the Related Documents;

(t) the Transferor will not amend, modify or otherwise make any change to its Certificate of Incorporation if such amendment, modification or other change would have a material adverse effect on the interests of the Class A Purchasers, would affect any provisions thereof relating to the commencement of a voluntary bankruptcy proceeding or which is inconsistent with the assumptions set forth in the legal opinion of Jones, Day, Reavis & Pogue, counsel to FDSNB and the Transferor, issued in connection with this Agreement and the transactions contemplated hereby and relating to the issues of substantive consolidation; and

(u) Each of the Transferor and FDSNB will (i) review the areas within its business and operations which would reasonably be expected to be materially adversely affected by, and will develop and implement a program to address on a timely basis, the internal "Year 2000 Problem", and will make related appropriate inquiry of material suppliers and vendors and (ii) notify the Agent promptly if any auditor, regulator, or third party consultant issues a management letter or other communication regarding the Year 2000 exposure, program or progress of the Transferor or FDSNB.

SECTION 6. MUTUAL COVENANTS REGARDING CONFIDENTIALITY

6.1 Covenants of Transferor, Etc. The Transferor and the Servicer shall hold in confidence, and not disclose to any Person, the terms of any fees payable in connection with this Agreement except they may disclose such information (i) to their officers, directors, employees, agents, counsel, accountants, auditors, advisors or representatives, (ii) with the consent of the Required Class A Purchasers and Agent, or (iii) to the extent the Transferor or the Servicer or any Affiliate of either of them should be required by any law or regulation applicable to it or requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (iii), the Transferor or the Servicer, as the case may be, will use all reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Agent of its intention to make any such disclosure prior to making such disclosure.

6.2 Covenants of Class A Purchasers. The Agent and each Class A Purchaser covenants and agrees that any information obtained by the Agent or such Class A Purchaser pursuant to this Agreement shall be held in confidence (it being understood that documents provided to the Agent hereunder may in all cases be distributed by the Agent to the Class A Purchasers) except that the Agent or such Class A Purchaser may disclose such information (i) to its officers, directors, employees, agents, counsel, accountants, auditors, advisors or representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Agent or such Class A Purchaser, (iii) to the extent such information was available to the Agent or such Class A Purchaser on a nonconfidential basis prior to its disclosure to the Agent or such Class A Purchaser hereunder, (iv) with the consent of the Transferor, (v) to the extent permitted by Section 8.1, (vi) to

the extent the Agent or such Class A Purchaser should be (A) required in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information or (vii) in the case of any Class A Purchaser that is a Structured Lender, to rating agencies, placement agents and providers of liquidity and credit support who agree to hold such information in confidence; provided, that, in the case of clause (vi) above, the Agent or such Class A Purchaser, as applicable, will use all reasonable efforts to maintain confidentiality and, in the case of clause (vi)(A) above, will (unless otherwise prohibited by law) notify the Transferor of its intention to make any such disclosure prior to making any such disclosure.

SECTION 7. THE AGENTS

7.1 Appointment. (a) Each Class A Purchaser hereby irrevocably designates and appoints the Agent as the agent of such Class A Purchaser under this Agreement, and each such Class A Purchaser irrevocably authorizes the Agent, as the agent for such Class A Purchaser, to take such action on its behalf under the provisions of the Related Documents and to exercise such powers and perform such duties thereunder as are expressly delegated to the Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Class A Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent.

(b) Each Class A Purchaser hereby irrevocably designates and appoints the Administrative Agent as the agent of such Class A Purchaser under the Pooling and Servicing Agreement, and each such Class A Purchaser irrevocably authorizes the Administrative Agent, as the agent for such Class A Purchaser, to take such action on its behalf under the provisions of the Pooling and Servicing Agreement and to exercise such powers thereunder as are expressly granted to the Administrative Agent by the terms of the Pooling and Servicing Agreement, subject to the terms and conditions of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the Pooling and Servicing Agreement, or any fiduciary relationship with any Class A Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

7.2 Delegation of Duties. The Agent and the Administrative Agent may execute any of its duties under this Agreement or any of the other Related Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Agent nor the Administrative Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

7.3 Exculpatory Provisions. Neither the Agent nor the Administrative Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable to any of the Class A Purchasers for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any of the other Related Documents (except for its or such Person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Class A Purchasers for any recitals, statements, representations or warranties made by the Transferor, the Servicer or the Trustee or any officer thereof contained in this Agreement or any of the other Related Documents or in any

certificate, report, statement or other document referred to or provided for in, or received by the Agent or the Administrative Agent under or in connection with, this Agreement or any of the other Related Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any of the other Related Documents or for any failure of the Transferor, the Servicer or the Trustee to perform its obligations hereunder or thereunder. Neither the Agent nor the Administrative Agent shall be under any obligation to any Class A Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the other Related Documents, or to inspect the properties, books or records of the Transferor, the Servicer, the Trustee or the Trust.

7.4 Reliance by Agent. The Agent and the Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, written statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Agent or the Administrative Agent), independent accountants and other experts selected by the Agent or the Administrative Agent. The Agent and the Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any of the other Related Documents unless it shall first receive such advice or concurrence of the Required Class A Purchasers as it deems appropriate or it shall first be indemnified to its satisfaction by the Class A Purchasers or of the Committed Class A Purchasers against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent and the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any of the other Related Documents in accordance with a request of the Required Class A Owners and the Required Class A Purchasers and such request and any action taken or failure to act pursuant thereto shall be binding upon all present and future Class A Purchasers.

7.5 Notices. The Agent shall not be deemed to have knowledge or notice of the occurrence of any breach of this Agreement or the occurrence of any Pay Out Event or any Termination Event unless the Agent has received notice from the Transferor, the Servicer, the Trustee or any Class A Purchaser referring to this Agreement, describing such event. In the event that the Agent receives such a notice, the Agent promptly shall give notice thereof to the Class A Owners and the Required Class A Purchasers. The Agent shall take such action with respect to such event as shall be reasonably directed by the Required Class A Owners and the Required Class A Purchasers; provided that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the Class A Purchasers.

7.6 Non-Reliance on Agent and Other Class A Purchasers. Each Class A Purchaser expressly acknowledges that neither the Agent nor the Administrative Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent or the Administrative Agent hereafter taken, including any review of the affairs of the Transferor, the Servicer, the Trustee or the Trust shall be deemed to constitute any representation or warranty by the Agent or the Administrative Agent to any Class A Purchaser. Each Class A Purchaser represents to the Agent and the Administrative Agent that it has, independently and without reliance upon the Agent or any other Class A Purchaser, and based on such documents and information as it has deemed appropriate, made its own appraisal

of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Trust, the Trustee, the Transferor and the Servicer and made its own decision to purchase its Class A Certificate hereunder and enter into this Agreement. Each Class A Purchaser also represents that it will, independently and without reliance upon the Agent or the Administrative Agent or any other Class A Purchaser, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis, appraisals and decisions in taking or not taking action under this Agreement or any of the other Related Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Trust, the Trustee, the Transferor and the Servicer. Except for notices, reports and other documents received by the Agent under Section 5 hereof, the Agent shall not have any duty or responsibility to provide any Class A Purchaser with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of the Trust, the Trustee, the Transferor or the Servicer which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

7.7 Indemnification. The Committed Class A Purchasers agree to indemnify the Agent and the Administrative Agent in its capacity as such (without limiting the obligation of the Transferor, the Trust or the Servicer to reimburse the Agent or the Administrative Agent for any such amounts), ratably according to their respective Commitment Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the obligations under this Agreement, including the Class A Invested Amount) be imposed on, incurred by or asserted against the Agent or the Administrative Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Agent or the Administrative Agent under or in connection with any of the foregoing; provided that no Class A Purchaser shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of the Agent or the Administrative Agent resulting from its own gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the obligations under this Agreement, including the Class A Invested Amount.

7.8 Agents in Their Individual Capacities. The Agent, the Administrative Agent and their Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Trust, the Trustee, the Servicer and the Transferor as though the Agent and the Administrative Agent were not the agents hereunder. Each Class A Purchaser acknowledges that PNC may act (i) as administrator and agent for one or more Structured Purchasers and in such capacity acts and may continue to act on behalf of each such Structured Purchaser in connection with its business and (ii) as the agent for certain financial institutions under the liquidity and credit enhancement agreements relating to this Agreement to which any such Structured Purchaser is party and in various other capacities relating to the business of any such Structured Purchaser under various agreements. PNC in its capacity as the Agent shall not, by virtue of its acting in any such other capacities, be deemed to have duties or responsibilities hereunder or be held to a standard of care in connection with the performance of its duties as the Agent or the Administrative Agent other than as expressly provided in this Agreement. PNC may act as the Agent and the Administrative Agent without regard to and without additional duties or liabilities arising from its role as such administrator or agent or arising from its acting in any such other capacity.

7.9 Successor Agent. (a) The Agent may resign as Agent upon ten days' notice to the Class A Purchasers, the Trustee, the Transferor and the Servicer with such resignation becoming effective upon a successor agent succeeding to the rights, powers and duties of the Agent pursuant to this subsection 7.9(a). If the Agent shall resign as Agent under this Agreement, then the Required Class A Purchasers and the Required Class A Owners shall appoint from among the Committed Class A Purchasers a successor agent for the Class A Purchasers. The successor agent shall succeed to the rights, powers and duties of the Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. After the retiring Agent's resignation as Agent, the provisions of this Section 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

(b) The Administrative Agent may resign as Administrative Agent upon ten days' notice to the Class A Purchasers, the Class B Purchasers (as defined in the Class B Certificate Purchase Agreement), the Trustee, the Transferor and the Servicer with such resignation becoming effective upon a successor agent succeeding to the rights, powers and duties of the Administrative Agent pursuant to this subsection 7.9(b). If the Administrative Agent shall resign as Administrative Agent under this Agreement, then the Required Class A Purchasers and the Required Class A Owners shall appoint from among the Committed Class A Purchasers hereunder or under the Class B Certificate Purchase Agreement a successor Administrative Agent of the Class A Certificateholders and Class B Certificateholders as provided in the Supplement; provided that no such appointment shall be effective unless such successor is also appointed as successor Administrative Agent under the Class B Certificate Purchase Agreement. The successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon its appointment, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement. After the retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 8. SECURITIES LAWS; TRANSFERS; TAX TREATMENT

8.1 Transfers of Class A Certificates. (a) Each Class A Owner agrees that the beneficial interest in the Class A Certificates purchased by it will be acquired for investment only and not with a view to any public distribution thereof, and that such Class A Owner will not offer to sell or otherwise dispose of any Class A Certificate acquired by it (or any interest therein) in violation of any of the registration requirements of the Act or any applicable state or other securities laws. Each Class A Owner acknowledges that it has no right to require the Transferor to register, under the Act or any other securities law, the Class A Certificates (or the beneficial interest therein) acquired by it pursuant to this Agreement or any Transfer Supplement. Each Class A Owner hereby confirms and agrees that in connection with any transfer or syndication by it of an interest in the Class A Certificates, such Class A Owner has not engaged and will not engage in a general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. Each initial Class A Owner agrees with the Transferor that it will execute and deliver to the Transferor, the Servicer and the Trustee on or before the Closing Date a

letter in the form attached hereto as Exhibit A (an "Investment Letter") with respect to the purchase by such Class A Owner of a beneficial interest in the Class A Certificates.

(b) Each initial purchaser of a Class A Certificate or any interest therein and any Assignee thereof or Participant therein shall certify to the Transferor, the Servicer and the Trustee that it is either (A)(i) a citizen or resident of the United States, (ii) a corporation or other entity organized in or under the laws of the United States or any political subdivision thereof which, if such entity is a tax-exempt entity, recognizes that payments with respect to the Class A Certificates may constitute unrelated business taxable income or (iii) a person not described in (i) or (ii) whose income from the Class A Certificates is and will be effectively connected with the conduct of a trade or business within the United States (within the meaning of the Code) and whose ownership of any interest in a Class A Certificate will not result in any withholding obligation with respect to any payments with respect to the Class A Certificates by any Person (other than withholding, if any, under Section 1446 of the Code) and who will furnish to the Servicer and the Trustee, and to the Class A Owner making the Transfer a properly executed U.S. Internal Revenue Service Form 4224 (and to agree (to the extent legally able) to provide a new Form 4224 upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable United States laws) or (B) an estate or trust the income of which is includible in gross income for United States federal income tax purposes.

(c) Any sale, transfer, assignment, participation, pledge, hypothecation or other disposition (a "Transfer") of a Class A Certificate or any interest therein may be made only in accordance with this Section 8.1 and in accordance with and subject to the applicable limitations set forth in Section 6.18 of the Pooling and Servicing Agreement. Any Transfer of an interest in a Class A Certificate, a Commitment or any Noncommitted Purchaser Percentage, when combined with any substantially concurrent Transfers hereunder between the same parties and any substantially concurrent Transfer of an interest in a Class B Certificate or a Commitment or Noncommitted Purchaser Percentage (as such terms are defined for purposes of the Class B Certificate Purchase Agreement) between the same parties, shall be in respect of (i) in the case of a Committed Class A Purchaser, at least \$5,000,000 in the aggregate, which may be composed of any one or more of (A) Class A Invested Amount, (B) to the extent in excess of the Class A Invested Amount subject to such Transfer, Commitment hereunder, (C) Class B Invested Amount, and (D) to the extent in excess of the Class B Invested Amount subject to such concurrent Transfer, Commitment under the Class B Certificate Purchase Agreement, or (ii) in the case of a Noncommitted Class A Purchaser, at least \$5,000,000 in the aggregate, which may be composed of any one or more of (A) Class A Invested Amount, (B) to the extent in excess of the Class A Invested Amount subject to such Transfer, the product of the Noncommitted Purchaser Percentage subject to such Transfer times the aggregate Commitments hereunder, (C) Class B Invested Amount and (D) to the extent in excess of the Class B Invested Amount subject to such concurrent Transfer, the product of the Noncommitted Purchaser Percentage under the Class B Certificate Purchase Agreement subject to such Transfer times the aggregate Commitments under the Class B Certificate Purchase Agreement. Any Transfer of an interest in a Class A Certificate otherwise permitted by this Section 8.1 will be permitted only if it consists of a pro rata percentage interest in all payments made with respect to the Class A Purchaser's beneficial interest in such Class A Certificate. No Class A Certificate or any interest therein may be Transferred by assignment or Participation to any Person (each, a "Transferee") unless prior to the transfer the Transferee shall have executed and delivered to the Agent and the Transferor an Investment Letter and, except for any Transfer to an Eligible Transferee, each of the Transferor and the Servicer shall have granted its prior consent thereto; provided that in

the event of a Transfer from a Class A Purchaser to one of its Affiliates or to a Person which, prior to such Transfer, is a Class A Purchaser of all of its interest in the Class A Certificates the transferring Class A Purchaser shall provide the Transferor and the Servicer with five (5) Business Days prior written notice thereof and the prior consent of the Transferor and the Servicer shall not be required for such Transfer.

Each of the Transferor and the Servicer authorizes each Class A Purchaser to disclose to any Transferee and Support Bank and any prospective Transferee or Support Bank any and all financial information in the Class A Purchaser's possession concerning the Trust, the Transferor or the Servicer which has been delivered to the Agent or such Class A Purchaser by or on behalf of the Trust or the Transferor or the Servicer pursuant to this Agreement (including information obtained pursuant to rights of inspection granted hereunder) or the other Related Documents or which has been delivered to such Class A Purchaser by or on behalf of the Trust, the Transferor or the Servicer in connection with such Class A Purchaser's credit evaluation of the Trust, the Transferor or the Servicer prior to becoming a party to, or purchasing an interest in this Agreement or the Class A Certificates; provided that prior to any such disclosure, such Transferee or Support Bank or prospective Transferee or Support Bank shall have executed an agreement agreeing to be bound by the provisions of Section 6.2 hereof.

(d) Each Class A Purchaser may, in accordance with applicable law, at any time grant participations in all or part of its interest in its Commitment or in the Class A Certificates including the payments due to it under this Agreement and the Pooling and Servicing Agreement (each, a "Participation") to any Person (each, a "Participant"); provided, however, that no Participation shall be granted to any Person unless and until the Agent shall have consented thereto and the conditions to Transfer specified in this Agreement and the Pooling and Servicing Agreement, including in subsection 8.1(c) hereof and Section 6.18 of the Pooling and Servicing Agreement, shall have been satisfied and that such Participation consists of a pro rata percentage interest in all payments made with respect to such Class A Purchaser's beneficial interest (if any) in the Class A Certificates. In connection with any such Participation, the Agent shall maintain a register of each Participant and the amount of each Participation. Each Class A Purchaser hereby acknowledges and agrees that (A) any such Participation will not alter or affect such Class A Purchaser's direct obligations hereunder, and (B) neither the Trustee, the Transferor nor the Servicer shall have any obligation to have any communication or relationship with any Participant. Each Class A Purchaser and each Participant shall comply with the provisions of subsection 2.5(c). No Participant shall be entitled to Transfer all or any portion of its Participation, without the prior written consent of the Agent. The Transferor shall be obligated to indemnify a Participant for all amounts owing to it under Sections 2.4, 2.5 and 2.7 as if such Participant were a Class A Purchaser hereunder, but, in the case of Sections 2.4 and 2.5, only in an amount not in excess of the amounts which would have been owing thereunder had such Participation not been granted and, in the case of Section 2.5, provided that such Participant has complied with the provisions of subsection 2.5(c) as if it were a Class A Purchaser. Each Class A Purchaser shall give the Agent notice of the consummation of any sale by it of a Participation and the Agent (upon receipt of notice from the related Class A Purchaser) shall promptly notify the Transferor, the Servicer and the Trustee.

(e) Each Class A Purchaser may, with the consent of the Agent and in accordance with applicable law, sell or assign (each, an "Assignment"), to any Person (each, an "Assignee") which is an Eligible Assignee (or is otherwise consented to in writing by the Transferor and the Servicer) all or any part of its interest in its Commitment or in the Class A Certificates and its rights and obligations under this Agreement and the Pooling

and Servicing Agreement pursuant to an agreement substantially in the form attached hereto as Exhibit C hereto (a "Transfer Supplement"), executed by such Assignee and the Class A Purchaser and delivered to the Agent for its acceptance and consent; provided, however, that no such assignment or sale shall be effective unless and until the conditions to Transfer specified in this Agreement and the Pooling and Servicing Agreement, including in subsection 8.1(c) hereof and Section 6.18 of the Pooling and Servicing Agreement, shall have been satisfied; and provided further, however, that no such assignment or sale to an Assignee which would become a Committed Class A Purchaser shall be effective unless either (i) the commercial paper notes or the short-term obligations of such Assignee are rated at least A-1 by Standard & Poor's and P-1 by Moody's or (ii) such assignment or sale shall have been consented to by all Class A Purchasers. From and after the effective date determined pursuant to such Transfer Supplement, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Transfer Supplement, have the rights and obligations of a Class A Purchaser hereunder as set forth therein and (y) the transferor Class A Purchaser shall, to the extent provided in such Transfer Supplement, be released from its Commitment and other obligations under this Agreement; provided, however, that after giving effect to each such Assignment, the obligations released by any such Class A Purchaser shall not exceed the obligations assumed by an Assignee or Assignees. Such Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Assignee and the resulting adjustment of Percentage Interests, Noncommitted Purchaser Percentages or Commitment Percentages arising from the Assignment. Upon its receipt of a duly executed Transfer Supplement, the Agent shall on the effective date determined pursuant thereto give notice of such acceptance to the Transferor, the Servicer and the Trustee and the Servicer will provide notice thereof to each Rating Agency (if required).

Upon surrender for registration of transfer of a Class A Purchaser's beneficial interest in the Class A Certificates (or portion thereof) and delivery to the Transferor and the Trustee of an Investment Letter, executed by the registered owner (and the beneficial owner if it is a Person other than the registered owner), and receipt by the Trustee of a copy of the duly executed related Transfer Supplement and such other documents as may be required under this Agreement, such beneficial interest in the Class A Certificates (or portion thereof) shall be transferred in the records of the Trustee and the Agent and, if requested by the Assignee, new Class A Certificates shall be issued to the Assignee and, if applicable, the transferor Class A Purchaser in amounts reflecting such Transfer as provided in the Pooling and Servicing Agreement. Such Transfers of Class A Certificates (and interests therein) shall be subject to this Section 8.1 in lieu of any regulations which may be prescribed under Section 6.3 of the Pooling and Servicing Agreement. Successive registrations of Transfers as aforesaid may be made from time to time as desired, and each such registration of a transfer to a new registered owner shall be noted on the Certificate Register.

(f) Each Class A Purchaser may pledge its interest in the Class A Certificates to any Federal Reserve Bank as collateral in accordance with applicable law.

(g) Any Class A Purchaser shall have the option to change its Investing Office, provided that such Class A Purchaser shall have prior to such change in office complied with the provisions of subsection 2.5(c) and provided further that such Class A Purchaser shall not be entitled to any amounts otherwise payable under Section 2.4 or 2.5 resulting solely from such change in office unless such change in office was mandated by applicable law or by such Class A Purchaser's compliance with the provisions of this Agreement.

(h) Each Affected Party which, on the date it

became an Affected Party, was an Eligible Assignee or was consented to by the Transferor and the Servicer shall be entitled to receive additional payments pursuant to Sections 2.4, 2.5 and 2.7 hereof as though it were a Class A Purchaser and such Section applied to its interest in or commitment to acquire an interest in the Class A Certificates; provided that such Affected Party shall not be entitled to additional payments pursuant to (i) Section 2.4 by reason of Regulatory Changes which occurred prior to the date it became an Affected Party or (ii) Section 2.5 attributable to its failure to satisfy the requirements of subsection 2.5(c) as if it were a Class A Purchaser.

(i) If any increased amounts referred to in Sections 2.4 or 2.5 owing to any Affected Party are not eliminated or reduced by the designation of a different Investing Office or other actions taken pursuant to subsection 2.4(c) and payment thereof hereunder is not waived by such Affected Party within 45 days after the Transferor or the Servicer shall have given notice to such Affected Party, its related Class A Purchaser and the Agent of the intent of the Transferor to exercise its rights under this sentence, the Transferor shall have the right to replace such related Class A Purchaser hereunder with a Replacement Purchaser; provided, that (x) such related Class A Purchaser shall not be replaced hereunder until such related Class A Purchaser has been paid in full all amounts owed to it hereunder and with respect to its interest in the Class A Certificates and (y) if the related Class A Purchaser is the Agent or the Administrative Agent or, unless otherwise agreed by the Agent and the Administrative Agent, a Structured Purchaser sponsored or administered by the Administrative Agent or the Agent (in its individual capacity), a replacement Agent and Administrative Agent shall have been appointed in accordance with Section 7.9 and the Agent and the Administrative Agent to be replaced shall have been paid in full all amounts owed to it hereunder.

(j) Each Affected Party claiming increased amounts described in Sections 2.4 or 2.5 shall furnish, through its related Structured Purchaser, to the Trustee, the Agent, the Servicer and the Transferor a certificate setting forth any action taken by such Affected Party to reduce or eliminate such increased amounts pursuant to subsection 2.4(c) and the basis and amount of each request by such Affected Party for any such amounts referred to in Sections 2.4 or 2.5, such certificate to be conclusive with respect to the factual information set forth therein absent manifest error.

(k) In the event that a Committed Class A Purchaser was at any time a Defaulting Purchaser or is a Downgraded Purchaser, the Transferor shall have the right and to replace such Class A Purchaser hereunder with a Replacement Purchaser, and the Agent, acting at the request of the Required Class A Purchasers or the Required Class A Owners, shall have the right to replace such Committed Class A Purchaser with a Replacement Purchaser which is an Eligible Assignee or is otherwise reasonably acceptable to the Transferor, which Replacement Purchaser shall succeed to the rights of such Committed Class A Purchaser under this Agreement, and such Committed Class A Purchaser shall assign its beneficial interest in the Class A Certificates to such Replacement Purchaser in accordance with the provisions of this Section 8.1; provided, that (A) such Committed Class A Purchaser shall not be replaced hereunder with a new investor until such Committed Class A Purchaser has been paid in full its Percentage Interest of the Class A Investor Principal Balance and all accrued and unpaid Yield (including any Liquidation Fee determined for the replacement date) thereon by such new investor and all other amounts (including all amounts owing under Sections 2.4 and 2.5) owed to it and to all Participants and Affected Parties with respect to such Class A Purchaser pursuant to this Agreement and (ii) if the Class A Purchaser to be replaced is the Agent or the Administrative Agent or, unless the Agent and the Administrative Agent otherwise agree, a Structured Purchaser sponsored or administered by the

Administrative Agent or the Agent (in its individual capacity), a replacement Agent or Administrative Agent, as the case may be, shall have been appointed in accordance with Section 7.9 and the Agent or Administrative Agent, as the case may be, to be replaced shall have been paid all amounts owing to it as Agent or Administrative Agent, as the case may be, pursuant to this Agreement. For purposes of this subsection, a Committed Class A Purchaser shall be a "Downgraded Purchaser" if and so long as the credit rating assigned to its short-term obligations by Moody's or Standard & Poor's on the date on which it became a party to this Agreement shall have been reduced or withdrawn.

8.2 Tax Characterization of the Class A Certificates.

It is the intention of the parties hereto that the Class A Certificates be treated for tax purposes as indebtedness. In the event that the Class A Certificates are not so treated, it is the intention of the parties that such Class A Certificates be treated as an interest in a partnership that owns the Receivables. In the event that the Class A Certificates are treated as an interest in a partnership, it is the intention of the parties that interest payable on such Class A Certificates be treated as guaranteed payment and, if for any reason it is not so treated, that the holders of such Class A Certificates be specially allocated gross interest income equal to the interest accrued during each applicable accrual period on such Class A Certificates.

SECTION 9. MISCELLANEOUS

9.1 Amendments and Waivers. This Agreement may not be amended, supplemented or modified nor may any provision hereof be waived except in accordance with the provisions of this Section 9.1. With the written consent of the Required Class A Owners and the Required Class A Purchasers, the Agent, the Transferor and the Servicer may, from time to time, enter into written amendments, supplements, waivers or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of any party hereto or waiving, on such terms and conditions as may be specified in such instrument, any of the requirements of this Agreement; provided, however, that no such amendment, supplement, waiver or modification shall (i) reduce the amount of or extend the maturity of any Class A Certificate or reduce the rate or extend the time of payment of interest thereon, or reduce or alter the timing of any other amount payable to any Class A Purchaser hereunder or under the Supplement, in each case without the consent of the Class A Purchaser affected thereby, (ii) amend, modify or waive any provision of this Section 9.1, or, if such amendment would have a material adverse effect on the Class A Purchasers, the definition of "Class A Invested Amount", or reduce the percentage specified in the definition of Required Class A Owners or Required Class A Purchasers, in each case without the written consent of all Class A Purchasers or (iii) amend, modify or waive any provision of Section 7 of this Agreement without the written consent of the Agent, the Administrative Agent, the Required Class A Owners and Required Class A Purchasers. Any waiver of any provision of this Agreement shall be limited to the provisions specifically set forth therein for the period of time set forth therein and shall not be construed to be a waiver of any other provision of this Agreement.

Each party hereto agrees, at the request of the Agent from time to time to enter into or to consent to, as applicable, any amendments or other modifications to this Agreement or the Related Documents, other than those requiring the consent of all Class A Purchasers as provided above in this subsection, and the Transferor agrees to cause its Certificate of Incorporation and Bylaws to be amended or otherwise modified, as shall reasonably be determined by the Agent to be required for any initial Class A Purchaser which is a Structured Purchaser to obtain or maintain an informal rating of the Class A Certificates which will permit such Structured Purchaser's commercial paper notes to maintain at least the rating from Standard & Poor's and Moody's as in effect

immediately prior to such Structured Purchaser's becoming a Class A Purchaser after giving effect to its initial purchase of the Class A Certificates and to purchases from time to time by such Structured Purchaser of VFC Additional Class A Invested Amounts as contemplated by this Agreement, without giving effect to any increase in any letter of credit or other enhancement provided to such Structured Purchaser (other than liquidity support provided to such Structured Purchaser by Affected Parties).

The Administrative Agent may cast any vote or give any direction under the Pooling and Servicing Agreement on behalf of the Class A Certificateholders if it has been directed to do so by (i) the Required Class A Owners, (ii) the Required Class A Purchasers, and (iii) by the Class B Purchasers (as defined in the Class B Certificate Purchase Agreement) required under the terms of Section 9.1 of the Class B Certificate Purchase Agreement.

9.2 Notices. (a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy, telegraph or telex), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or, in the case of mail or telecopy notice, when received, or, in the case of telegraphic notice, when delivered to the telegraph company, or, in the case of telex notice, when sent, answer back received, addressed as follows or, with respect to a Class A Purchaser, as set forth in its respective Joinder Supplement or Transfer Supplement, or to such other address as may be hereafter notified by the respective parties hereto:

The Transferor: Prime II Receivables Corporation
9111 Duke Boulevard
Mason, Ohio 45040
Attention: President
Telephone: (513) 573-2048
Telefax: (513) 573-2039

The Servicer: FDS National Bank
9111 Duke Boulevard
Mason, Ohio 45040
Attention: Chief Financial Officer
Telephone: (513) 573-2265
Telefax: (513) 573-2720

With a copy to:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: General Counsel
Telephone: (513) 579-7000
Telefax: (513) 579-7462

The Trustee: The Chase Manhattan Bank
450 West 33rd Street
New York, New York 10001
Attention: Capital Markets Fiduciary Services
Telephone: (212) 946-8608
Telefax: (212) 946-3240

The Agent or the Administrative Agent: PNC Bank, National Association
One PNC Plaza
249 Fifth Avenue
Pittsburgh, Pennsylvania 15220-2707
Attention: John Smathers
Telephone: (412) 762-6440
Telefax: (412) 762-9814

Moody's: Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007
Attention: ABS Monitoring Department, 4th Floor
Telephone: (212) 553-3607
Telefax: (212) 553-4773

Standard & Poor's: Standard & Poor's Ratings Services
26 Broadway, 15th Floor
New York, New York 10004
Attention: Asset-Backed Surveillance Department
Telephone: (212) 208-1892
Telefax: (212) 412-0323

(b) All payments to be made to the Agent or any Class A Purchaser hereunder shall be made in United States dollars and in immediately available funds not later than 2:30 p.m. Pittsburgh, Pennsylvania time on the date payment is due, and, unless otherwise specifically provided herein, shall be made to the Agent, for the account of one or more of the Class A Purchasers or for its own account, as the case may be. Unless otherwise directed by the Agent, all payments to it shall be made by federal wire (ABA #043-000-096) and telegraph name: PNC Bank, National Association and (a) in the case of payments to Market Street Capital Corp., to DDA #1002420425, or (b) in the case of payments to Market Street Funding Corporation, to DDA #1002422076, and, in either case, including the federal wire number, to Asset-Backed Securities Group, Attn: John Smathers of PNC (412-762-6440).

9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Class A Purchaser, any right, remedy, power or privilege hereunder or under any of the other Related Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any of the other Related Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein and in the other Related Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Transferor, the Servicer, the Agent, the Administrative Agent, the Class A Purchasers, any Assignee and their respective successors and assigns, except that the Transferor and the Servicer may not assign or transfer any of their respective rights or obligations under this Agreement except as provided herein and in the Pooling and Servicing Agreement, without the prior written consent of the Required Class A Owners and the Required Class A Purchasers.

9.5 Successors to Servicer. (a) In the event that a transfer of servicing occurs under Article VIII or Article X of the Pooling and Servicing Agreement, (i) from and after the effective date of such transfer, the Successor Servicer shall be the successor in all respects to the Servicer and shall be responsible for the performance of all functions to be performed by the Servicer from and after such date, except as provided in the Pooling and Servicing Agreement, and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement to the Servicer shall be deemed to refer to the Successor Servicer, and (ii) as of the date of such transfer, the Successor Servicer shall be deemed to have made with respect to itself the representations and warranties made by the Servicer in Section 4.2 (in the case of subsection 4.2(a) with appropriate factual changes); provided, however, that the references to the Servicer contained in Section 5.1 of this Agreement shall be deemed to refer to the Servicer with respect to responsibilities, duties and liabilities arising out of an act

or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that the Servicer was Servicer under this Agreement and shall be deemed to refer to the Successor Servicer with respect to responsibilities, duties and liabilities arising out of an act or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that the Successor Servicer acts as Servicer under this Agreement; provided, however, to the extent that an obligation to indemnify the Class A Purchasers under Section 2.7 arises as a result of any act or failure to act of any Successor Servicer in the performance of servicing obligations under the Pooling and Servicing Agreement or the Supplement, such indemnification obligation shall be of the Successor Servicer and not FDSNB. Upon the transfer of servicing to a Successor Servicer, such Successor Servicer shall furnish to the Agent copies of its audited annual financial statements for each of the three preceding fiscal years or if the Trustee or any other banking institution becomes the Successor Servicer, such Successor Servicer shall provide, in lieu of the audited financial statements required in the immediately preceding clause, complete and correct copies of the publicly available portions of its Consolidated Reports of Condition and Income as submitted to the Federal Deposit Insurance Corporation for the two most recent year end periods.

(b) In the event that any Person becomes the successor to the Transferor pursuant to Article VII of the Pooling and Servicing Agreement, from and after the effective date of such transfer, such successor to the Transferor shall be the successor in all respects to the Transferor and shall be responsible for the performance of all functions to be performed by the Transferor from and after such date, except as provided in the Pooling and Servicing Agreement, and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Transferor by the terms and provisions hereof, and all references in this Agreement to the Transferor shall be deemed to refer to the successor to the Transferor; provided, however, that the references to the Transferor contained in Sections 2.5, 2.7 and 5.1 of this Agreement shall be deemed to refer to Prime II Receivables Corporation with respect to responsibilities, duties and liabilities arising out of an act or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that Prime II Receivables Corporation was Transferor under this Agreement and shall be deemed to refer to the successor to Prime II Receivables Corporation as Transferor with respect to responsibilities, duties and liabilities arising out of an act or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that the successor to Prime II Receivables Corporation acts as Transferor under this Agreement.

9.6 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

9.7 Severability. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

9.8 Integration. This Agreement and the Class A Fee Letter represent the agreement of the Agent, the Administrative Agent, the Transferor, the Servicer and the Class A Purchasers with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Class A Purchasers, the Agent or the Administrative Agent

relative to subject matter hereof not expressly set forth or referred to herein or therein. FDSNB shall retain a copy of each of the above-referenced agreements as part of its official records.

9.9 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

9.10 Termination. This Agreement shall remain in full force and effect until the earlier to occur of (a) payment in full of the Class A Repayment Amount and all other amounts payable to the Class A Purchasers, the Agent and the Administrative Agent hereunder and the termination of all Commitments and (b) the Series 1999-1 Termination Date; provided, however, that if the Class A Repayment Amount and all other amounts payable to the Class A Purchasers hereunder are paid in full and all Commitments have terminated prior to the Series 1999-1 Termination Date, the Agent shall notify the Trustee that thereafter all amounts otherwise payable to the Class A Purchasers hereunder shall be payable to the Transferor or any Person designated thereby; and provided, further, that the provisions of Sections 2.4, 2.5, 2.6, 2.7 and 7.7 and subsections 9.12(a) and 9.12(b) shall survive termination of this Agreement and amounts payable to the Class A Purchasers thereunder shall remain payable to the Class A Purchasers.

9.11 Action by Servicer. Wherever the Trustee or the Trust is authorized or required to take an action or give a notice pursuant to this Agreement and if the Trustee fails timely to take such action or give such notice pursuant to this Agreement after being requested to do so by the Servicer, the Servicer shall take such action or give such notice on behalf of the Trustee or the Trust.

9.12 Limited Recourse; No Proceedings. (a) The obligations of the Transferor and the Servicer under this Agreement are several (except as specifically provided herein) and are solely the corporate obligations of the Transferor and the Servicer. No recourse shall be had for the payment of any fee or other obligation or claim arising out of or relating to this Agreement or any other agreement, instrument, document or certificate executed and delivered or issued by the Transferor and the Servicer or any officer of any of them in connection therewith, against any stockholder, employee, officer, director or incorporator of the Transferor or the Servicer, and neither the Agent nor any Class A Purchaser shall look to any property or assets of the Transferor, other than to (a) amounts payable to the Transferor under the Receivables Purchase Agreement, any Supplement or the Pooling and Servicing Agreement and (b) any other assets of the Transferor not pledged to third parties or otherwise encumbered in any manner permitted by the Transferor's Certificate of Incorporation. Each Class A Purchaser and the Agent hereby agrees that to the extent such funds are insufficient or unavailable to pay any amounts owing to it by the Transferor pursuant to this Agreement, prior to the earlier of the Trust Termination Date or the commencement of a bankruptcy or insolvency proceeding by or against the Transferor, it shall not constitute a claim against the Transferor. Nothing in this paragraph shall limit or otherwise affect the liability of the Servicer with respect to any amounts owing by it hereunder or the right of the Agent or any Class A Purchaser to enforce such liability against the Servicer or any of its assets.

(b) Each of the Transferor, the Servicer and the Trustee hereby agrees that it shall not institute or join against any Structured Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and a day after the latest maturing commercial paper note, medium term note or other debt security issued by such Structured Lender is paid. The foregoing shall not limit the

Transferor's, the Servicer's or the Trustee's right to file any claim in or otherwise take any action with respect to any such bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding that was instituted by any Person other than the Transferor, the Servicer or the Trustee.

9.13 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the purchase of the Class A Certificates hereunder and the termination of this Agreement.

9.14 Submission to Jurisdiction; Waivers. EACH OF THE TRANSFEROR, THE ADMINISTRATIVE AGENT, THE SERVICER, THE TRUST, THE TRUSTEE, THE AGENT AND EACH CLASS A PURCHASER HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(A) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT TO WHICH IT IS A PARTY, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(B) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(C) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO SUCH PARTY AT ITS ADDRESS SET FORTH IN SECTION 9.2 OR AT SUCH OTHER ADDRESS OF WHICH THE AGENT SHALL HAVE BEEN NOTIFIED PURSUANT THERETO; AND

(D) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

9.15 WAIVERS OF JURY TRIAL. THE TRANSFEROR, THE SERVICER, THE TRUST, THE TRUSTEE, THE AGENT AND THE CLASS A PURCHASERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER DOCUMENT OR INSTRUMENT RELATED HERETO AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Certificate Purchase Agreement to be duly executed by their respective officers as of the day and year first above written.

PRIME II RECEIVABLES CORPORATION,
as Transferor

By: /s/ Susan P. Storer
Name: Susan P. Storer
Title: President

FDS NATIONAL BANK

By: /s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Agent and as Administrative Agent

By: /s/ John T. Smathers
Name: John T. Smathers
Title: Vice President

EXHIBIT A

FORM OF INVESTMENT LETTER

[Date]

Prime II Receivables Corporation
9111 Duke Boulevard
Mason, Ohio 45040
Attention: President

Re Prime Credit Card Master Trust II Class A
Variable Funding Certificates, Series 1999-1

Ladies and Gentlemen:

This letter (the "Investment Letter") is delivered by the undersigned (the "Purchaser") pursuant to subsection 8.1(a) of the Class A Certificate Purchase Agreement dated as of July 6, 1999 (as in effect, the "Certificate Purchase Agreement"), among the Transferor, FDS National Bank, as Servicer, the Class A Purchasers parties thereto and PNC Bank, National Association, as Agent and Administrative Agent. Capitalized terms used herein without definition shall have the meanings set forth in the Certificate Purchase Agreement. The Purchaser represents to and agrees with the Transferor as follows:

(a) The Purchaser is authorized [to enter into the Certificate Purchase Agreement and to perform its obligations thereunder and to consummate the transactions contemplated thereby] [to purchase a participation in obligations under the Certificate Purchase Agreement].

(b) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Class A Certificates and is able to bear the economic risk of such investment. The Purchaser has been afforded the opportunity to ask such questions as it deems necessary to make an investment decision, and has received all information it has requested in connection with making such investment decision. The Purchaser has, independently and without reliance upon the Agent, the Administrative Agent or any other Class A Purchaser, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Trust, the Transferor and the Servicer and made its own decision to purchase its interest in the Class A Certificates, and will, independently and without reliance upon the Agent, the Administrative Agent or any other Class A Purchaser, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis, appraisals and decisions in taking or not taking action under the Certificate

Purchase Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Trust, the Transferor and the Servicer.

(c) The Purchaser is an "accredited investor", as defined in Rule 501, promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), or is a qualified institutional buyer (within the meaning thereof in Rule 144A under the Securities Act). The Purchaser understands that the offering and sale of the Class A Certificates has not been and will not be registered under the Securities Act and has not and will not be registered or qualified under any applicable "Blue Sky" law, and that the offering and sale of the Class A Certificate has not been reviewed by, passed on or submitted to any federal or state agency or commission, securities exchange or other regulatory body.

(d) The Purchaser is acquiring an interest in Class A Certificates without a view to any distribution, resale or other transfer thereof except as contemplated in the following sentence. The Purchaser will not resell or otherwise transfer any interest or participation in the Class A Certificates, except in accordance with Sections 8.1 of the Certificate Purchase Agreement and (i) in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and applicable state securities or "blue sky" laws; (ii) to the Transferor or any affiliate of the Transferor; or (iii) to a person who the Purchaser reasonably believes is a qualified institutional buyer (within the meaning thereof in Rule 144A under the Securities Act) that is aware that the resale or other transfer is being made in reliance upon Rule 144A. In connection therewith, the Purchaser hereby agrees that it will not resell or otherwise transfer the Class A Certificates or any interest therein unless the purchaser thereof provides to the addressee hereof a letter substantially in the form hereof.

[(e) The Purchaser hereby certifies to the Transferor, the Servicer and the Trustee that it has neither acquired nor will it sell, trade or transfer any interest in a Class A Certificate or cause an interest in a Class A Certificate to be marketed on or through an "established securities market" within the meaning of Section 7704(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code") and any proposed, temporary or final treasury regulation thereunder, including, without limitation, an over-the-counter-market or an interdealer quotation system that regularly disseminates firm buy or sell quotations. In addition, the Purchaser hereby certifies that it is not and, for so long as it holds any interest in a Class A Certificate will not become a partnership, Subchapter S corporation or grantor trust for U.S. federal income tax purposes. The Purchaser acknowledges that the opinion of counsel to the effect that the Trust will not be treated as a publicly traded partnership taxable as a corporation is dependent in part on the accuracy of the certifications described in this paragraph.][To be included only if required by Section 6.18 of the Pooling and Servicing Agreement.]

[(e)][(f)] This Investment Letter has been duly executed and delivered and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally and general principles of equity.

[(f)][(g)] The Purchaser understands that the Class A Certificates will bear a legend to substantially the following effect:

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS. NEITHER THE TRANSFEROR NOR THE TRUSTEE IS OBLIGATED TO REGISTER THE CERTIFICATES UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

EACH HOLDER OF THIS CERTIFICATE OR AN INTEREST THEREIN, BY ACCEPTING AND HOLDING THIS CERTIFICATE, IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(E)(I) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (III) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

Very truly yours,

[NAME OF PURCHASER]

By: _____
Name:
Title:

EXHIBIT B

FORM OF JOINDER SUPPLEMENT

THIS JOINDER SUPPLEMENT ("Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among Prime II Receivables Corporation (the "Transferor"), the Class A Purchaser set forth in Item 2 of Schedule I hereto (the "Additional Class A Purchaser"), and PNC Bank, National Association, as Agent for the Class A Purchasers under, and as defined in, the Certificate Purchase Agreement described below (in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with subsection 2.2(d) of the Class A Certificate Purchase Agreement, dated as of July 6, 1999, among the Transferor, FDS National Bank, as Servicer, the Class A Purchasers parties thereto, the Agent and PNC Bank, National Association, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Certificate Purchase Agreement"; unless otherwise defined herein, terms defined in the Certificate Purchase Agreement are used herein as therein defined); and

WHEREAS, the Additional Class A Purchaser (if it is not already a Class A Purchaser party to the Certificate Purchase Agreement) wishes to become a Class A Purchaser party to the Certificate Purchase Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Additional Class A Purchaser, the Transferor and the Agent, the Agent will transmit to the Servicer, the Transferor, the Trustee, the Administrative Agent and the Additional Class A Purchaser a Joinder Effective Notice, substantially in the form of Schedule III to this Supplement (a "Joinder Effective Notice"). Such Joinder Effective Notice shall be executed by the Agent and shall set forth, inter alia, the date on which the transfer effected by this Supplement shall become effective (the "Joinder Effective Date"). From and after the Joinder Effective Date, the Additional Class A Purchaser shall be a Class A Purchaser party to the Certificate Purchase Agreement for all purposes thereof and shall be a Noncommitted Class A Purchaser or Committed Class A Purchaser, as the case may be, as set forth in Schedule II hereto, having an initial Noncommitted Purchaser Percentage or Committed Purchaser Percentage, as applicable, and a Commitment, if applicable, as set forth in such Schedule II.

(b) Concurrently with the execution and delivery hereof, the Additional Class A Purchaser will deliver to the Transferor and the Trustee an executed Investment Letter in the form of Exhibit A to the Certificate Purchase Agreement.

(c) Each of the parties to this Supplement agrees and acknowledges that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement.

(d) By executing and delivering this Supplement, the Additional Class A Purchaser confirms to and agrees with the Agent, the Administrative Agent and the Class A Purchasers as follows: (i) neither the Agent, the Administrative Agent nor any other Class A Purchaser makes any representation or warranty or assumes any responsibility with respect to any statements, warranties or representations made in or in connection with the Certificate Purchase Agreement (other than representations or warranties made by such respective parties) or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Certificate Purchase Agreement or any other instrument or document furnished pursuant thereto, or with respect to the Trust, the financial condition of the Servicer, the Transferor or the Trustee, or the performance or observance by the Servicer, the Transferor or the Trustee of any of their respective obligations under the Certificate Purchase Agreement or the Pooling and Servicing Agreement or any other instrument or document furnished pursuant hereto; (ii) the Additional Class A Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iii) the Additional Class A Purchaser will, independently and without reliance upon the Agent, the Administrative Agent or any other Class A Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Certificate Purchase Agreement; (iv) each Purchasing Class A Purchaser appoints and authorizes the Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Certificate Purchase Agreement and the Supplement as are delegated to the Agent or the Administrative Agent, as applicable, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Section 7 of the Certificate Purchase Agreement; and (v) the Additional Class A Purchaser agrees (for the benefit of the Agent, the Administrative Agent, the other Class A Purchasers, the Trustee, the Servicer and the Transferor) that it will perform in accordance with their terms all of the

obligations which by the terms of the Certificate Purchase Agreement are required to be performed by it as a Class A Purchaser which is a Noncommitted Class A Purchaser or Committed Class A Purchaser, as the case may be, as specified in Schedule II hereto.

(e) Schedule II hereto sets forth the Commitment and the Commitment Expiration Date, if applicable, and the initial Investing Office of the Additional Class A Purchaser, as well as administrative information with respect to the Additional Class A Purchaser.

(f) This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO JOINDER SUPPLEMENT

COMPLETION OF INFORMATION AND SIGNATURES FOR JOINDER SUPPLEMENT

Re: Class A Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class A Purchasers party thereto and PNC Bank, National Association, as Agent and as Administrative Agent.

Item 1: Date of Joinder Supplement:

Item 2: Additional Class A Purchaser:

Item 3: Signatures of Parties to Agreement:

as Additional Class A Purchaser

By:
Name:
Title:

[By:
Name:
Title:]

PRIME II RECEIVABLES CORPORATION,
as Transferor

By:
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION,
as Agent

By:
Name:
Title:

By:

Name:
Title:

ACCEPTED BY:

PNC BANK, NATIONAL ASSOCIATION, as
Administrative Agent

By:
Name:
Title:

By:
Name:
Title:

FDS NATIONAL BANK, as Servicer

By:
Name:
Title:

SCHEDULE II TO
JOINDER SUPPLEMENT

LIST OF INVESTING OFFICES, ADDRESSES
FOR NOTICES AND COMMITMENT

[Additional Class A Purchaser]

Noncommitted Class A Purchaser: Yes/No

Initial Noncommitted Purchaser Percentage: _____%
(if applicable)

Committed Class A Purchaser: Yes/No

Initial Committed Purchaser Percentage: _____%
(if applicable)

Commitment: \$_____

Commitment Expiration Date: _____

Address for Notices:

Investing Office:

SCHEDULE III TO
JOINDER SUPPLEMENT

FORM OF
JOINDER EFFECTIVE NOTICE

To: [Name and address of
Transferor, Servicer, Trustee, Administrative
Agent and Additional Class A Purchaser]

The undersigned, as Agent under the Class A Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class A Purchasers parties thereto and PNC Bank, National Association, as Agent for the Class A Purchasers and as Administrative Agent thereunder, acknowledges receipt of five executed counterparts of a completed Joinder Supplement. [Note: attach copies of Schedules I and II from such Agreement.] Terms defined in such Supplement are used herein as therein defined.

Pursuant to such Supplement, you are advised that the Joinder Effective Date will be _____, 199_.

Very truly yours,

PNC BANK, NATIONAL
ASSOCIATION,
as Agent

By: _____

Name:

Title:

By: _____

Name:

Title:

EXHIBIT C

FORM OF TRANSFER SUPPLEMENT

THIS TRANSFER SUPPLEMENT ("Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Transferor Class A Purchaser set forth in Item 2 of Schedule I hereto (the "Transferor Class A Purchaser"), the Purchasing Class A Purchaser set forth in Item 3 of Schedule I hereto (the "Purchasing Class A Purchaser"), and PNC Bank, National Association, as Agent for the Class A Purchasers under, and as defined in, the Certificate Purchase Agreement described below (in such capacity, the "Agent").

WITNESSETH:

WHEREAS, this Supplement is being executed and delivered in accordance with subsection 8.1(e) of the Class A Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class A Purchasers parties thereto, the Agent and PNC Bank, National Association, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Certificate Purchase Agreement"; unless otherwise defined herein, terms defined in the Certificate Purchase Agreement are used herein as therein defined);

WHEREAS, the Purchasing Class A Purchaser (if it is not already a Class A Purchaser party to the Certificate Purchase Agreement) wishes to become a Class A Purchaser party to the Certificate Purchase Agreement and the Purchasing Class A Purchaser wishes to acquire and assume from the Transferor Class A Purchaser, certain of the rights, obligations and commitments

under the Certificate Purchase Agreement; and

WHEREAS, the Transferor Class A Purchaser wishes to sell and assign to the Purchasing Class A Purchaser, certain of its rights, obligations and commitments under the Certificate Purchase Agreement.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Transferor Class A Purchaser, the Purchasing Class A Purchaser and the Agent, the Agent will transmit to the Servicer, the Transferor, the Trustee, the Transferor Class A Purchaser and the Purchasing Class A Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the Agent and shall set forth, inter alia, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). Subject to the prior written consent, if applicable, of the Transferor and the Servicer to such transfer in the form of Schedule IV to this Supplement, from and after the Transfer Effective Date the Purchasing Class A Purchaser shall be a Class A Purchaser party to the Certificate Purchase Agreement for all purposes thereof as a Noncommitted Class A Purchaser or Committed Class A Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Transferor Class A Purchaser, on the Transfer Effective Date, the Purchasing Class A Purchaser shall pay to the Transferor Class A Purchaser, in immediately available funds, an amount equal to the purchase price, as agreed between the Transferor Class A Purchaser and such Purchasing Class A Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto being purchased by such Purchasing Class A Purchaser of the outstanding Class A Invested Amount under the Class A Variable Funding Certificate owned by the Transferor Class A Purchaser (such Purchasing Class A Purchaser's "Purchase Percentage") and other amounts owing to the Transferor Class A Purchaser under the Certificate Purchase Agreement or otherwise in respect of the Class A Variable Funding Certificates. Effective upon receipt by the Transferor Class A Purchaser of the Purchase Price from the Purchasing Class A Purchaser, the Transferor Class A Purchaser hereby irrevocably sells, assigns and transfers to the Purchasing Class A Purchaser, without recourse, representation or warranty, and the Purchasing Class A Purchaser hereby irrevocably purchases, takes and assumes from the Transferor Class A Purchaser, the Purchasing Class A Purchaser's Purchase Percentage of (i) the presently outstanding Class A Invested Amount under the Class A Variable Funding Certificates owned by the Transferor Class A Purchaser and other amounts owing to the Transferor Class A Purchaser in respect of the Class A Variable Funding Certificates, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Purchasing Purchaser's Purchase Percentage of (A) if the Transferor Class A Purchaser is a Noncommitted Class A Purchaser, the Noncommitted Purchaser Percentage of the Transferor Class A Purchaser and the other rights and duties of the Transferor Class A Purchaser under the Certificate Purchase Agreement, or (B) if the Transferor Class A Purchaser is a Committed Class A Purchaser, the Committed Purchaser Percentage and the Commitment of the Transferor Class A Purchaser and other rights, duties and obligations of the Transferor Class A Purchaser under the Certificate Purchase Agreement. This Supplement is intended by the parties hereto to effect a purchase by the Purchasing Class A Purchaser and sale by the Transferor Class A Purchaser of interests in the Class A Variable Funding Certificates, and it is not to be construed as a loan or a commitment to make a loan by the Purchasing Class A Purchaser to the Transferor Class A Purchaser. The Transferor Class A Purchaser hereby confirms that the amount of the Class A

Invested Amount is \$ _____ and its Percentage Interest thereof is _____%, which equals \$ _____ as of _____, 199____. Upon and after the Transfer Effective Date (until further modified in accordance with the Certificate Purchase Agreement), the Noncommitted Purchaser Percentage or Committed Purchaser Percentage, as applicable of the Transferor Class A Purchaser and the Purchasing Class A Purchaser and the Commitment, if any, of the Transferor Class A Purchaser and the Purchasing Class A Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Transferor Class A Purchaser has made arrangements with the Purchasing Class A Purchaser with respect to (i) the portion, if any, to be paid, and the date or dates for payment, by the Transferor Class A Purchaser to the Purchasing Class A Purchaser of any fees heretofore received by the Transferor Class A Purchaser pursuant to the Certificate Purchase Agreement prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Purchasing Class A Purchaser to the Transferor Class A Purchaser of fees or interest received by the Purchasing Class A Purchaser pursuant to the Certificate Purchase Agreement or otherwise in respect of the Class A Variable Funding Certificates from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Transferor Class A Purchaser in respect of the Class A Variable Funding Certificates shall, instead, be payable to or for the account of the Transferor Class A Purchaser and the Purchasing Class A Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Transferor Class A Purchaser from and after the Transfer Effective Date pursuant to the Certificate Purchase Agreement or in respect of the Class A Variable Funding Certificates shall, instead, accrue for the account of, and be payable to or for the account of, the Transferor Class A Purchaser and the Purchasing Class A Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Purchasing Class A Purchaser, the Transferor Class A Purchaser and the Purchasing Class A Purchaser will make appropriate arrangements for payment by the Transferor Class A Purchaser to the Purchasing Class A Purchaser of such amount upon receipt thereof from the Agent.

(e) Concurrently with the execution and delivery hereof, the Purchasing Class A Purchaser will deliver to the Transferor and the Trustee an executed Investment Letter in the form of Exhibit A to the Certificate Purchase Agreement.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the Agent shall apply each payment made to it under the Certificate Purchase Agreement, whether in its individual capacity or as Agent, in accordance with the provisions of the Certificate Purchase Agreement, as appropriate.

(g) By executing and delivering this Supplement, the Transferor Class A Purchaser and the Purchasing Class A Purchaser confirm to and agree with each other, the Administrative Agent and the Agent and the Class A Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Transferor Class A Purchaser

makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Certificate Purchase Agreement or the Pooling and Servicing Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Certificate Purchase Agreement or any other instrument or document furnished pursuant thereto; (ii) the Transferor Class A Purchaser makes no representation or warranty and assumes no responsibility with respect to the Trust, the financial condition of the Servicer, the Transferor or the Trustee, or the performance or observance by the Servicer, the Transferor or the Trustee of any of their respective obligations under the Certificate Purchase Agreement, the Pooling and Servicing Agreement or any other instrument or document furnished pursuant hereto; (iii) each Purchasing Class A Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) each Purchasing Class A Purchaser will, independently and without reliance upon the Agent, the Transferor Class A Purchaser or any other Class A Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Certificate Purchase Agreement or the Pooling and Servicing Agreement; (v) each Purchasing Class A Purchaser appoints and authorizes the Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Certificate Purchase Agreement and the Pooling and Servicing Agreement as are delegated to the Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Section 7 of the Certificate Purchase Agreement; and (vi) each Purchasing Class A Purchaser agrees (for the benefit of the Transferor Class A Purchaser, the Agent, the Administrative Agent, the Class A Purchasers, the Trustee, the Servicer and the Transferor) that it will perform in accordance with their terms all of the obligations which by the terms of the Certificate Purchase Agreement are required to be performed by it as a Class A Purchaser.

(h) Schedule II hereto sets forth the revised Noncommitted Purchaser Percentage or the revised Committed Purchaser Percentage and Commitment of the Transferor Class A Purchaser, as applicable, the Noncommitted Purchaser Percentage or the Committed Purchaser Percentage, Commitment and Commitment Expiration Date of the Purchasing Class A Purchaser, as applicable, and the initial Investing Office of the Purchasing Class A Purchaser, as well as administrative information with respect to the Purchasing Class A Purchaser.

(i) This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO TRANSFER SUPPLEMENT

COMPLETION OF INFORMATION AND SIGNATURES FOR TRANSFER SUPPLEMENT

Re: Class A Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class A Purchasers party thereto and PNC

Bank, National Association, as Agent and as
Administrative Agent.

Item 1: Date of Transfer Supplement:

Item 2: Transferor Class A Purchaser:

Item 3: Purchasing Class A Purchaser:

Item 4: Signatures of Parties to Agreement:

as Transferor Class A Purchaser

By:
Name:
Title:

By:
Name:
Title:

as Purchasing Class A Purchaser

By:
Name:
Title:

By:
Name:
Title:

ACCEPTED BY:
PNC BANK, NATIONAL ASSOCIATION, as Agent

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE II TO TRANSFER SUPPLEMENT

LIST OF INVESTING OFFICES, ADDRESSES FOR NOTICES, ASSIGNED INTEREST, PURCHASE PERCENTAGE AND PURCHASE PRICE

[Transferor Class A Purchaser]

A. Noncommitted Class A Purchaser: Yes/No

If applicable:

Noncommitted Purchaser Percentage:

Transferor Class A Purchaser
Noncommitted Purchaser Percentage
Prior to Sale: _____%

Noncommitted Purchaser Percentage Sold: ____%

Noncommitted Purchaser Percentage Retained: ____%

B. Committed Class A Purchaser: Yes/No

If applicable:

Committed Purchaser Percentage:

Transferor Class A Purchaser

Committed Purchaser Percentage

Prior to Sale: ____%

Committed Purchaser Percentage Sold: ____%

Committed Purchaser Percentage Retained: ____%

Commitment:

Transferor Class A Purchaser Commitment

Prior to Sale: \$_____

Commitment Sold: \$_____

Commitment Retained: \$_____

C. Class A Invested Amount:

Transferor Class A Purchaser

Class A Invested Amount Prior to Sale: \$_____

Class A Invested Amount Sold: \$_____

Class A Invested Amount Retained: \$_____

D. Purchase Percentage: ____%

[Purchasing Class A Purchaser]

A. Noncommitted Class A Purchaser: Yes/No

If applicable:

Initial Noncommitted Purchaser Percentage: ____%

B. Committed Class A Purchaser: Yes/No

If applicable:

Committed Purchaser Percentage: ____%

Commitment: \$_____

Commitment Expiration Date: _____

C. Class A Invested Amount Owned Immediately

After Sale: \$_____

Address for Notices:

Investing Office:

SCHEDULE III TO
TRANSFER SUPPLEMENT

Transfer Effective Notice

To: [Name and address of
Transferor, Servicer, Trustee, the Transferor Class A
Purchaser and the Purchasing Class A Purchaser]

The undersigned, as Agent under the Class A Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class A Purchasers parties thereto and PNC Bank, National Association, as Agent for the Class A Purchasers and as Administrative Agent thereunder, acknowledges receipt of five executed counterparts of a completed Transfer Supplement. [Note: attach copies of Schedules I and II from such Agreement.] Terms defined in such Supplement are used herein as therein defined.

Pursuant to such Supplement, you are advised that the Transfer Effective Date will be _____, 199_.

Very truly yours,

PNC BANK, NATIONAL
ASSOCIATION,
as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE IV TO
TRANSFER SUPPLEMENT

Form of
Consent of Transferor

To: The Chase Manhattan Bank, as Trustee
PNC Bank, National Association, as Agent

The undersigned hereby consents to the transfer, as of the Transfer Effective Date, of a [Noncommitted Purchaser Percentage/Committed Purchaser Percentage] equal to ____% [representing a Commitment in the amount of \$_____] and a Class A Invested Amount under the Prime Credit Card Master Trust II Class A Variable Funding Certificates, Series 1999-1, in the amount of \$_____, by _____ to _____, pursuant to the Class A Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, FDS National Bank, as Servicer, the Class A Purchasers parties thereto and PNC Bank, National Association, as Agent and as Administrative Agent.

Very truly yours,

PRIME II RECEIVABLES CORPORATION

By: _____
Name:
Title:

FDS NATIONAL BANK,
as Servicer

By: _____
Name:
Title:

Dated: _____
cc: Purchasing Class A Purchaser

EXHIBIT D

PRIME II RECEIVABLES CORPORATION

FORM OF NOTICE OF FINANCING

PNC XXXXXXXX

Via Facsimile: XXXXXXXX

Attn: XXXXXXXX XXXXXXXXXXXX

To be executed on: 02-Jul-99

| | | |
|-------------------|-------------------------|------|
| | Increase/ (Decrease) | |
| Next Business Day | 1999-1A | 0.00 |
| 1999-1B | 0.00 | |

Ph: (513) 573-2047
Fx: (513) 573-2039

FIRST AMENDMENT TO CLASS A CERTIFICATE PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO CLASS A CERTIFICATE PURCHASE AGREEMENT (this "Amendment"), dated as of August 3, 1999, is entered into among by and among PRIME II RECEIVABLES CORPORATION (the "Transferor"), FDS NATIONAL BANK (the "Servicer"), MARKET STREET FUNDING CORPORATION (the "Class A Purchasers"), and PNC BANK, NATIONAL ASSOCIATION (the "Agent").

RECITALS

WHEREAS, the Transferor, the Servicer, the Class A Purchaser and the Agent are parties to that certain Class A Certificate Purchase Agreement, dated as of July 6, 1999 (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, The parties hereto desire to amend the Agreement as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

. Certain Defined Terms. Capitalized terms that are used herein without definition and that are defined in the Agreement shall have the same meanings herein as therein defined.

. Amendments to Agreement. (a) Clause (a) of the definition of "Commercial Paper Rate" that appears in Section 1.1 of the Agreement is hereby amended by inserting, after the word "outstanding" and before the words "such Structured Purchaser," the words "on behalf of."

(b) The last sentence of Section 2.1(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

"It is understood and agreed that (i) except as provided in the last sentence of Section 2.1(c), each Class A Purchaser which is a Structured Purchaser, subject to the terms and conditions of this Agreement, intends to fund its Noncommitted Purchaser Percentage or Commitment Percentage, as the case may be, of any and all Class A Investor Principal Balance offered by the Transferor pursuant to Section 6.15 of the Pooling and Servicing Agreement through the issuance of commercial paper, to the extent that it is permitted and able in the ordinary course of its business to issue commercial paper which is rated not lower than the respective ratings assigned by Moody's and Standard & Poor's on the date on which such Structured Purchaser became a Class A Purchaser (without increasing or otherwise modifying any letter of credit or other enhancement provided to such Structured Purchaser or any liquidity support provided to such Structured Purchaser by Affected Parties), and (ii) notwithstanding anything else herein to the contrary, under no circumstances shall the Transferor or the Servicer be entitled to request such Structured Purchaser to fund all or any portion of its Class A Investor Principal Balance in any manner other than through the issuance of commercial paper."

(c) Section 9.1 of the Agreement is hereby amended by inserting after the last sentence in the first paragraph of Section 9.1 the following sentence:

"The Agent shall promptly notify each Rating Agency of any material amendment, modification, waiver and/or supplement to this Agreement pursuant to this Section 9.1".

(d) Sections 6.2 and 9.12(b) of the Agreement are hereby amended by replacing the words "Structured Lender" in each place

they appear in such Sections with the words "Structured Purchaser."

. Representations and Warranties. Each of the parties hereto hereby represents and warrants as follows:

(a) Representations and Warranties. The representations and warranties contained in Section 4 of the Agreement are true and correct as of the date hereof.

(b) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby no Termination Event, Series 1999-1 Pay Out Event, Servicer Default or Trust Payout Event exists or shall exist.

. Effect of Amendment. All provisions of the Agreement, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Related Document) to "this Agreement", "hereof", "herein" or words of similar effect referring to the Agreement shall be deemed to be references to the Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.

. Effectiveness. This Amendment shall become effective as of the date hereof upon receipt by the Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the other parties hereto, in form and substance satisfactory to the Agent in its sole discretion.

. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument.

. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York (without regard to any otherwise applicable principles of conflicts of law).

. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

PRIME II RECEIVABLES CORPORATION,
as Transferor

By: /s/ Susan S. Storer
Name: Susan S. Storer
Title: President

FDS NATIONAL BANK,
as Servicer

By: /s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

MARKET STREET FUNDING CORPORATION,
as Class A Purchaser

By: /s/ Douglas K. Johnson

Name: Douglas K. Johnson
Title: President

PNC BANK, NATIONAL ASSOCIATION,
as Agent

By: /s/ John T. Smathers
Name: John T. Smathers
Title: Vice President

EXECUTION COPY

CLASS B CERTIFICATE PURCHASE AGREEMENT

Dated as of July 6, 1999

among

PRIME II RECEIVABLES CORPORATION,
as Transferor,

FDS NATIONAL BANK,
as Servicer,

THE CLASS B PURCHASERS PARTIES HERETO,

and

PNC BANK, NATIONAL ASSOCIATION,
as Agent and Administrative Agent

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LIST OF EXHIBITS

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 EXHIBIT B Form of Joinder Supplement
 EXHIBIT C Form of Transfer Supplement
 EXHIBIT D Form of Notice of Financing

CLASS B CERTIFICATE PURCHASE AGREEMENT, dated as of July 6, 1999, by and among PRIME II RECEIVABLES CORPORATION, a Delaware corporation ("Prime II Receivables Corporation"), as Transferor (the "Transferor"), FDS NATIONAL BANK, a national banking association ("FDSNB"), as Servicer (the "Servicer"), the CLASS B PURCHASERS from time to time parties hereto (the "Class B Purchasers"), and PNC BANK, NATIONAL ASSOCIATION, as Agent for the Class B Purchasers (in such capacity, the "Agent") and as Administrative Agent for the Class B Purchasers and the Class A Purchasers (in such capacity, the "Administrative Agent").

WITNESSETH:

WHEREAS, Prime II Receivables Corporation, as Transferor, FDSNB, as Servicer, and the Trustee are parties to a certain Pooling and Servicing Agreement dated as of January 22, 1997 (as the same may from time to time be amended or otherwise modified, the "Master Pooling and Servicing Agreement"), and a Series 1999-1 Variable Funding Supplement thereto, dated as of July 6, 1999 (as the same may from time to time be amended or otherwise modified, the "Supplement" and, together with the Master Pooling and Servicing Agreement, the "Pooling and Servicing Agreement");

WHEREAS, the Trust proposes to issue its Class B Variable Funding Certificates, Series 1999-1 (the "Class B Certificates") and its Class A Variable Funding Certificates, Series 1999-1 (the "Class A Certificates" and, together with the Class B Certificates, the "Series 1999-1 Variable Funding Certificates") pursuant to the Pooling and Servicing Agreement;

WHEREAS, the Trust also proposes to issue its Class C Certificates, Series 1999-1 (the "Class C Certificates" and, together with the Series 1999-1 Variable Funding Certificates, the "Series 1999-1 Certificates") pursuant to the Pooling and Servicing Agreement; and

WHEREAS, the Class B Purchasers are willing to purchase the Class B Certificates on the Closing Date and from time to time thereafter to purchase VFC Additional Class B Invested

Amounts thereunder on the terms and conditions provided for herein;

NOW THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and adequacy of which are hereby expressly acknowledged, the parties hereto agree as follows:

SECTION 1. DEFINITIONS

1.1 Definitions. All capitalized terms used herein as defined terms and not defined herein shall have the meanings given to them in the Pooling and Servicing Agreement. Each capitalized term defined herein shall relate only to the Series 1999-1 Certificates and to no other Series of Certificates issued by the Trust.

"Act" has the meaning specified in subsection 2.7(a) of this Agreement.

"Additional Interest Amount" has the meaning assigned to such term in Section 2.3(g).

"Adjusted Eurodollar Rate" shall mean, for any Fixed Period (or any shorter period of time agreed to by the Agent and the Transferor), an interest rate per annum (rounded upward to the nearest 1/16th of 1%) determined pursuant to the following formula:

LIBOR

100% - Eurodollar Rate Reserve Percentage

where "Eurodollar Rate Reserve Percentage" means, for any Fixed Period (or any shorter period of time agreed to by the Agent and the Transferor), the reserve percentage (expressed as a decimal, rounded upward to the nearest 1/100th of 1%) applicable during such Fixed Period or such shorter period (or, if more than one such percentage shall be so applicable, the daily average of such percentages for those days in such Fixed Period or such shorter period during which any such percentage shall be so applicable) under regulations issued from time to time by the Federal Reserve Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to "Eurocurrency" funding (currently referred to as "Eurocurrency liabilities") having a term comparable to such Fixed Period or such shorter period.

"Administrative Agent" has the meaning specified in the preamble to this Agreement.

"Affected Party" shall mean, (i) the Agent, (ii) the Administrative Agent, and (iii) with respect to any Structured Purchaser, any Support Bank of such Structured Purchaser.

"Agent" shall mean PNC, in its capacity as Agent for the Class B Purchasers, or any successor agent hereunder.

"Agent Base Rate" shall mean, for any day, a fluctuating interest rate per annum as shall be in effect from time to time, which rate shall be at all times equal to the higher of:

(a) the rate of interest in effect for such day as publicly announced from time to time by PNC in Pittsburgh, Pennsylvania as its "prime rate." Such "prime rate" is set by PNC based upon various factors, including PNC's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate, and

(b) 0.50% per annum above the latest Federal Funds Rate.

"Agreement" shall mean this Class B Certificate Purchase Agreement, as amended, modified or otherwise supplemented from time to time.

"Alternate Rate" shall mean, for any Fixed Period (or, with respect to the Adjusted Eurodollar Rate, a shorter period of time agreed to by the Agent and the Transferor) with respect to the portion of the Class B Investor Principal Balance owed to a Class B Purchaser, an interest rate per annum equal to, at the Transferor's option: (a) the Applicable Margin, plus the Adjusted Eurodollar Rate for such Fixed Period or such shorter period, or (b) the Agent Base Rate for such Fixed Period; provided, however, that in the case of:

(i) any Fixed Period (or, with respect to the Adjusted Eurodollar Rate, any such shorter period) on or prior to the date on which such Class A Purchaser shall have notified the Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other Governmental Authority asserts that it is unlawful for such Class B Purchaser (or, in the case of a Structured Purchaser, for any entity providing funds to such Structured Purchaser at an interest rate determined by reference to the Adjusted Eurodollar Rate or a similar rate) to fund such portion of the Class B Investor Principal Balance at the Alternate Rate described above (and such Class A Purchaser shall not have subsequently notified the Agent that such circumstances no longer exist),

(ii) any Fixed Period of less than 30 days; provided, that the Agent and the Transferor may agree that the Adjusted Eurodollar Rate may apply to a period of less than 30 days,

(iii) any Fixed Period as to which: (A) the Agent does not receive notice before 4:00 p.m. (Pittsburgh, Pennsylvania time) on: (1) the Business Day immediately preceding the first day of such Fixed Period that the Transferor desires the related portion of the Class B Investor Principal Balance to be funded at the Commercial Paper Rate, or (2) the third Business Day preceding the first day of such Fixed Period, or the second Business Day preceding the last day of any shorter period agreed to by the Agent and the Transferor, in either case, that the Transferor desires that the related portion of the Class B Investor Principal Balance to be funded at the Alternate Rate and based on the Adjusted Eurodollar Rate, or (B) the Agent shall have notified the Transferor that funding the related portion of the Class B Investor Principal Balance at the Commercial Paper Rate for any period of time is (in the Agent's sole discretion) economically inadvisable to the related Class B Purchaser, the Agent or the Transferor, or such Class B Purchaser is not permitted to issue commercial paper notes for any period of time to fund the Class B Investor Principal Balance hereunder, or

(iv) any Fixed Period relating to a Class B Investor Principal Balance that is less than \$5,000,000,

the "Alternate Rate" for each such Fixed Period shall be an interest rate per annum equal to the Agent Base Rate in effect on each day of such Fixed Period.

"Applicable Margin" means, with respect to any purchase for which Yield is calculated based on the Adjusted Eurodollar Rate and the applicable Class B Purchaser is (a) Market Street Capital Corp., 0.0%, or (b) any other Class B Purchaser, 0.75%.

"Assignee" and "Assignment" have the respective meanings specified in subsection 8.1(e) of this Agreement.

"Business Day" means any day on which (i) banks are not

authorized or required to close in New York City or Pittsburgh, Pennsylvania, and (ii) if such term is used in connection with the Adjusted Eurodollar Rate, dealings are carried out in the London interbank market.

"Class A Certificates" has the meaning specified in the recitals to this Agreement.

"Class B Certificates" has the meaning specified in the recitals to this Agreement.

"Class B Fee Letter" shall mean that certain letter agreement, designated therein as the Series 1999-1 Class B Fee Letter and dated as of the date hereof, among the Agent, the Transferor and the Servicer, as such letter agreement may be amended or otherwise modified from time to time.

"Class B Investor Principal Balance" shall mean, when used with respect to any Business Day, an aggregate amount equal to (a) the Class B Initial Invested Amount, plus (b) the aggregate VFC Additional Class B Invested Amounts purchased by the Class A Certificateholders through the end of the preceding Business Day pursuant to Section 6.15 of the Pooling and Servicing Agreement, minus (c) the aggregate amount of principal payments made to the Class A Certificateholders prior to such Business Day.

"Class B Owners" shall mean, with respect to any Class B Certificate held by the Agent hereunder for the benefit of Class B Purchasers, the owners of the Class B Invested Amount represented by such Class B Certificate as reflected on the books of the Class A Agent in accordance with this Agreement.

"Class B Program Fee" shall mean the ongoing fees payable to the Agent or the Class B Purchasers in the amounts and on the dates set forth in the Class B Fee Letter.

"Class B Purchasers" has the meaning specified in the preamble to this Agreement.

"Class B Repayment Amount" shall mean the sum of all amounts payable with respect to the principal amount of the Class B Certificates and interest on the Class B Certificates and all other amounts (other than amounts payable pursuant to subsection 2.3(b) or (c), the last sentence of subsection 2.6(a) and Section 2.7 hereof unless such amounts are not paid by the Servicer pursuant to this Agreement) owing to the Class B Purchasers hereunder.

"Class C Certificates" has the meaning specified in the recitals to this Agreement.

"Closing Date" shall mean July 6, 1999.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commercial Paper Rate" shall mean, for any Fixed Period for any portion of the Class B Investor Principal Balance, to the extent a Structured Purchaser funds such portion for such Fixed Period by issuing commercial paper notes, a rate calculated by the Agent equal to: (a) the rate (or if more than one rate, the weighted average of the rates) at which commercial paper notes of such Structured Purchaser on each day during such Fixed Period have been outstanding such Structured Purchaser; provided, that if such rate(s) is a discount rate(s), then the Commercial Paper Rate shall be the rate (or if more than one rate, the weighted average of the rates) resulting from converting such discount rate(s) to an interest-bearing equivalent rate, plus (b) the commissions and charges charged by such placement agent or commercial paper dealer with respect to such commercial paper notes, expressed as a percentage of the face amount of such commercial paper notes and converted to an interest-bearing

equivalent rate per annum.

"Committed Class B Purchaser" shall mean any Class B Purchaser which has a Commitment, as set forth in its respective Joinder Supplement and any Assignee of such Class B Purchaser to the extent of the portion of such Commitment assumed by such Assignee pursuant to its respective Transfer Supplement.

"Commitment" shall mean, for any Committed Class B Purchaser, the maximum amount of such Committed Class B Purchaser's commitment to purchase a portion the Class B Invested Amount, as set forth in the Joinder Supplement or the Transfer Supplement by which such Committed Class B Purchaser became a party to this Agreement or assumed the Commitment (or a portion thereof) of another Committed Class B Purchaser, as such amount may be adjusted from time to time pursuant to Transfer Supplement(s) executed by such Committed Class B Purchaser and its Assignee and delivered pursuant to Section 8.1 of this Agreement or pursuant to Section 2.2 of this Agreement.

"Commitment Expiration Date" shall mean, for each Committed Class B Purchaser, the earlier to occur of (i) the date set forth in the Joinder Supplement or the Transfer Supplement by which such Committed Class B Purchaser became a party to this Agreement or assumed the Commitment (or a portion thereof) of another Committed Class B Purchaser, as such date may be extended from time to time by mutual agreement of all Class B Purchasers, the Agent and the Transferor, and (ii) the date that the commitment of any Support Bank to such Committed Class B Purchaser terminates under any liquidity agreement or credit agreement which relates to this Agreement.

"Commitment Percentage" shall mean, for a Committed Class B Purchaser, such Class B Purchaser's Commitment as a percentage of the aggregate Commitments of all Committed Class B Purchasers.

"Defaulting Purchaser" has the meaning specified in subsection 2.1(e) of this Agreement.

"Downgraded Purchaser" has the meaning specified in subsection 8.1(k).

"Eligible Assignee" shall mean PNC and each other Person listed in a letter from the Agent to the Transferor dated the Closing Date, as such list may be augmented from time to time with the consent of the Agent and the Transferor.

"Excluded Taxes" has the meaning specified in subsection 2.5(a) of this Agreement.

"FDSNB" has the meaning specified in the preamble to this Agreement.

"Federal Funds Rate" means, for any day, the per annum rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Board (including any such successor, "H.15(519)") for such day opposite the caption "Federal Funds (Effective)." If on any relevant day such rate is not yet published in H.15(519), the rate for such day will be the rate set forth in the daily statistical release designated as the Composite 3:30 p.m. Quotations for U.S. Government Securities, or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, the "Composite 3:30 p.m. Quotations") for such day under the caption "Federal Funds Effective Rate." If on any relevant day the appropriate rate is not yet published in either H.15(519) or the Composite 3:30 p.m. Quotations, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged before 9:00 a.m. (New York time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System, or any entity succeeding to any of its principal functions.

"Fixed Period" shall mean, with respect to a Class B Purchaser and any portion of the Class B Investor Principal Balance owed to such Class B Purchaser, a period from and including a Distribution Date to, but excluding, the next succeeding Distribution Date; provided that (i) the first Fixed Period shall commence on the Closing Date and end on the first Distribution Date, (ii) in the case of any Fixed Period for any portion of the Class B Principal Balance which commences before the Termination Date and would otherwise end on a date occurring after the Termination Date, such Fixed Period shall end on the Termination Date and the duration of each Fixed Period which commences on or after the Termination Date shall be of such duration as shall be selected by the Agent, and (iii) upon the occurrence, and during the continuance, of an event described in clause (iii)(B) of the definition of Alternate Rate, the Agent may, upon notice to the Transferor, terminate any Fixed Period then in effect if Yield for such Fixed Period is calculated on the basis of the Commercial Paper Rate. Any portion of the Class B Investor Principal Balance allocated to any such terminated Fixed Period shall (i) initially be reallocated to a Fixed Period beginning on such date of termination and ending on (but excluding) the third Business Day immediately succeeding such date of termination and the Yield during such Fixed Period shall be calculated based on the Alternate Rate as set forth in the definition thereof, and (ii) then be reallocated to a Fixed Period beginning on such third Business Day and ending on (but excluding) the immediately succeeding Distribution Date and the Yield during such Fixed Period shall be calculated based on the Alternate Rate as set forth in the definition thereof.

"Governmental Authority" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"Indemnatee" has the meaning specified in subsection 2.7(a) of this Agreement.

"Indemnifying Party" has the meaning specified in subsection 2.7(b) of this Agreement.

"Investing Office" shall mean, with respect to any Affected Party, any office of such Affected Party which is a beneficial holder of a portion of the Class B Certificates.

"Investment Letter" has the meaning specified in subsection 8.1(a) of this Agreement.

"Joinder Supplement" has the meaning specified in subsection 2.2(d) of this Agreement.

"LIBOR" shall mean, with respect to any Fixed Period (or any shorter period agreed to by the Agent and the Transferor) for any Class B Investor Amount to be funded at the Adjusted Eurodollar Rate, the rate of interest per annum determined by the Agent to be the arithmetic mean (rounded upward to the nearest 1/16th of 1%) of the rates of interest per annum notified to the Agent by the Reference Bank as the rate of interest at which dollar deposits in the approximate amount of such Class B Investor Principal Amount to be funded at the Adjusted Eurodollar Rate during such Fixed Period or such shorter period would be offered by major banks in the London interbank market to the Reference Bank at its request at or about 11:00 a.m. (London time) on the second Business Day before the commencement of such Fixed Period or such shorter period.

"Liquidation Day" shall mean, for any Class B Purchaser

and any portion of the Class B Investor Principal Balance owed to such Purchaser (a) any day other than a Distribution Date or a Business Day on which a decrease in the Class B Investor Principal occurs pursuant to, and in accordance with, Section 2.3(h), on which a reduction of such portion of the Class B Investor Principal Balance occurs, (b) any Purchase Date on which the conditions set forth in Sections 3.2 of the Agreement are not satisfied, and (c) any day on which the Agent reallocates any portion of the Class B Investor Principal Balance as the result of the termination of a Fixed Period pursuant to clause (iii)(B) of the definition thereof.

"Liquidation Fee" shall mean, for any Class B Purchaser and for any Liquidation Day, the amount, if any, by which (i) the additional Yield (calculated without taking into account any Liquidation Fee) which would have accrued during the current Fixed Period or, with respect to the Adjusted Eurodollar Rate, any shorter period agreed to by the Agent and the Transferor (without giving effect to any termination of such Fixed Period or such shorter period) on the portion of the Class B Investor Principal Balance owed to such Class B Purchaser, exceeds (ii) the income, if any, received by such Class B Purchaser from investing the proceeds of such reduction of the Class B Investor Principal Balance.

"Master Pooling and Servicing Agreement" has the meaning specified in the recitals to this Agreement.

"Moody's" shall mean Moody's Investors Service, Inc.

"Noncommitted Class B Purchaser" shall mean a Class B Purchaser which is not a Committed Class B Purchaser.

"Noncommitted Purchaser Percentage" shall mean for each Class B Purchaser which is not a Committed Class B Purchaser, the percentage set forth in its Joinder Supplement or the Transfer Supplement by which such Class B Purchaser became a party to this Agreement, as such percentage may be adjusted from time to time pursuant to Transfer Supplement(s) executed by such Class B Purchaser and any Assignee and delivered pursuant to Section 8.1 of this Agreement.

"Nondefaulting Purchaser" has the meaning specified in subsection 2.1(e) of this Agreement.

"Participant" has the meaning specified in subsection 8.1(d) of this Agreement.

"Participation" has the meaning specified in subsection 8.1(d) of the Agreement.

"Percentage Interest" shall mean, for a Class B Purchaser, (a) the sum of (i) the portion of the Class B Initial Invested Amount (if any) purchased by such Class B Purchaser, plus (ii) the aggregate VFC Additional Class B Invested Amounts (if any) purchased by such Class A Purchaser through the end of the preceding Business Day pursuant to Section 6.15 of the Pooling and Servicing Agreement, plus (iii) any portion of the Class B Investor Principal Balance acquired by such Class B Purchaser as an Assignee from another Class B Purchaser pursuant to a Transfer Supplement executed and delivered pursuant to Section 8.1 of this Agreement, minus (iv) the aggregate amount of principal payments made to such Class A Purchaser prior to such Business Day, minus (v) any portion of the Class B Investor Principal Balance assigned by such Class B Purchaser to an Assignee pursuant to a Transfer Supplement executed and delivered pursuant to Section 8.1 of this Agreement, as a percentage of (b) the aggregate Class B Investor Principal Balance.

"PNC" shall mean PNC Bank, National Association.

"Pooling and Servicing Agreement" has the meaning specified in the recitals to this Agreement.

"Prime II Receivables Corporation" has the meaning specified in the preamble to this Agreement.

"Purchase Date" shall mean the Closing Date and each date on which a purchase of a VFC Additional Class B Invested Amount is to occur in accordance with Section 6.15 of the Pooling and Servicing Agreement and Section 2.1 hereof.

"Purchase Request" shall have the meaning assigned to such term in Section 2.1(c).

"Rating Agency" shall mean each of Moody's and Standard & Poor's.

"Reference Bank" means PNC.

"Reduction Amount" has the meaning specified in subsection 2.6(a) of this Agreement.

"Regulatory Change" shall mean (i) as to each Class B Purchaser, any change occurring after the date of the execution and delivery of the Joinder Supplement or the Transfer Supplement by which it became party to this Agreement, or, in the case of a Participant, the date on which its Participation became effective, or (ii) as to any Affected Party, the date it became such an Affected Party, in any (or the adoption after such date of any new):

(i) United States Federal or state law or foreign law applicable to such Class B Purchaser, Affected Party or Participant; or

(ii) regulation, interpretation, directive, guideline or request (whether or not having the force of law) applicable to such Class B Purchaser, Affected Party or Participant of any court or other judicial authority or any Governmental Authority charged with the interpretation or administration of any law referred to in clause (i) or of any fiscal, monetary or other authority or central bank having jurisdiction over such Class B Purchaser, Affected Party or Participant.

"Related Documents" shall mean, collectively, this Agreement (including the Class B Fee Letter and all Joinder Supplements and Transfer Supplements), the Master Pooling and Servicing Agreement, the Supplement, the Series 1999-1 Certificates, and the Receivables Purchase Agreement.

"Replacement Purchaser" has the meaning specified in subsection 2.4(c) of this Agreement.

"Required Class B Owners" shall mean, at any time, Class B Purchasers having Percentage Interests aggregating at least 50.1%.

"Required Class B Purchasers" shall mean, at any time, Committed Class B Purchasers having Commitments aggregating at least 50.1% of the aggregate Commitments of all Committed Class B Purchasers.

"Requirement of Law" shall mean, as to any Person, any law, treaty, rule or regulation, or determination of an arbitrator or Governmental Authority, in each case applicable to or binding upon such Person or to which such Person is subject, whether federal, state or local (including, without limitation, usury laws, the Federal Truth in Lending Act and Regulation Z and Regulation B of the Board of Governors of the Federal Reserve System).

"Reserve Account Increase Notice" shall mean a notice delivered by the Administrative Agent in accordance with Section 2.8 hereof.

"Series 1999-1 Certificates" has the meaning specified in the recitals to this Agreement.

"Series 1999-1 Variable Funding Certificates" has the meaning specified in the recitals to this Agreement.

"Servicer" has the meaning specified in the preamble to this Agreement.

"Standard & Poor's" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"Structured Purchaser" shall mean (i) Market Street Capital Corp., and (ii) any Class B Purchaser whose principal business consists of issuing commercial paper, medium term notes or other securities to fund its acquisition and maintenance of receivables, accounts, instruments, chattel paper, general intangibles and other similar assets or interests therein and which is required by any nationally recognized rating agency which is rating such securities to obtain from its principal debtors an agreement such as that set forth in subsection 9.12(b) of this Agreement in order to maintain such rating.

"Supplement" has the meaning specified in the recitals to this Agreement.

"Support Bank" shall mean any Person extending or having a commitment to extend funds to or for the account of any Structured Purchaser, including by agreement to (i) purchase an assignment of, or participation in Class B Certificates under a liquidity or credit support agreement which relates to this Agreement, (ii) provide one or more letters of credit for the account of such Structured Purchaser, and (iii) issue one or more surety bonds under which such Structured Purchaser is obligated to repay such Person for any drawings thereunder.

"Taxes" has the meaning specified in subsection 2.5(a) of this Agreement.

"Termination Date" shall mean the Amortization Period Commencement Date.

"Termination Event" has the meaning specified in Section 2.8 hereof.

"Transfer" has the meaning specified in subsection 8.1(c) of this Agreement.

"Transfer Supplement" has the meaning specified in subsection 8.1(e) of this Agreement.

"Transferor" has the meaning specified in the preamble to this Agreement.

"Trust" shall mean the Prime Credit Card Master Trust II.

"Trustee" shall mean The Chase Manhattan Bank, a banking corporation organized and existing under the laws of the State of New York, in its capacity as Trustee under the Pooling and Servicing Agreement, together with its successors in such capacity.

"written" or "in writing" (and other variations thereof) shall mean any form of written communication or a communication by means of telex, telecopier device, telegraph or cable.

"Yield" shall mean, for any Business Day the aggregate of the following amounts:

- (i) for each portion of the Class B Investor

Principal Balance owed to a Structured Purchaser to the extent that such Structured Purchaser has funded such portion through the issuance of commercial paper notes on the immediately preceding Business Day,

$$\frac{PB \times CPR \times ED + LF + AI}{360}$$

and

(ii) for each remaining portion of the Class B Investor Principal Balance,

$$\frac{PB \times AR \times ED + LF + AI}{TD}$$

where:

PB = the relevant portion of the Class B Investor Principal Balance

CPR = the Commercial Paper Rate then applicable to the relevant portion of the Class B Investor Principal Balance

AR = the Alternate Rate then applicable to the relevant portion of the Class B Investor Principal Balance

ED = the number of days elapsed since the immediately preceding Business Day

TD = 360 if AR is the Adjusted Eurodollar Rate, or 365 or 366, as applicable, if AR is the Agent Base Rate

LF = the Liquidation Fee, if any, for such Business Day

AI = the Additional Interest Amount, if any, for such Business Day.

If during any Fixed Period any portion of the Class B Invested Principal Balance is funded through the issuance of commercial paper notes, the Servicer shall make daily allocations of Class B Interest based on the Commercial Paper Rate applicable to the immediately preceding Fixed Period (or, in the event that no portion of the Class B Investor Principal Balance accrued Yield at the Commercial Paper Rate during such immediately preceding Fixed Period, the Agent will on the first day of the related Fixed Period provide the Servicer an estimate of the Commercial Paper Rate applicable to such portion of the Class B Investor Principal Balance and such Fixed Period). It is understood and agreed that (i) the Commercial Paper Rate described in the immediately preceding sentence will be used solely for purposes of making daily allocations of Class B Interest under the Supplement, and (ii) any resulting differences between such estimated daily allocations and the actual Yield for such Fixed Period shall be reconciled as set forth in the definitions of Class B Carrying Costs.

SECTION 2. AMOUNT AND TERMS OF COMMITMENTS

2.1 Purchases. (a) On and subject to the terms and conditions of this Agreement, each Noncommitted Class B Purchaser which is a party hereto on the Closing Date, severally, agrees to acquire its Noncommitted Purchaser Percentage of the Class B Certificates on the Closing Date for a purchase price equal to its Noncommitted Purchaser Percentage of the Initial Class B Invested Amount, which shall not be less than \$500,000, and each Committed Class B Purchaser which is a party hereto on the Closing Date, severally, agrees to acquire its Commitment Percentage of the Class B Certificates not so acquired by Noncommitted Class B Purchasers on the Closing Date for a purchase price equal to the portion of the Initial Class B

Invested Amount represented thereby on the Closing Date. Such purchase price shall be made available to the Transferor on the Closing Date, subject to the satisfaction of the conditions specified in Section 3 hereof, by wire transfer at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on the Closing Date at an account of the Transferor specified in writing by the Transferor to the Agent in funds immediately available to the Transferor; provided, that, in any event, the Agent shall notify the Transferor at or prior to 1:00 p.m. Pittsburgh, Pennsylvania time, if such wire transfer will not be initiated at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on the Closing Date. The Class B Purchasers hereby direct that the Class B Certificates be registered in the name of the Agent, on behalf of the Class B Owners from time to time hereunder.

(b) On and subject to the terms and conditions of this Agreement and prior to the Termination Date, (i) each Noncommitted Class B Purchaser may purchase its Noncommitted Purchaser Percentage of any VFC Additional Class B Invested Amount offered for purchase by the Transferor pursuant to Section 6.15 of the Pooling and Servicing Agreement in an amount of not less than \$500,000, and (ii) each Committed Class B Purchaser, severally, agrees to purchase a portion of such VFC Additional Class B Invested Amount which is not purchased by Noncommitted Class B Purchasers pursuant to clause (i) in an amount equal to the lesser of (A) its Commitment Percentage thereof, or (B) the excess of its Commitment over its Percentage Interest of the Class B Investor Principal Balance (determined prior to giving effect to such purchase), in either case for a purchase price equal to the VFC Additional Class B Invested Amount so purchased. Such purchase price shall be made available to the Trustee in immediately available funds, by wire transfer at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on the applicable Purchase Date for the account of the Transferor, subject to the satisfaction of the conditions specified in Section 3 hereof, on the applicable Purchase Date specified pursuant to subsection 2.1(c), for deposit in the Proceeds Account held by the Trustee pursuant to the Supplement; provided, that, in any event, the Agent shall notify the Transferor at or prior to 1:00 p.m. Pittsburgh, Pennsylvania time, if such wire transfer will not be initiated at or prior to 2:00 p.m. Pittsburgh, Pennsylvania time on such Purchase Date. Each Noncommitted Class B Purchaser which is a Structured Purchaser confirms by becoming a party to this Agreement that, subject to the terms and conditions of this Agreement, it currently intends to purchase its Noncommitted Purchaser Percentage of any VFC Additional Class B Invested Amount offered for purchase by the Transferor pursuant to Section 6.15 of the Pooling and Servicing Agreement to the extent that, at the time of such purchase, it is permitted and able in the ordinary course of its business to issue commercial paper which is rated not lower than the respective ratings assigned by Moody's and Standard & Poor's on the date on which such Structured Purchaser became a Class B Purchaser (without increasing or otherwise modifying any letter of credit or other enhancement provided to such Structured Purchaser or any liquidity support provided to such Structured Purchaser by Affected Parties) in sufficient amounts fully to fund such purchase.

(c) The purchase of the Initial Class B Invested Amount and each purchase of any VFC Additional Class B Invested Amount shall be made on prior written notice in the form of Exhibit D (a "Purchase Request") from the Transferor to the Agent received by the Agent not later than 4:00 p.m. Pittsburgh, Pennsylvania time (i) in the case of a purchase to be funded at the Alternate Rate based upon the Adjusted Eurodollar Rate, on the third Business Day immediately preceding the applicable Purchase Date (or, in the case of the initial purchase, the Closing Date), (ii) in the case of a purchase to be funded at the Commercial Paper Rate on the Business Day immediately preceding the applicable Purchase Date (or, in the case of the initial purchase, the Closing Date), or (iii) in the case of a purchase to be funded at the Alternate Base Rate based upon the Agent Base

Rate, on the Business Day (or, in the event that Market Street Capital Corporation is the applicable Class B Purchaser, the second Business Day) immediately preceding the applicable Purchase Date (or, in the case of the initial purchase, the Closing Date). Each such Purchase Request shall be irrevocable and shall specify (i) the aggregate Initial Class B Invested Amount or VFC Additional Class B Invested Amount, as the case may be, to be purchased and (ii) the applicable Purchase Date (which shall be a Business Day). The Agent shall promptly forward a copy of such Purchase Request to each Class B Purchaser. In the case of the purchase of a VFC Additional Class B Invested Amount, each Noncommitted Class B Purchaser shall notify the Agent by 10:45 a.m., Pittsburgh, Pennsylvania time, on the applicable Purchase Date whether it has determined to make such purchase and, if so, whether all of the terms specified by the Transferor are acceptable to such Noncommitted Class B Purchaser. In the event that a Noncommitted Class B Purchaser shall not have timely provided such notice, it shall be deemed to have determined not to make such purchase. The Agent shall notify the Transferor and each Committed Class B Purchaser on or prior to 11:00 a.m., Pittsburgh, Pennsylvania time, on the applicable Purchase Date of whether each Noncommitted Class B Purchaser has so determined to purchase its share of such VFC Additional Class B Invested Amount and, in the event that Noncommitted Class B Purchasers have not determined to purchase the entire VFC Additional Class B Invested Amount, the Agent shall specify in such notice (i) the portion of the VFC Additional Class B Invested Amount to be purchased by each Committed Class B Purchaser, (ii) the applicable Purchase Date (which shall be a Business Day). Notwithstanding anything else herein to the contrary, if the Transferor has requested that the purchase be funded at the Commercial Paper Rate, the Agent shall notify the Transferor no later than 12:00 (noon) Pittsburgh, Pennsylvania time on the applicable Purchase Date, whether the Agent has exercised its discretion not to fund such purchase with the issuance of commercial paper notes as described in clause (iii)(B) of the definition of Commercial Paper Rate, in which case the Transferor shall be deemed to have requested that the purchase be funded at the Alternate Base Rate and be based upon the Agent Base Rate.

(d) In no event may the Transferor offer any VFC Additional Class B Invested Amount for purchase hereunder or under Section 6.15 of the Pooling and Servicing Agreement, nor shall any Committed Class B Purchaser be obligated to purchase any VFC Additional Class B Invested Amount, to the extent that such VFC Additional Class B Invested Amount, when aggregated with the Class B Investor Principal Balance determined prior to giving effect to the issuance thereof, would exceed the aggregate Commitments.

(e) In the event that one or more Committed Class B Purchasers (the "Defaulting Purchasers") fails to fund its Committed Percentage of any purchase of a VFC Additional Class B Invested Amount by 1:00 p.m., Pittsburgh, Pennsylvania time, on the applicable Purchase Date and the Servicer shall have notified the Agent of such failure by not later than 1:30 p.m., Pittsburgh, Pennsylvania time, on such Purchase Date, the Agent shall so notify each of the other Committed Class B Purchasers (the "Nondefaulting Purchasers") not later than 2:30 p.m., Pittsburgh, Pennsylvania time, on such Purchase Date, and each Nondefaulting Purchaser shall, subject to the satisfaction of the conditions specified in Section 3 hereof, purchase a portion of the aggregate VFC Additional Class B Invested Amount which was to be purchased by the Defaulting Purchasers equal to the lesser of (i) its Commitment Percentage thereof as a percentage of the aggregate Commitment Percentages of all Nondefaulting Purchasers, and (ii) the excess of its Commitment over its Percentage Interest of the Class B Investor Principal Balance (determined prior to giving effect to such purchase), in either case for a purchase price equal to the VFC Additional Class B Invested Amount so purchased, by making such purchase price available to the Trustee for the account of the Transferor on such Purchase Date for deposit in the Proceeds Account in immediately available

funds. No such purchase by Nondefaulting Purchasers shall relieve any Defaulting Purchaser of its obligations to make purchases hereunder, and each Defaulting Purchaser shall from and after the applicable Purchase Date be obligated to purchase the portion of any VFC Additional Class B Invested Amount which such Defaulting Purchaser was required to purchase hereunder and which was purchased by a Nondefaulting Purchaser from such Nondefaulting Purchaser at a purchase price equal to (i) the portion of the Class B Investor Principal Balance represented thereby, plus (ii) accrued and unpaid interest thereon at the applicable Class B Certificate Rate, plus (iii) an amount calculated at the rate of 1.0% per annum from the applicable Purchase Date for such VFC Additional Class B Invested Amount through the date of such purchase by the Defaulting Purchaser. The Transferor shall have the right to replace any Defaulting Purchaser hereunder with a Replacement Purchaser, and the Agent, acting at the request of the Required Class B Purchasers, shall have the right to replace such Defaulting Purchaser with a Replacement Purchaser which is an Eligible Assignee or is otherwise reasonably acceptable to the Transferor; provided, that (x) such replacement shall not affect the Defaulting Purchaser's right to receive any amounts otherwise owed to it hereunder, when and as the same would have been due and payable without regard to such replacement (subject to the rights of the other parties hereto with respect to such Defaulting Purchaser), and (y) such Replacement Purchaser shall, concurrently with its becoming a Committed Class B Purchaser hereunder, purchase the portion of any VFC Additional Class B Invested Amount at the time required to be purchased by the Defaulting Purchaser pursuant to the preceding sentence for a purchase price equal to (i) the portion of the Class B Investor Principal Balance represented thereby, plus (ii) accrued and unpaid interest thereon at the applicable Class B Certificate Rate; provided further, that upon any such replacement and purchase by a Replacement Purchaser, any amounts owing to Nondefaulting Purchasers by such Defaulting Purchaser under clause (iii) of the preceding sentence shall remain an obligation of such Defaulting Purchaser.

(f) The Class B Certificates shall be paid as provided in the Pooling and Servicing Agreement. The Agent shall allocate each payment in reduction of the Class B Investor Principal Balance to the Class B Owners pro rata based on their respective Percentage Interests, and shall allocate each payment of Class B Interest for any Business Day to the Class B Owners pro rata based on the Yield on such Class B Owner's portion of the Class B Investor Principal Balance for such Business Day. Amounts so allocated by the Agent shall be distributed by the Agent to the respective Class B Owners when and as received by the Agent from the Trust.

2.2 Reductions and Increases of Commitments. (a) At any time the Transferor may, upon at least five Business Days' prior written notice to the Agent, terminate in whole or reduce in part the portion of the Commitments which exceed the then outstanding Class B Investor Principal Balance (after adjustments thereto occurring on the date of such termination or reduction). Each such partial reduction shall be in an aggregate amount of \$10,000,000 or integral multiples thereof. On the Termination Date, the aggregate Commitments shall automatically reduce to an amount equal to the Class B Investor Principal Balance on such day, and on each Business Day thereafter shall be further reduced by an amount equal to the reduction in the Class B Investor Principal Balance (if any) on such day. Reductions of the aggregate Commitments pursuant to this subsection 2.2(a) shall be allocated to the pro rata to the Commitments of each Committed Class A Purchaser based on its respective Commitment Percentage.

(b) The Transferor may, upon at least two Business Days' prior written notice to the Agent, terminate in whole or reduce in part the Commitment of any Defaulting Purchaser or Downgraded Purchaser to an amount not less than such Class B Purchaser's Percentage Interest of the Class B Investor Principal Balance. Each such partial reduction shall be in an aggregate

amount of 1,000,000 or integral multiples thereof. No such termination of reduction shall relieve such Defaulting Purchaser of its obligations to Nondefaulting Purchasers pursuant to subsection 2.1(e) hereof.

(c) The aggregate Commitments of the Committed Class B Purchasers may be increased from time to time through the increase of the Commitment of one or more Committed Class B Purchasers; provided, however, that no such increase shall have become effective unless (i) the Agent and the Transferor shall have given their written consent thereto, (ii) such increasing Committed Class B Purchaser shall have entered into an appropriate amendment or supplement to this Agreement reflecting such increased Commitment and (iii) such conditions, if any, as the Agent shall have required in connection with its consent (including, without limitation, the delivery of legal opinions with respect to such Committed Class B Purchaser, the agreement of such Committed Class B Purchaser to become a Support Bank for one or more Structured Purchasers having a support commitment corresponding to its Commitment hereunder and approvals from the Rating Agency) shall have been satisfied. The Transferor may also increase the aggregate Commitments of the Committed Class B Purchasers from time to time by adding additional Committed Class B Purchasers in accordance with subsection 2.2(d).

(d) Subject to the provisions of subsections 8.1(a) and 8.1(b) applicable to initial purchasers of Class B Certificates, a Person having short-term credit ratings of not lower than P-1 from Moody's and A-1 from Standard & Poor's may from time to time with the consent of the Agent and the Transferor become a party to this Agreement as an initial or an additional Noncommitted Class B Purchaser or an initial or an additional Committed Class B Purchaser by (i) delivering to the Transferor an Investment Letter and (ii) entering into an agreement substantially in the form attached hereto as Exhibit B hereto (a "Joinder Supplement"), with the Agent and the Transferor, acknowledged by the Servicer, which shall specify (A) the name and address of such Person for purposes of Section 9.2 hereof, (B) whether such Person will be a Noncommitted Class B Purchaser or Committed Class B Purchaser and, if such Person will be a Committed Class B Purchaser, its Commitment, and (C) the other information provided for in such form of Joinder Supplement. Upon its receipt of a duly executed Joinder Supplement, the Agent shall on the effective date determined pursuant thereto give notice of such effectiveness to the Transferor, the Servicer and the Trustee, and the Servicer will provide notice thereof to each Rating Agency (if required). If, at the time the effectiveness of the Joinder Supplement for an additional Committed Class B Purchaser, the other Committed Class B Purchasers are Class B Owners, it shall be a condition to such effectiveness that such additional Committed Class B Purchaser purchase from each other Class B Purchaser an interest in the Class B Certificates in an amount equal to (i) such other Class B Purchaser's Percentage Interest of the Class B Investor Principal Balance, times (ii) a fraction, the numerator of which equals the Commitment of such additional Class B Purchaser, and the denominator of which equals the aggregate Commitments of the Class B Purchasers (determined after giving effect to the additional Commitment of the additional Class B Purchaser as set forth in such Joinder Supplement), for a purchase price equal to the portion of the Class B Investor Principal Balance purchased.

2.3 Fees, Expenses, Payments, Etc. (a) Subject to the provisions of subsection 9.12(a) hereof, the Transferor agrees to pay to the Agent for the account of the Class B Purchasers the fees set forth in the Class B Fee Letter at the times specified therein.

(b) Subject to the provisions of subsection 9.12(a) hereof in the case of the Transferor, the Transferor and FDSNB, jointly and severally, shall be obligated to pay on demand to (i) the Agent and the initial Class B Purchasers all reasonable costs and expenses in connection with the preparation, execution,

delivery and administration (including any requested amendments, waivers or consents of any of the Related Documents) of this Agreement, and the other documents to be delivered hereunder or in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Agent and each of the initial Class B Purchasers with respect thereto and (ii) the Agent and each Class B Purchaser, all reasonable costs and expenses, if any, in connection with the enforcement of any of the Related Documents, and the other documents delivered thereunder or in connection therewith.

(c) Subject to the provisions of subsection 9.12(a) hereof in the case of the Transferor, the Transferor and FDSNB, jointly and severally, shall be obligated to pay on demand any and all stamp and other taxes (other than Taxes covered by Section 2.5) and fees payable in connection with the execution, delivery, filing and recording of this Agreement, the Class B Certificates, any of the other Related Documents or the other documents and agreements to be delivered hereunder and thereunder, and agree to save each Class B Purchaser and the Agent harmless from and against any liabilities with respect to or resulting from any delay by the Transferor or FDSNB in paying or omission to pay such taxes and fees.

(d) Yield calculated by reference to the Adjusted Eurodollar Rate shall be calculated on the basis of a 360-day year for the actual days elapsed. Any Yield or interest accruing at the Agent Base Rate shall be calculated on the basis of a 365- or 366-day year, as applicable, for the actual days elapsed. Fees or other periodic amounts payable hereunder shall be calculated, unless otherwise specified in the Class B Fee Letter, on the basis of a 360-day year and for the actual days elapsed.

(e) Each determination of Yield by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Class B Purchasers, the Transferor, the Servicer and the Trustee in the absence of manifest error.

(f) All payments to be made hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 2:30 p.m., Pittsburgh, Pennsylvania time, on the due date thereof to the Agent's account specified in subsection 9.2(b) hereof, in United States dollars and in immediately available funds. Notwithstanding anything herein to the contrary, if any payment due hereunder becomes due and payable on a day other than a Business Day, the payment date thereof shall be extended to the next succeeding Business Day and interest shall accrue thereon at the applicable rate during such extension. To the extent that (i) the Trustee, FDSNB, the Transferor or the Servicer makes a payment to the Agent or a Class B Purchaser or (ii) the Agent or a Class B Purchaser receives or is deemed to have received any payment or proceeds for application to an obligation, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy or insolvency law, state or Federal law, common law, or for equitable cause, then, to the extent such payment or proceeds are set aside, the obligation or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received or deemed received by the Agent or the Class B Purchaser, as the case may be.

(g) If on any Distribution Date the amount on deposit in the Interest Funding Account is less than the amount of Class B Interest and Class A Interest payable with respect to the Class B Certificates and Class A Certificates on such Distribution Date, an additional amount equal to the product of (i) such interest shortfall (or portion thereof which has not been paid to the Class B Certificateholder), times (ii) (A) a fraction, the numerator of which is the actual number of days in the period from and including the preceding Distribution Date to but

excluding such Distribution Date and the denominator of which is 360, times (B) the applicable rate of interest on each day, shall be payable as provided in the Supplement with respect to the Class B Certificates, on each Distribution Date following such Distribution Date to and including the Distribution Date on which such interest shortfall is paid to the Class B Certificateholder (any such amount being referred to herein as an "Additional Interest Amount"). Notwithstanding anything to the contrary herein, any Additional Interest Amount shall only be payable or distributed to the Class B Certificateholder to the extent permitted by applicable law.

(h) Subject to the terms and conditions of this Agreement and the Supplement (including, without limitation, Section 4.6(f) thereof), the Transferor may decrease the Class B Investor Principal Balance in whole or in part on any Business Day by giving the Class B Agent prior written notice of such decrease no later than 4:00 p.m. (Pittsburgh, Pennsylvania time) on (i) in the case of a decrease in the Class B Investor Principal Balance of \$10,000,000 or less, the Business Day immediately preceding the Business Day on which such decrease shall occur, (ii) in the case of a decrease in the Class B Investor Principal Balance of more than \$10,000,000 but less than \$30,000,000, the third Business Day immediately preceding the Business Day on which such decrease shall occur, and (iii) in the case of a decrease in the Class B Investor Principal Balance of \$30,000,000 or more, the fifth Business Day immediately preceding the Business Day on which such decrease shall occur; provided, however, that each such decrease in the Class B Investor Principal Balance shall be in a minimum amount of \$500,000 and integral multiples of \$100,000 in excess thereof.

2.4 Requirements of Law. (a) In the event that any Affected Party shall have reasonably determined that any Regulatory Change shall:

(i) subject such Affected Party to any tax of any kind whatsoever with respect to this Agreement, its Commitment or its beneficial interest in the Class B Certificates, or change the basis of taxation of payments in respect thereof (except for Taxes covered by Section 2.5 and taxes included in the definition of Excluded Taxes in subsection 2.5(a) and changes in the rate of tax on the overall net income of such Affected Party);

(ii) impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, such Affected Party; or

(iii) impose on such Affected Party any other condition.

and the result of any of the foregoing is to increase the cost to such Affected Party, by an amount which such Affected Party, in its reasonable judgment, deems to be material, of maintaining its Commitment or its beneficial interest in the Class B Certificates or to reduce any amount receivable in respect thereof, then, in any such case, after submission by such Affected Party to the Agent of a written request therefor and the submission by the Agent to the Transferor, the Trustee and the Servicer of such written request therefor, (subject to subsection 9.12(a) hereof) the Transferor shall pay to the Agent for the account of such Affected Party any additional amounts necessary to compensate such Affected Party for such increased cost or reduced amount receivable, together with interest on each such amount from the day which is ten Business Days after the date such request for compensation under this subsection 2.4(a) is received by the Transferor until payment in full thereof (after as well as before judgment) at the Agent Base Rate in effect from time to time.

(b) In the event that any Affected Party shall have reasonably determined that any Regulatory Change regarding capital adequacy has the effect of reducing the rate of return on such Affected Party's capital or on the capital of any corporation controlling such Affected Party as a consequence of its obligations hereunder or its maintenance of its Commitment or its beneficial interest in the Class B Certificates to a level below that which such Affected Party or such corporation could have achieved but for such Regulatory Change (taking into consideration such Affected Party's or such corporation's policies with respect to capital adequacy) by an amount reasonably deemed by such Affected Party to be material, then, from time to time, after submission by such Affected Party to the Agent of a written request therefor and submission by the Agent to the Transferor and the Servicer of such written request therefor, (subject to subsection 9.12(a) hereof) the Transferor shall pay to the Agent for the account of such Affected Party such additional amount or amounts as will compensate such Affected Party for such reduction, together with interest on each such amount from the day which is ten Business Days after the date such request for compensation under this subsection 2.4(b) is received by the Transferor until payment in full thereof (after as well as before judgment) at the Agent Base Rate in effect from time to time.

(c) Each Affected Party agrees that it shall use its reasonable efforts to reduce or eliminate any claim for compensation pursuant to subsections 2.4(a) and 2.4(b), including but not limited to designating a different Investing Office for its Class B Certificates (or any interest therein) if such designation will avoid the need for, or reduce the amount of, any increased amounts referred to in subsection 2.4(a) or 2.4(b) and will not, in the reasonable opinion of such Affected Party, be disadvantageous to such Affected Party or inconsistent with its policies or result in an unreimbursed cost or expense to such Affected Party or in an increase in the aggregate amount payable under both subsections 2.4(a) and 2.4(b). If any increased amounts referred to in subsection 2.4(a) or 2.4(b) shall not be eliminated or reduced by the designation of a different Investing Office and payment thereof hereunder shall not be waived by such Affected Party, the Transferor shall have the right to replace such Affected Party hereunder with a new purchaser reasonably acceptable to the Agent ("Replacement Purchaser") that shall succeed to the rights of such Affected Party under this Agreement and such Affected Party shall assign its beneficial interest in the Class B Certificates to such Replacement Purchaser in accordance with the provisions of Section 8.1, provided, that (i) such Affected Party shall not be replaced here under with a new investor until such Affected Party has been paid in full its Percentage Interest of the Class B Investor Principal Balance and all accrued and unpaid Yield (including any Liquidation Fee determined for the replacement date) thereon by such new investor and all other amounts (including all amounts owing under this Section 2.4) owed to it pursuant to this Agreement and (ii) if the Affected Party to be replaced is the Agent, the Administrative Agent or any Support Bank or, unless the Agent and the Administrative Agent otherwise agree, a Structured Purchaser sponsored or administered by the Administrative Agent or the Agent (in its individual capacity), a replacement Agent or Administrative Agent, as the case may be, shall have been appointed in accordance with Section 7.9 and the Agent or Administrative Agent, as the case may be, to be replaced shall have been paid all amounts owing to it as Agent or Administrative Agent, as the case may be, pursuant to this Agreement; provided, further, that the Transferor shall provide such Affected Party with an Officer's Certificate stating that such new investor is not subject to, or has agreed not to seek, such increased amount.

(d) Each Affected Party claiming increased amounts described in subsection 2.4(a) or 2.4(b) will furnish to the Agent (together with its request for compensation) a certificate setting forth any actions taken by such Affected Party to reduce or eliminate such increased amounts pursuant to subsection 2.4(c)

and the basis and the calculation of the amount (in reasonable detail) of each request by such Affected Party for any such increased amounts referred to in subsection 2.4(a) or 2.4(b), such certificate to be conclusive as to the factual information set forth therein absent manifest error.

2.5 Taxes. (a) All payments made to the Class B Purchasers or the Agent under this Agreement and the Pooling and Servicing Agreement (including all amounts payable with respect to the Class B Certificates) shall, to the extent allowed by law, be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority (collectively, "Taxes"), excluding (i) income taxes (including, without limitation, branch profit taxes, minimum taxes and taxes computed under alternative methods, at least one of which is based on or measured by net income), franchise taxes (imposed in lieu of income taxes), or any other taxes based on or measured by the net income of the Class B Purchaser or the gross receipts or income of the Class B Purchaser; (ii) any Taxes that would not have been imposed but for the failure of such Class B Purchaser or the Agent, as applicable, to provide and keep current (to the extent legally able) any certification or other documentation required to qualify for an exemption from, or reduced rate of, any such Taxes or required by this Agreement to be furnished by such Class B Purchaser or the Agent, as applicable; (iii) any Taxes imposed as a result of a change by any Class B Purchaser of the Investing Office (other than changes mandated by this Agreement, including subsection 2.4(c) hereof, or required by law); and (iv) any Taxes imposed as a result of the Transfer by any Class B Purchaser of its interest hereunder other than in accordance with Section 8.1 (all such excluded taxes being hereinafter called "Excluded Taxes"). If any Taxes, other than Excluded Taxes, are required to be withheld from any amounts payable to a Class B Purchaser or the Agent hereunder or under the Pooling and Servicing Agreement, then after submission by any Class B Purchaser to the Agent (in the case of an amount payable to a Class B Purchaser) and by the Agent to the Transferor and the Servicer of a written request therefor, the amounts so payable to such Class B Purchaser or the Agent, as applicable, shall be increased and the Transferor shall be liable to pay to the Agent for the account of such Class B Purchaser or for its own account, as applicable, the amount of such increase) to the extent necessary to yield to such Class B Purchaser or the Agent, as applicable (after payment of all such Taxes) interest or any such other amounts payable hereunder or thereunder at the rates or in the amounts specified in this Agreement and the Pooling and Servicing Agreement; provided, however, that the amounts so payable to such Class B Purchaser or the Agent shall not be increased pursuant to this subsection 2.5(a) if such requirement to withhold results from the failure of such Person to comply with subsection 2.5(c) hereof. Whenever any Taxes are payable on or with respect to amounts distributed to a Class B Purchaser or the Agent, as promptly as possible thereafter the Servicer shall send to the Agent, on behalf of such Class B Purchaser (if applicable), a certified copy of an original official receipt showing payment thereof. If the Trustee, upon the direction of the Servicer, fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent, on behalf of such Class B Purchaser (if applicable), the required receipts or other required documentary evidence, subject to subsection 9.12(a), the Transferor shall pay to the Agent on behalf of such Class B Purchaser or for its own account, as applicable, any incremental taxes, interest or penalties that may become payable by such Class B Purchaser or the Agent, as applicable, as a result of any such failure. If any increased amounts payable under this subsection 2.5(a) shall not be waived by the applicable Class B Purchaser, the Transferor shall have the right to replace the Class B Purchaser hereunder with a Replacement Purchaser that will succeed to the rights of such Class B Purchaser under this Agreement; provided, that (i) such Class B Purchaser shall not be replaced hereunder with a new

investor until such Class B Purchaser has been paid in full its Percentage Interest of the Class B Investor Principal Balance and all accrued and unpaid Yield (including any Liquidation Fee determined for the replacement date) thereon and all other amounts (including all amounts owing under this Section 2.5) owed to it pursuant to this Agreement and (ii) if the Class B Purchaser to be replaced is the Agent or Administrative Agent, or, unless the Agent and the Administrative Agent otherwise agree, a Structured Purchaser sponsored or administered by the Administrative Agent or the Agent (in its individual capacity), a replacement Agent or Administrative Agent, as the case may be, shall have been appointed in accordance with Section 7.9 and the Agent or Administrative Agent, as the case may be, to be replaced shall have been paid all amounts owing to it as Agent or Administrative Agent, as the case may be, pursuant to this Agreement; provided, further, that the Transferor shall provide such Class B Purchaser with an Officer's Certificate stating that such new investor is not subject to such Taxes or that such new investor is subject to a lesser amount of Taxes than the Class B Purchaser.

(b) A Class B Purchaser claiming increased amounts under subsection 2.5(a) for Taxes paid or payable by such Class B Purchaser (or the Agent for its own account) will furnish to the Agent who will furnish to the Transferor and the Servicer a certificate, setting forth the basis and amount of each request by such Class B Purchaser for such Taxes, such certificate to be conclusive as to the factual information set forth therein absent manifest error. All such amounts shall be due and payable to the Agent on behalf of such Class B Purchaser or for its own account, as the case may be, on the succeeding Distribution Date following receipt by the Transferor of such certificate at least 10 days prior to such Distribution Date, in each case if then incurred by such Class B Purchaser and otherwise shall be due and payable on the following Distribution Date (or, if earlier, on the Series 1999-1 Termination Date).

(c) Each Class B Purchaser and each Participant holding an interest in Class B Certificates agrees that prior to the date on which the first interest payment hereunder is due thereto, it will deliver to the Servicer and the Trustee, if such Class B Purchaser or Participant is not incorporated under the laws of the United States or any State thereof (i) two duly completed copies of the U.S. Internal Revenue Service Form 4224 or successor applicable forms required to evidence that the Class B Purchaser's or Participant's income from this Agreement or the Class B Certificates is "effectively connected" with the conduct of a trade or business in the United States as the case may be and (ii) a U.S. Internal Revenue Service Form W-8 or W-9 or successor applicable or required forms. Each Class B Purchaser or Participant holding an interest in Class B Certificates also agrees to deliver to the Servicer and the Trustee two further copies of said Form 4224 and Form W-8 or W-9, or such successor applicable forms or other manner of certification, as the case may be, on or before the date that any such form expires or becomes obsolete or after the occurrence of any event requiring a change in the most recent form previously delivered by it to the Servicer and the Trustee, and such extensions or renewals thereof as may reasonably be requested by the Servicer, unless in any such case, solely as a result of a change in treaty, law or regulation occurring prior to the date on which any such delivery would otherwise be required, and assuming that Section 1446 of the Code does not apply, the Class B Purchaser is no longer eligible to deliver the then-applicable form set forth above. Each Class B Purchaser certifies, represents and warrants and each Participant acquiring an interest in a Class B Certificate or Class B Purchaser which is an Assignee shall certify, represent and warrant as a condition of acquiring its Participation or beneficial interest in the Class B Certificates (x) that its income from this Agreement or the Class B Certificates is effectively connected with a United States trade or business and (y) that it is entitled to an exemption from United States backup withholding tax. Further, each Class B

Purchaser covenants and each Participant acquiring an interest in a Class B Certificate that for so long as it shall hold such Participation or Class B Certificates it shall be held in such manner that the income therefrom shall be effectively connected with the conduct of a United States trade or business. The Servicer and the Trustee shall be entitled to withhold or cause such withholding, and additional amounts in respect of Taxes need not be paid to a Class B Purchaser or Participant in the event of a breach of the certifications, representations, warranties or covenants set forth in this subsection 2.5(c) by such Class B Purchaser or Participant.

(d) In the event that any Class B Purchaser or Participant holding an interest in Class B Certificates shall breach the certifications, representations, warranties or covenants set forth in this Section 2.5, the Transferor shall have the right to replace such Class B Purchaser or such Participant's lead Class B Purchaser hereunder with a Replacement Purchaser that shall succeed to the rights of such Class B Purchaser under this Agreement and, subject to compliance with the provisos to the last sentence of subsection 2.5(a), such Class B Purchaser shall assign its interest in this Agent and any Class B Certificates owned by it to such Replacement Purchaser in accordance with the provisions of Section 8.1.

2.6 Non-recourse. (a) Except to the extent provided in this Section 2.6, the obligation to repay the Class B Repayment Amount shall be without recourse to the Transferor, the Servicer (or any Person acting on behalf of any of them), the Holder of the Exchangeable Transferor Certificate, the Trust (except to the extent specifically provided for herein or in the Pooling and Servicing Agreement), the Trustee, the Certificateholders or any Affiliate of any of them, and shall be limited solely to amounts payable to the Series 1999-1 Certificateholders under the Pooling and Servicing Agreement. To the extent that such amounts are insufficient to pay the Class B Repayment Amount, the obligation to pay the Class B Repayment Amount shall not constitute a claim against the Transferor, the Servicer (or any Person acting on behalf of any of them), the Holder of the Exchangeable Transferor Certificate, the Trust (except to the extent specifically provided for herein or in the Pooling and Servicing Agreement), the Trustee, the Certificateholders or any Affiliate of any of them. Notwithstanding anything to the contrary contained herein, if the Transferor or the Servicer shall fail to make any payment, deposit or transfer relating to the Series 1999-1 Certificates required to be made pursuant to the Pooling and Servicing Agreement and, as a result of such failure, the amount available to be applied to the Class B Certificates pursuant to the Pooling and Servicing Agreement is reduced to an amount which is less than the amount which otherwise would have been available had such payment, deposit or transfer been made (the amount of any such reduction hereinafter referred to as a "Reduction Amount"), the Transferor or the Servicer, as the case may be, shall repay the Class B Investor Principal Balance, together with interest due thereon in accordance with the Pooling and Servicing Agreement, to the extent of (i) such Reduction Amount and (ii) interest on the portion of the Class B Investor Charge-Offs, if any, which results from the existence of any Reduction Amount at the Agent Base Rate plus 2.00% per annum.

(b) Subject to and without limiting the foregoing provisions of this Section 2.6, the obligations of the Transferor and the Servicer under this Agreement shall be absolute, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement, irrespective of any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement, the Pooling and Servicing Agreement, the Series 1999-1 Certificates or the Supplement;

(ii) any amendment to or waiver of, or consent to

or departure from, this Agreement, the Series 1999-1 Certificates, the Pooling and Servicing Agreement or the Supplement, unless agreed to by the Required Class B Owners and the Required Class B Purchasers or all the Class B Owners and the Required Class B Purchasers if required hereunder;

(iii) the existence of any claim, setoff, defense or other right which the Transferor, the Servicer or the Trustee may have at any time against each other, the Agent, the Administrative Agent or any Class B Purchaser, as the case may be, or any other Person, whether in connection with this Agreement, the Class B Certificates, the Pooling and Servicing Agreement or any unrelated transactions;

(iv) the bankruptcy or insolvency of the Trust or with respect to any party jointly and severally liable with another party hereto, of such other party; or

(v) any other circumstances or happening whatsoever, whether or not similar to any of the foregoing; provided, that, with respect to obligations owing to any Class B Purchaser, the same shall not have constituted gross negligence or willful misconduct of such Class B Purchaser.

2.7 Indemnification. () Subject to subsection 9.12(a) hereof in the case of the Transferor, the Transferor and FDSNB, jointly and severally, agree to indemnify and hold harmless the Agent, the Administrative Agent, each Support Bank and each Class B Purchaser and any directors, officers, employees, attorneys, auditors or accountants of such Agent, the Administrative Agent, Support Bank or Class B Purchaser (each such person being referred to as an "Indemnatee") from and against any and all claims, damages, losses, liabilities, costs or expenses whatsoever which such Indemnatee may incur (or which may be claimed against such Indemnatee) by reason of or in connection with the execution and delivery of, or payment under, this Agreement, the Pooling and Servicing Agreement, the Series 1999-1 Certificates, except (i) to the extent that any such claim, damage, loss, liability, cost or expense shall be caused by the willful misconduct or gross negligence of such Indemnatee, (ii) to the extent that any such claim, damage, loss, liability, cost or expense relates to any Excluded Taxes, (iii) to the extent that any such claim, damage, loss, liability, cost or expense relates to disclosure made by the Agent or a Class B Purchaser in connection with an Assignment or Participation pursuant to Section 8.1 of this Agreement which disclosure is not based on information given to the Agent by or on behalf of the Transferor, the Servicer or the Trustee or (iv) to the extent that such claim, damage, loss, liability, cost or expense shall be caused by a charge off of Receivables. The foregoing indemnity shall include any claims, damages, losses, liabilities, costs or expenses to which any such Indemnatee may become subject under the Securities Act of 1933, as amended (the "Act"), the Securities Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended, or other federal or state law or regulation arising out of or based upon any untrue statement or alleged untrue statement of a material fact in any disclosure document relating to the Class B Certificates or the Class A Certificates, or any amendments thereof or supplements thereto or arising out of, or based upon, the omission or the alleged omission to state a material fact necessary to make the statements therein or any amendment thereof or supplement thereto, in light of the circumstances in which they were made, not misleading.

(b) Promptly after the receipt by an Indemnatee of a notice of the commencement of any action against an Indemnatee, such Indemnatee will notify the Agent and the Agent will, if a claim in respect thereof is to be made against the Transferor pursuant to subsection 2.7(a) (the "Indemnifying Party"), notify the Indemnifying Party in writing of the commencement thereof; but the omission so to notify such party will not relieve such

party from any liability which it may have to such Indemnatee pursuant to subsection 2.7(a). Upon receipt of such notice, the Indemnifying Party shall assume the defense of such action or proceeding, including the employment of counsel satisfactory to the Indemnatee in its reasonable judgment and the payment of all related expenses. Each Indemnatee shall have the right to employ separate counsel in any such action or proceeding and to participate in (but not control) the defense thereof, but the fees and expenses of such counsel shall be at its own expense unless (a) the Indemnifying Party shall have failed to assume or continue to defend such action or proceeding, (b) the named parties to any such action or proceeding (including any impleaded parties) include both such Indemnatee and either the Transferor or another person or entity that may be entitled to indemnification from the Transferor (by virtue of this Agreement or otherwise) and such Indemnatee shall have been advised by counsel that there may be one or more legal defenses available to such Indemnatee which are different from or additional to those available to the Transferor or such other party or shall otherwise have reasonably determined that the co-representation would present such counsel with a conflict of interest, or (c) the Indemnifying Party and the Indemnatee shall have mutually agreed to the retention of separate counsel. Anything contained in this Agreement to the contrary notwithstanding, the Indemnifying Party (i) shall not be entitled to assume the defense of any part of a Third Party Claim that specifically seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnatee, and (ii) shall not (and shall not permit any counsel employed pursuant to this Section 2.7) to enter into any settlement, or agree to the terms of any settlement, without the prior written consent of each Indemnatee that would be affected thereby.

2.8 Termination Events. In the event that any one or more of the following (each, a "Termination Event") shall have occurred:

(a) the failure of the Transferor, the Servicer or the Trustee to make a deposit, payment or withdrawal required hereunder or under any Related Document (determined without regard to the failure of the Servicer to deliver any statement or certificate required hereunder or under the Supplement in order for such deposit, payment or withdrawal to be made) when and as required and such failure continues for five Business Days; provided that the failure of the Transferor to make additional payments pursuant to subsection 2.4(a) or 2.4(b) or Section 2.5 hereof shall not constitute a Termination Event unless such failure continues after the last Business Day of the Monthly Period which follows the Monthly Period in which the Transferor received a request for such payment pursuant to such subsection;

(b) any representation or warranty made herein or in connection with this Agreement by the Transferor, the Servicer or the Trustee shall prove to have been incorrect in any material respect when made, and continues to be incorrect in any material respect for a period of sixty (60) days after receipt of written notice thereof, requiring the same to be remedied, by the Transferors and the Servicer from the Agent and as a result the interests of the Class B Purchasers or any other them are and continue to be materially and adversely affected;

(c) the failure by the Transferor or the Servicer or, if such failure is reasonably expected to have a material adverse effect on the Class B Investors, by the Trustee, to duly observe or perform any term or provision of this Agreement (except as described in clause (a) above) which is not cured within 60 days after written notice of such failure is given to the defaulting party by the Agent;

(d) the occurrence (whether occurring before or after the commencement of an Amortization Period) of a Trust

Pay Out Event, a Series 1999-1 Pay Out Event or a Servicer Default, or the occurrence of an event or condition which would be a Trust Pay Out Event, a Series 1999-1 Pay Out Event or a Servicer Default but for a waiver of or failure to declare or determine such event by the Certificateholders or the Trustee;

(e) the Commitment Expiration Date; or

(f) Market Street Funding Corporation shall not have become a Class B Purchaser hereunder by the ninetieth calendar day after the Closing Date;

then, in the event of a Termination Event described in any of clauses (a) through (d) above, in addition to any other rights or remedies of the Class B Purchasers hereunder or under any Related Documents, (A) the Administrative Agent, at the direction of the Required Class B Owners and of the Required Class B Purchasers (and without regard to whether a similar direction shall have been given pursuant to the Class A Certificate Purchase Agreement) in their discretion, shall deliver a Reserve Account Increase Notice to the Servicer as contemplated by the Supplement, and/or (B) the Administrative Agent, at the direction of the Required Class B Owners and of the Required Class B Purchasers (and without regard to whether a similar direction shall have been given pursuant to the Class A Certificate Purchase Agreement) in their discretion, shall deliver a notice to the Trustee and the Servicer that such Termination Event has occurred and directing that such Termination Event constitute a Series 1999-1 Pay Out Event under subsection 10(g) of the Supplement. In the event that a Termination Event described in clause (e) above shall have occurred, the Agent shall give notice thereof to the Administrative Agent, which shall, without further direction, deliver prompt notice to the Trustee and the Servicer that such Termination Event has occurred and directing that such Termination Event constitute a Series 1999-1 Pay Out Event under subsection 10(g) of the Supplement.

2.9 Certain Agreements of the Agent. If on the thirtieth day after the Closing Date and/or the sixtieth day after the Closing Date (or, in either case, if such day is not a Business Day, the immediately succeeding Business Day) Market Street Funding Corporation has failed to become a Class B Purchaser hereunder, the Agent hereby agrees to notify the Transferor on such thirtieth and/or sixtieth day of the basis for such failure and any actions that are required to be taken by the Transferor, Servicer or any of their affiliates or agents in order for Market Street Funding Corporation to become a Class B Purchaser hereunder.

SECTION 3. CONDITIONS PRECEDENT

3.1 Condition to Initial Purchase. As a condition precedent to the initial purchase by any Class B Purchasers of the Class B Certificates, (i) the Agent on behalf of the Class B Purchasers shall have received on the Closing Date the following items, each of which shall be in form and substance satisfactory to the Agent:

(a) the favorable written opinion of counsel for each of Prime II Receivables Corporation and FDSNB addressed to the Agent and the Class B Purchasers and dated the Closing Date, covering general corporate matters and the due execution and delivery of, and the enforceability of, each of the Related Documents to which it is party and such other matters as the Agent may request;

(b) a copy of (i) the corporate charter and by-laws of, and an incumbency certificate with respect to its officers executing any of the Related Documents on the Closing Date on behalf of, each of Prime II Receivables Corporation and FDSNB, certified by an authorized officer of each such entity, (ii) good standing certificates from the appropriate Governmental Authority

as of a recent date with respect to each of Prime II Receivables Corporation and FDSNB and (iii) resolutions of the Board of Director (or an authorized committee thereof) of each of Prime II Receivables Corporation and FDSNB with respect to the Related Documents to which it is party, certified by an authorized officer of each such entity;

(c) the representations and warranties of the Transferor set forth or referred to in Section 4.1 hereof and the representations and warranties of FDSNB set forth or referred to in Section 4.2 hereof shall be true and correct in all material respects on Closing Date as though made on and as of the Closing Date, and the Agent shall have received an Officer's Certificate of the Transferor and of FDSNB, respectively, confirming the satisfaction of the condition set forth in this clause (c);

(d) customary sale/security interest, tax, bankruptcy and non-consolidation opinions, addressed to the Agent and the Class B Purchasers;

(e) an agreed procedures letter from the independent certified public accountants of FDSNB and a certificate of an authorized officer of FDSNB with respect to the accuracy of data previously furnished to the Agent with respect to the Receivables in the Trust, in each case in form and scope satisfactory to the Agent;

(f) an executed copy of the Master Pooling and Servicing Agreement, the Receivables Purchase Agreement and the Supplement;

(g) evidence satisfactory to the Agent that the Class C Certificates having a Class C Initial Invested Amount at least equal to the Required Class C Invested Amount;

(h) evidence satisfactory to the Agent that the initial deposit (if any) in the Reserve Account required by Section 4.9(a) of the Pooling and Servicing Agreement shall have been made;

(i) evidence satisfactory to the Agent of the due execution and delivery of the Related Documents to which it is party by the Trustee; and

(j) all up front fees and expenses agreed and specified in the Class B Fee Letter shall have been paid by the Transferor on the Closing Date; and

(ii) all representations and warranties of the Transferor and the Servicer contained herein shall be true and correct in all material respects on the Closing Date (and after giving effect to the transactions contemplated hereby) and no event which of itself or with the giving of notice or lapse of time, or both, would permit the furnishing of a Reserve Account Increase Notice has occurred and is continuing and the Agent shall have received an Officer's Certificate of each of the Transferor and the Servicer to such effect.

3.2 Condition to Additional Purchases. The following shall be conditions precedent to each purchase by any Class B Purchasers of VFC Additional Class B Invested Amounts hereunder:

(a) the Transferor shall have timely delivered a Purchase Request pursuant to subsection 2.1(c) of this Agreement;

(b) no Termination Event shall have occurred;

(c) after giving effect to such purchase of VFC Additional Class B Invested Amount, the aggregate Class B Investor Principal Balance shall not exceed the aggregate Commitments of the Committed Class B Purchasers minus the aggregate Commitments of all Defaulting Purchasers;

(d) the conditions set forth in Section 6.15 of the Pooling and Servicing Agreement to the issuance of such VFC Additional Class B Invested Amount shall have been satisfied; and

(e) the representations and warranties of the Transferor contained in Section 4.1 and of FDSNB contained in Section 4.2 shall be true and correct in all material respects on and as of the applicable Purchase Date, as though made on and as of such date, other than the representations and warranties of FDSNB contained in the last sentence of subsection 4.2(f) or in subsection 4.2(h), which shall have been true and correct in all material respects when made and as of the Closing Date, and other than the representations and warranties of the Transferor and of FDSNB set forth in subsection 4.1(l) and subsection 4.2(g), respectively, which shall have been true and correct on all material respects on or as of the respective dates specified therein.

SECTION 4. REPRESENTATIONS AND WARRANTIES

4.1 Representations and Warranties of the Transferor.

The Transferor repeats and reaffirms to the Class B Purchasers and the Agent the representations and warranties of the Transferor set forth in Sections 2.3 and 2.4 of the Pooling and Servicing Agreement and represents and warrants that such representations and warranties are true and correct as of the date hereof. The Transferor further represents and warrants to, and agrees with, the Agent and each Class B Purchaser that, as of the date hereof:

(a) The Transferor has been duly organized and is validly existing and in good standing as a corporation under the laws of the State of Delaware, with corporate power and authority to own its properties and to transact the business in which it is now engaged, and the Transferor is duly qualified to do business and is in good standing in each State of the United States where the nature of its business requires it to be so qualified.

(b) The Transferor has the full corporate power, authority and legal right to make, execute, deliver and perform the Related Documents to which it is party and all of the transactions contemplated thereby and to issue the Series 1999-1 Certificates from the Trust and has taken all necessary corporate action to authorize the execution, delivery and performance of the Related Documents to which it is party and such issuance. Each of the Related Documents to which it is party constitutes the legal, valid and binding agreement of the Transferor enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and except as such enforceability may be limited by general principles of equity, whether considered in a proceeding at law or in equity).

(c) The Transferor is not required to obtain the consent of any other party or any consent, license, approval or authorization of, or registration with, any Governmental Authority in connection with the execution, delivery or performance of each of the Related Documents to which it is party that has not been duly obtained and which is not and will not be in full force and effect on the Closing Date.

(d) The execution, delivery and performance of the Related Documents to which it is party by the Transferor do not violate or conflict with any provision of any existing law or regulation applicable to the Transferor or any order or decree of any court to which the Transferor is subject or the Certificate of Incorporation or Bylaws of the Transferor, or any mortgage, security agreement, indenture, contract or other agreement to which the Transferor is a party or by which the Transferor or any

significant portion of its properties is bound.

(e) There is no litigation, investigation or administrative proceeding before any court, tribunal, regulatory body or governmental body presently pending, or, to the knowledge of the Transferor, threatened, with respect to any of the Related Documents, the transactions contemplated thereby, or the issuance of the Series 1999-1 Certificates and there is no such litigation or proceeding against the Transferor or any significant portion of its properties which would, individually or in the aggregate, have a material adverse effect on the transactions contemplated by any of the Related Documents or the ability of the Transferor to perform its obligations thereunder.

(f) The Transferor is not insolvent or the subject of any voluntary or involuntary bankruptcy proceedings.

(g) No Pay Out Event, Servicer Default, Termination Event or event permitting the furnishing of a Reserve Account Increase Notice has occurred and is continuing, and no event, act or omission has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute such an event or default.

(h) The Pooling and Servicing Agreement is not required to be qualified under the Trust Indenture Act of 1939, as amended, and neither the Trust nor the Transferor is required to be registered under the Investment Company Act of 1940, as amended.

(i) The Receivables conveyed by the Transferor to the Trust under the Pooling and Servicing Agreement are in an aggregate amount, determined as of July 6, 1999, of \$456,983,326.18. The Receivables Purchase Agreement is in full force and effect on the date hereof and no material default by any party exists thereunder.

(j) The Trust is duly created and existing under the laws of the State of New York. Simultaneous with the closing hereunder, all conditions to the issuance and sale of the Series 1999-1 Certificates set forth in the Pooling and Servicing Agreement have been satisfied and the Series 1999-1 Certificates have been duly issued by the Trust.

(k) Neither the Transferor nor any of its Affiliates has directly, or through any agent, (i) sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any "security" (as defined in the Act) that is or will be integrated with the sale of the any Series 1999-1 Certificates in a manner that would require the registration under the Act of the offering of the Series 1999-1 Certificates or (ii) engaged in any form of general solicitation or general advertising in connection with the offering of the Series 1999-1 Certificates (as those terms are used in Regulation D under the Act) or in any manner involving a public offering within the meaning of Section 4(2) of the Act. Assuming the accuracy of the representations and warranties of each Class B Purchaser in its Investment Letter and of each purchaser of Class A Certificates and Class C Certificate in their respective investment letters, the offer and sale of the Series 1999-1 Certificates are transactions which are exempt from the registration requirements of the Act.

(l) All written factual information heretofore furnished by the Transferor to, or for delivery to, the Agent for purposes of or in connection with this Agreement, including, without limitation, information relating to the Accounts and Receivables and the Transferor's and FDSNB's credit card businesses, was true and correct in all material respects on the date as of which such information was stated or certified and remains true and correct in all material respects (unless such information specifically relates to an earlier date in which case such information shall have been true and correct in all material

respects on such earlier date).

(m) The Transferor has reviewed the areas within its business and operations which would reasonably be expected to be materially adversely affected by, and have developed or are developing a program to address on a timely basis, the Internal "Year 2000 Problem" (that is, the risk that computer applications used by the Transferor may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and has made related appropriate inquiry of material suppliers and vendors. The "Year 2000 Problem" will not have a material adverse effect on the interests of the Class B Purchasers or the Agent hereunder or under the Pooling and Servicing Agreement.

4.2 Representations and Warranties of FDSNB. FDSNB repeats and reaffirms to the Class B Purchasers and the Agent the representations and warranties of the Servicer set forth in Section 3.3 of the Pooling and Servicing Agreement and represents and warrants that such representations and warranties are true and correct as of the date hereof. FDSNB further represents and warrants to, and agrees with, the Agent and each Class B Purchaser that, as of the date hereof:

(a) FDSNB has been duly organized and is validly existing and in good standing as a national banking association under the laws of the United States of America, with corporate power and authority to own its properties and to transact the business in which it is now engaged, and FDSNB is duly qualified to do business (or is exempt from such qualification) and is in good standing in each State of the United States where the nature of its business requires it to be so qualified. FDSNB is an insured depository institution under Section 4(a) of the Federal Deposit Insurance Act.

(b) FDSNB has the full corporate power, authority and legal right to make, execute, deliver and perform the Related Documents to which it is party and all the transactions contemplated thereby and has taken all necessary corporate action to authorize the execution, delivery and performance of the Related Documents to which it is party. Each of the Related Documents to which it is party constitutes the legal, valid and binding agreement of FDSNB enforceable in accordance with its terms (subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of the rights of creditors generally and the rights of creditors of national banking associations and except as such enforceability may be limited by general principles of equity, whether considered in a proceeding at law or in equity).

(c) FDSNB is not required to obtain the consent of any other party or any consent, license, approval or authorization of, or registration with, any Governmental Authority in connection with the execution, delivery or performance of each of the Related Documents to which it is party that has not been duly obtained and which is not and will not be in full force and effect on the Closing Date.

(d) The execution, delivery and performance of each of the Related Documents to which it is party by FDSNB do not violate or conflict with any provision of any existing law or regulation applicable to FDSNB or any order or decree of any court to which FDSNB is subject or the Articles of Association or Bylaws of FDSNB, or any mortgage, security agreement, indenture, contract or other agreement to which FDSNB is a party or by which FDSNB or any significant portion of FDSNB's properties is bound.

(e) There is no litigation, investigation or administrative proceeding before any court, tribunal, regulatory body or governmental body presently pending, or, to the knowledge of FDSNB, threatened, with respect to the Related Documents, the transactions contemplated thereby, or the issuance of the Series 1999-1 Certificates, and there is no such litigation or

proceeding against FDSNB or any significant portion of its properties which would, individually or in the aggregate, have a material adverse effect on the transactions contemplated by any of the Related Documents or the ability of FDSNB, in its capacity as Servicer or otherwise, to perform its obligations thereunder.

(f) FDSNB is not insolvent or the subject of any insolvency or liquidation proceeding. The financial statements of FDSNB delivered to the Agent are complete and correct in all material respects and fairly present the financial condition of FDSNB as of date of such statements and the results of operations of FDSNB for the period then ended, all in accordance with regulatory accounting principles consistently applied. Since the date of the most recent audited financial statements of FDSNB delivered to the Agent, there has not been any material adverse change in the condition (financial or otherwise) of FDSNB.

(g) All written factual information heretofore furnished by FDSNB to, or for delivery to, the Agent for purposes of or in connection with this Agreement, including, without limitation, information relating to the Accounts and Receivables and the Transferor's and FDSNB's VISAr credit card businesses, was true and correct in all material respects on the date as of which such information was stated or certified and remains true and correct in all material respects (unless such information specifically relates to an earlier date in which case such information shall have been true and correct in all material respects on such earlier date).

(h) There are no outstanding comments from the most recent report prepared by FDSNB's (in its capacity as Servicer) independent public accountants in connection with its VISAr credit card receivables.

(i) No Pay Out Event, Servicer Default, Termination Event or event permitting the furnishing of a Reserve Account Increase Notice has occurred and is continuing, and no event, act or omission has occurred and is continuing which, with the lapse of time, the giving of notice, or both, would constitute such an event or default.

(j) FDSNB has reviewed the areas within its business and operations which would reasonably be expected to be materially adversely affected by, and have developed or are developing a program to address on a timely basis, the internal "Year 2000 Problem" (that is, the risk that computer applications used by the FDSNB may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and has made related appropriate inquiry of material suppliers and vendors. The "Year 2000 Problem" will not have a material adverse effect on the interests of the Class B Purchasers or the Agent hereunder or under the Pooling and Servicing Agreement.

4.3 Representations and Warranties of the Agent and the Class B Purchasers. Each of the Agent and the Class B Purchasers represents and warrants to, and agrees with, the Transferor and the Servicer, that:

(a) It is duly authorized to enter into and perform this Agreement and to purchase its Commitment Percentage (if any) of the Class B Certificates, and has duly executed and delivered this Agreement; and the person signing this Agreement on behalf of such Class B Purchaser has been duly authorized by such Class B Purchaser to do so.

(b) This Agreement constitutes the legal, valid and binding obligation of such Class B Purchaser, enforceable in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, conservatorship or other similar laws now or hereafter in effect affecting the enforcement of creditors' rights in general, and except as such enforceability may be

limited by general principles of equity (whether considered in a proceeding at law or in equity).

(c) No registration with or consent or approval of or other action by any state or local governmental authority or regulatory body having jurisdiction over such Class B Purchaser is required in connection with the execution, delivery or performance by such Class B Purchaser of this Agreement other than as may be required under the blue sky laws of any state.

SECTION 5. COVENANTS

5.1 Covenants of the Transferor and FDSNB. Each of the Transferor and FDSNB (individually or, as set forth below, as the Servicer) covenants and agrees, so long as any amount of the Class B Investor Principal Balance shall remain outstanding or any monetary obligation arising hereunder shall remain unpaid, unless the Required Class B Owners and the Required Class B Purchasers shall otherwise consent in writing, that:

(a) each of the Transferor and the Servicer shall perform in all material respects each of the respective agreements, warranties and indemnities applicable to it and comply in all material respects with each of the respective terms and provisions applicable to it hereunder and under the other Related Documents to which it is party, which agreements are hereby incorporated by reference into this Agreement as if set forth herein in full; and each of the Transferor and the Servicer shall take all reasonable action to enforce the obligations of each of the other parties to such Related Documents which are contained therein;

(b) the Transferor and the Servicer shall furnish to the Agent (i) a copy of each opinion, certificate, report, statement, notice or other communication (other than investment instructions) relating to the Series 1999-1 Certificates which is furnished by or on behalf of either of them to Certificateholders, to any Rating Agency or to the Trustee and furnish to the Agent after receipt thereof, a copy of each notice, demand or other communication relating to the Series 1999-1 Certificates, this Agreement or the Pooling and Servicing Agreement received by the Transferor or the Servicer from the Trustee, any Rating Agency or 15% or more of the Series 1999-1 Certificateholders (to the extent such notice, demand or communication relates to the Accounts, the Receivables, any Servicer Default or any Pay Out Event); and (ii) such other information, documents records or reports respecting the Trust, the Receivables, the Transferor, FDSNB or the Servicer as the Agent may from time to time reasonably request without unreasonable expense to the Transferor or the Servicer;

(c) the Servicer shall furnish to the Agent on or before the date such reports are due under the Pooling and Servicing Agreement copies of each of the reports and certificates required by subsection 3.4(b) and Sections 3.5 and 3.6 of the Pooling and Servicing Agreement;

(d) the Servicer shall promptly furnish to the Agent a copy, addressed to the Agent, of each opinion of counsel delivered to the Trustee pursuant to Section 13.2(d) of the Pooling and Servicing Agreement;

(e) FDSNB shall furnish to the Agent (i) a copy of its annual Call Report promptly after it becomes available, (ii) an annual certificate dated within 90 days after the end each of its fiscal years stating its compliance (or failure to comply) with each minimum ratio of total capital and core capital to risk-weighted assets required by Governmental Authorities in accordance with the implementation of the Basle Accord;

(f) the Servicer shall furnish to the Agent a certificate concurrently with its delivery of its annual certificate pursuant to Section 3.5 of the Pooling and Servicing

Agreement stating that no Termination Event (other than a Termination Event described in clause (e) of subsection 2.8) or event or condition which with the passage of time or the giving of notice, or both, would constitute such a Termination Event or, if such Termination Event, event or condition has occurred, identifying the same in reasonable detail;

(g) the Transferor shall not exercise its right to accept optional reassignment of the Receivables or repurchase the Series 1999-1 Certificates pursuant to Sections 10.2 or 12.2 of the Pooling and Servicing Agreement or Section 3 of the Supplement, unless the Class B Purchasers have been paid, or will be paid upon such repurchase or in connection with such optional reassignment, the Class B Investor Principal Balance, all interest thereon and all other amounts owing hereunder in full;

(h) the Transferor and the Servicer shall at any time from time to time during regular business hours, on reasonable notice to the Transferor or the Servicer, as the case may be, permit the Agent, or its agents or representatives to:

(i) examine all books, records and documents (including computer tapes and disks) in its possession or under its control relating to the Receivables, and

(ii) visit its offices and property for the purpose of examining such materials described in clause (i) above.

The information obtained by the Agent or any Class B Purchaser pursuant to this subsection shall be held in confidence in accordance with Section 6.2 hereof;

(i) the Servicer shall furnish to the Agent, promptly after the occurrence of any Servicer Default, Termination Event, Pay Out Event or any event which would permit the furnishing of a Reserve Account Increase Notice, a certificate of an appropriate officer of the Servicer setting forth the circumstances of such Servicer Default, Pay Out Event, Termination Event or event and any action taken or proposed to be taken by the Servicer or the Transferor with respect thereto;

(j) the Transferor and the Servicer shall timely make all payments, deposits or transfers and give all instructions to transfer required by this Agreement and the Pooling and Servicing Agreement;

(k) the Transferor shall not terminate (except in accordance with the terms thereof), amend, waive or otherwise modify the Pooling and Servicing Agreement or the Supplement unless (i) such amendment, waiver or modification shall not, as evidenced by an Officer's Certificate of the Transferor delivered to the Agent, adversely affect in any material respect the interests of the Agent or the Class B Purchasers under this Agreement or the Pooling and Servicing Agreement, and will not result in a reduction or withdrawal of the then current rating by any Rating Agency of any commercial paper notes issued by any Structured Purchaser; (ii) all of the provisions of Section 13.1 of the Pooling and Servicing Agreement have been complied with and (iii) in the case of any amendment of the Supplement, any amendment to be effected pursuant to subsection 13.1(b) of the Pooling and Servicing Agreement or any amendment to the interest rate to be borne by the Class A Certificates or the Class C Certificates, the prior written consent thereto shall have been provided by the Required Class B Owners and the Required Class B Purchasers;

(l) the Transferor and the Servicer shall execute and deliver to the Agent all such documents and instruments and do all such other acts and things as may be necessary or reasonably required by the Agent or the Trustee to enable the Trustee or the Agent to exercise and enforce their respective rights under this Agreement and the Pooling and Servicing

Agreement and to realize thereon, and record and file and rerecord and refile all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary or required by the Trustee or the Agent to validate, preserve, perfect and protect the position of the Trustee under the Pooling and Servicing Agreement;

(m) without the prior written consent of the Required Class B Owners and the Required Class B Purchasers, the Transferor will not appoint (or cause to be appointed) a successor Trustee;

(n) neither the Transferor nor the Servicer will consolidate with or merge into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person, except (i) in accordance with Section 7.2 or 8.2 of the Pooling and Servicing Agreement, with respect to the Transferor or the Servicer, respectively, and (ii) so long as (A) the obligations of the Transferor or the Servicer, as the case may be, under this Agreement and any other document executed and delivered in connection herewith shall be expressly assumed in writing by the transferee, purchaser or successor corporation, (B) the Transferor or the Servicer, as the case may be, has delivered to the Agent an Officer's Certificate of the Transferor or the Servicer and an Opinion of Counsel addressed to the Agent and each Class B Purchaser meeting the requirements of subsection 7.2(a)(ii) or 8.2(ii) of the Pooling and Servicing Agreement, as appropriate, as provided in such agreement, (C) the Transferor or the Servicer, as the case may be, has delivered to the Agent a copy of the notice to the Rating Agencies delivered pursuant to subsection 7.2(a)(iii) or 8.2(iii) of the Pooling and Servicing Agreement, and (D) such consolidation, merger or transfer, in the reasonable judgment of the Transferor and the Servicer, will not have a material adverse effect on the interests of the Class B Purchasers hereunder or under the Pooling and Servicing Agreement;

(o) the Transferor shall not reduce or withdraw any Discount Percentage then in effect unless such reduction or withdrawal (i) would not in the reasonable belief of the Transferor cause a Pay Out Event with respect to the Series 1999-1 Certificates or an event which, with notice or lapse of time or both, would constitute such a Pay Out Event to occur or (ii) is consented to by the Required Class B Owners and the Required Class B Purchasers;

(p) the Transferor and FDSNB will not make any material amendment, modification or change to, or provide any waiver under, the Receivables Purchase Agreement without the prior written consent of the Required Class B Owners and the Required Class B Purchasers;

(q) the Transferor will not incur, permit or suffer to exist any lien, charge or other adverse claim on the Minimum Transferor Amount in the Trust;

(r) the Transferor will not engage in any business other than the transactions contemplated by this Agreement and the Related Documents;

(s) the Transferor will not (i) incur any liabilities or indebtedness, other than pursuant to this Agreement and the Related Documents or reasonably related thereto, (ii) incur or permit or suffer to exist any lien, charge or encumbrance on any of its properties or assets, other than as provided for in the Pooling and Servicing Agreement, (iii) make any investments other than in Cash Equivalents or (iv) make any capital expenditures other than those reasonably required for its performance of its obligations hereunder and under the Related Documents;

(t) the Transferor will not amend, modify or otherwise make any change to its Certificate of Incorporation if

such amendment, modification or other change would have a material adverse effect on the interests of the Class B Purchasers, would affect any provisions thereof relating to the commencement of a voluntary bankruptcy proceeding or which is inconsistent with the assumptions set forth in the legal opinion of Jones, Day, Reavis & Pogue, counsel to FDSNB and the Transferor, issued in connection with this Agreement and the transactions contemplated hereby and relating to the issues of substantive consolidation; and

(u) Each of the Transferor and FDSNB will (i) review the areas within its business and operations which would reasonably be expected to be materially adversely affected by, and will develop and implement a program to address on a timely basis, the internal "Year 2000 Problem", and will make related appropriate inquiry of material suppliers and vendors and (ii) notify the Agent promptly if any auditor, regulator, or third party consultant issues a management letter or other communication regarding the Year 2000 exposure, program or progress of the Transferor or FDSNB.

SECTION 6. MUTUAL COVENANTS REGARDING CONFIDENTIALITY

6.1 Covenants of Transferor, Etc. The Transferor and the Servicer shall hold in confidence, and not disclose to any Person, the terms of any fees payable in connection with this Agreement except they may disclose such information (i) to their officers, directors, employees, agents, counsel, accountants, auditors, advisors or representatives, (ii) with the consent of the Required Class B Purchasers and Agent, or (iii) to the extent the Transferor or the Servicer or any Affiliate of either of them should be required by any law or regulation applicable to it or requested by any Governmental Authority to disclose such information; provided, that, in the case of clause (iii), the Transferor or the Servicer, as the case may be, will use all reasonable efforts to maintain confidentiality and will (unless otherwise prohibited by law) notify the Agent of its intention to make any such disclosure prior to making such disclosure.

6.2 Covenants of Class B Purchasers. The Agent and each Class B Purchaser covenants and agrees that any information obtained by the Agent or such Class B Purchaser pursuant to this Agreement shall be held in confidence (it being understood that documents provided to the Agent hereunder may in all cases be distributed by the Agent to the Class B Purchasers) except that the Agent or such Class B Purchaser may disclose such information (i) to its officers, directors, employees, agents, counsel, accountants, auditors, advisors or representatives, (ii) to the extent such information has become available to the public other than as a result of a disclosure by or through the Agent or such Class B Purchaser, (iii) to the extent such information was available to the Agent or such Class B Purchaser on a nonconfidential basis prior to its disclosure to the Agent or such Class B Purchaser hereunder, (iv) with the consent of the Transferor, (v) to the extent permitted by Section 8.1, (vi) to the extent the Agent or such Class B Purchaser should be (A) required in connection with any legal or regulatory proceeding or (B) requested by any Governmental Authority to disclose such information or (vii) in the case of any Class B Purchaser that is a Structured Lender, to rating agencies, placement agents and providers of liquidity and credit support who agree to hold such information in confidence; provided, that, in the case of clause (vi) above, the Agent or such Class B Purchaser, as applicable, will use all reasonable efforts to maintain confidentiality and, in the case of clause (vi)(A) above, will (unless otherwise prohibited by law) notify the Transferor of its intention to make any such disclosure prior to making any such disclosure.

SECTION 7. THE AGENTS

7.1 Appointment. (a) Each Class B Purchaser hereby irrevocably designates and appoints the Agent as the agent of such Class B Purchaser under this Agreement, and each such Class

B Purchaser irrevocably authorizes the Agent, as the agent for such Class B Purchaser, to take such action on its behalf under the provisions of the Related Documents and to exercise such powers and perform such duties thereunder as are expressly delegated to the Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Class B Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Agent.

(b) Each Class B Purchaser hereby irrevocably designates and appoints the Administrative Agent as the agent of such Class B Purchaser under the Pooling and Servicing Agreement, and each such Class B Purchaser irrevocably authorizes the Administrative Agent, as the agent for such Class B Purchaser, to take such action on its behalf under the provisions of the Pooling and Servicing Agreement and to exercise such powers thereunder as are expressly granted to the Administrative Agent by the terms of the Pooling and Servicing Agreement, subject to the terms and conditions of this Agreement, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the Pooling and Servicing Agreement, or any fiduciary relationship with any Class B Purchaser, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

7.2 Delegation of Duties. The Agent and the Administrative Agent may execute any of its duties under this Agreement or any of the other Related Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither the Agent nor the Administrative Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

7.3 Exculpatory Provisions. Neither the Agent nor the Administrative Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable to any of the Class B Purchasers for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any of the other Related Documents (except for its or such Person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Class B Purchasers for any recitals, statements, representations or warranties made by the Transferor, the Servicer or the Trustee or any officer thereof contained in this Agreement or any of the other Related Documents or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent or the Administrative Agent under or in connection with, this Agreement or any of the other Related Documents or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any of the other Related Documents or for any failure of the Transferor, the Servicer or the Trustee to perform its obligations hereunder or thereunder. Neither the Agent nor the Administrative Agent shall be under any obligation to any Class B Purchaser to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any of the other Related Documents, or to inspect the properties, books or records of the Transferor, the Servicer, the Trustee or the Trust.

7.4 Reliance by Agent. The Agent and the Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice,

consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, written statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Agent or the Administrative Agent), independent accountants and other experts selected by the Agent or the Administrative Agent. The Agent and the Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any of the other Related Documents unless it shall first receive such advice or concurrence of the Required Class B Purchasers as it deems appropriate or it shall first be indemnified to its satisfaction by the Class B Purchasers or of the Committed Class B Purchasers against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent and the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any of the other Related Documents in accordance with a request of the Required Class B Owners and the Required Class B Purchasers and such request and any action taken or failure to act pursuant thereto shall be binding upon all present and future Class B Purchasers.

7.5 Notices. The Agent shall not be deemed to have knowledge or notice of the occurrence of any breach of this Agreement or the occurrence of any Pay Out Event or any Termination Event unless the Agent has received notice from the Transferor, the Servicer, the Trustee or any Class B Purchaser referring to this Agreement, describing such event. In the event that the Agent receives such a notice, the Agent promptly shall give notice thereof to the Class B Owners and the Required Class B Purchasers. The Agent shall take such action with respect to such event as shall be reasonably directed by the Required Class B Owners and the Required Class B Purchasers; provided that unless and until the Agent shall have received such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such event as it shall deem advisable in the best interests of the Class B Purchasers.

7.6 Non-Reliance on Agent and Other Class B Purchasers. Each Class B Purchaser expressly acknowledges that neither the Agent nor the Administrative Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by the Agent or the Administrative Agent hereafter taken, including any review of the affairs of the Transferor, the Servicer, the Trustee or the Trust shall be deemed to constitute any representation or warranty by the Agent or the Administrative Agent to any Class B Purchaser. Each Class B Purchaser represents to the Agent and the Administrative Agent that it has, independently and without reliance upon the Agent or any other Class B Purchaser, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Trust, the Trustee, the Transferor and the Servicer and made its own decision to purchase its Class B Certificate hereunder and enter into this Agreement. Each Class B Purchaser also represents that it will, independently and without reliance upon the Agent or the Administrative Agent or any other Class B Purchaser, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis, appraisals and decisions in taking or not taking action under this Agreement or any of the other Related Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Trust, the Trustee, the Transferor and the Servicer. Except for notices, reports and other documents received by the Agent under Section 5 hereof, the Agent shall not have any duty or responsibility to provide any Class B Purchaser with any credit or other information concerning the business,

operations, property, condition (financial or otherwise), prospects or creditworthiness of the Trust, the Trustee, the Transferor or the Servicer which may come into the possession of the Agent or any of its officers, directors, employees, agents, attorneys-in-fact or Affiliates.

7.7 Indemnification. The Committed Class B Purchasers agree to indemnify the Agent and the Administrative Agent in its capacity as such (without limiting the obligation of the Transferor, the Trust or the Servicer to reimburse the Agent or the Administrative Agent for any such amounts), ratably according to their respective Commitment Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the obligations under this Agreement, including the Class B Invested Amount) be imposed on, incurred by or asserted against the Agent or the Administrative Agent in any way relating to or arising out of this Agreement, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted by the Agent or the Administrative Agent under or in connection with any of the foregoing; provided that no Class B Purchaser shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of the Agent or the Administrative Agent resulting from its own gross negligence or willful misconduct. The agreements in this subsection shall survive the payment of the obligations under this Agreement, including the Class B Invested Amount.

7.8 Agents in Their Individual Capacities. The Agent, the Administrative Agent and their Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Trust, the Trustee, the Servicer and the Transferor as though the Agent and the Administrative Agent were not the agents hereunder. Each Class B Purchaser acknowledges that PNC may act (i) as administrator and agent for one or more Structured Purchasers and in such capacity acts and may continue to act on behalf of each such Structured Purchaser in connection with its business and (ii) as the agent for certain financial institutions under the liquidity and credit enhancement agreements relating to this Agreement to which any such Structured Purchaser is party and in various other capacities relating to the business of any such Structured Purchaser under various agreements. PNC in its capacity as the Agent shall not, by virtue of its acting in any such other capacities, be deemed to have duties or responsibilities hereunder or be held to a standard of care in connection with the performance of its duties as the Agent or the Administrative Agent other than as expressly provided in this Agreement. PNC may act as the Agent and the Administrative Agent without regard to and without additional duties or liabilities arising from its role as such administrator or agent or arising from its acting in any such other capacity.

7.9 Successor Agent. (a) The Agent may resign as Agent upon ten days' notice to the Class B Purchasers, the Trustee, the Transferor and the Servicer with such resignation becoming effective upon a successor agent succeeding to the rights, powers and duties of the Agent pursuant to this subsection 7.9(a). If the Agent shall resign as Agent under this Agreement, then the Required Class B Purchasers and the Required Class B Owners shall appoint from among the Committed Class B Purchasers a successor agent for the Class B Purchasers. The successor agent shall succeed to the rights, powers and duties of the Agent, and the term "Agent" shall mean such successor agent effective upon its appointment, and the former Agent's rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. After the retiring Agent's resignation as Agent, the provisions of this Section 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

(b) The Administrative Agent may resign as Administrative Agent upon ten days' notice to the Class B Purchasers, the Class A Purchasers (as defined in the Class A Certificate Purchase Agreement), the Trustee, the Transferor and the Servicer with such resignation becoming effective upon a successor agent succeeding to the rights, powers and duties of the Administrative Agent pursuant to this subsection 7.9(b). If the Administrative Agent shall resign as Administrative Agent under this Agreement, then the Required Class B Purchasers and the Required Class B Owners shall appoint from among the Committed Class B Purchasers hereunder or under the Class B Certificate Purchase Agreement a successor Administrative Agent of the Class B Certificateholders and Class A Certificateholders as provided in the Supplement; provided that no such appointment shall be effective unless such successor is also appointed as successor Administrative Agent under the Class A Certificate Purchase Agreement. The successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon its appointment, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement. After the retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 7 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

SECTION 8. SECURITIES LAWS; TRANSFERS; TAX TREATMENT

8.1 Transfers of Class B Certificates. (a) Each Class B Owner agrees that the beneficial interest in the Class B Certificates purchased by it will be acquired for investment only and not with a view to any public distribution thereof, and that such Class B Owner will not offer to sell or otherwise dispose of any Class B Certificate acquired by it (or any interest therein) in violation of any of the registration requirements of the Act or any applicable state or other securities laws. Each Class B Owner acknowledges that it has no right to require the Transferor to register, under the Act or any other securities law, the Class B Certificates (or the beneficial interest therein) acquired by it pursuant to this Agreement or any Transfer Supplement. Each Class B Owner hereby confirms and agrees that in connection with any transfer or syndication by it of an interest in the Class B Certificates, such Class B Owner has not engaged and will not engage in a general solicitation or general advertising including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising. Each initial Class B Owner agrees with the Transferor that it will execute and deliver to the Transferor, the Servicer and the Trustee on or before the Closing Date a letter in the form attached hereto as Exhibit A (an "Investment Letter") with respect to the purchase by such Class B Owner of a beneficial interest in the Class B Certificates.

(b) Each initial purchaser of a Class B Certificate or any interest therein and any Assignee thereof or Participant therein shall certify to the Transferor, the Servicer and the Trustee that it is either (A)(i) a citizen or resident of the United States, (ii) a corporation or other entity organized in or under the laws of the United States or any political subdivision thereof which, if such entity is a tax-exempt entity, recognizes that payments with respect to the Class B Certificates may constitute unrelated business taxable income or (iii) a person not described in (i) or (ii) whose income from the Class B Certificates is and will be effectively connected with the conduct of a trade or business within the United States (within the meaning of the Code) and whose ownership of any interest in a Class B Certificate will not result in any withholding obligation

with respect to any payments with respect to the Class B Certificates by any Person (other than withholding, if any, under Section 1446 of the Code) and who will furnish to the Servicer and the Trustee, and to the Class B Owner making the Transfer a properly executed U.S. Internal Revenue Service Form 4224 (and to agree (to the extent legally able) to provide a new Form 4224 upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable United States laws) or (B) an estate or trust the income of which is includible in gross income for United States federal income tax purposes.

(c) Any sale, transfer, assignment, participation, pledge, hypothecation or other disposition (a "Transfer") of a Class B Certificate or any interest therein may be made only in accordance with this Section 8.1 and in accordance with and subject to the applicable limitations set forth in Section 6.18 of the Pooling and Servicing Agreement. Any Transfer of an interest in a Class B Certificate, a Commitment or any Noncommitted Purchaser Percentage, when combined with any substantially concurrent Transfers hereunder between the same parties and any substantially concurrent Transfer of an interest in a Class A Certificate or a Commitment or Noncommitted Purchaser Percentage (as such terms are defined for purposes of the Class A Certificate Purchase Agreement) between the same parties, shall be in respect of (i) in the case of a Committed Class B Purchaser, at least \$5,000,000 in the aggregate, which may be composed of any one or more of (A) Class B Invested Amount, (B) to the extent in excess of the Class B Invested Amount subject to such Transfer, Commitment hereunder, (C) Class A Invested Amount, and (D) to the extent in excess of the Class A Invested Amount subject to such concurrent Transfer, Commitment under the Class A Certificate Purchase Agreement, or (ii) in the case of a Noncommitted Class B Purchaser, at least \$5,000,000 in the aggregate, which may be composed of any one or more of (A) Class B Invested Amount, (B) to the extent in excess of the Class B Invested Amount subject to such Transfer, the product of the Noncommitted Purchaser Percentage subject to such Transfer times the aggregate Commitments hereunder, (C) Class A Invested Amount and (D) to the extent in excess of the Class A Invested Amount subject to such concurrent Transfer, the product of the Noncommitted Purchaser Percentage under the Class A Certificate Purchase Agreement subject to such Transfer times the aggregate Commitments under the Class A Certificate Purchase Agreement. Any Transfer of an interest in a Class B Certificate otherwise permitted by this Section 8.1 will be permitted only if it consists of a pro rata percentage interest in all payments made with respect to the Class B Purchaser's beneficial interest in such Class B Certificate. No Class B Certificate or any interest therein may be Transferred by assignment or Participation to any Person (each, a "Transferee") unless prior to the transfer the Transferee shall have executed and delivered to the Agent and the Transferor an Investment Letter and, except for any Transfer to an Eligible Transferee, each of the Transferor and the Servicer shall have granted its prior consent thereto; provided that in the event of a Transfer from a Class B Purchaser to one of its Affiliates or to a Person which, prior to such Transfer, is a Class B Purchaser of all of its interest in the Class B Certificates the transferring Class B Purchaser shall provide the Transferor and the Servicer with five (5) Business Days prior written notice thereof and the prior consent of the Transferor and the Servicer shall not be required for such Transfer.

Each of the Transferor and the Servicer authorizes each Class B Purchaser to disclose to any Transferee and Support Bank and any prospective Transferee or Support Bank any and all financial information in the Class B Purchaser's possession concerning the Trust, the Transferor or the Servicer which has been delivered to the Agent or such Class B Purchaser by or on behalf of the Trust or the Transferor or the Servicer pursuant to this Agreement (including information obtained pursuant to rights of inspection granted hereunder) or the other Related Documents or which has been delivered to such Class B Purchaser by or on

behalf of the Trust, the Transferor or the Servicer in connection with such Class B Purchaser's credit evaluation of the Trust, the Transferor or the Servicer prior to becoming a party to, or purchasing an interest in this Agreement or the Class B Certificates; provided that prior to any such disclosure, such Transferee or Support Bank or prospective Transferee or Support Bank shall have executed an agreement agreeing to be bound by the provisions of Section 6.2 hereof.

(d) Each Class B Purchaser may, in accordance with applicable law, at any time grant participations in all or part of its interest in its Commitment or in the Class B Certificates including the payments due to it under this Agreement and the Pooling and Servicing Agreement (each, a "Participation") to any Person (each, a "Participant"); provided, however, that no Participation shall be granted to any Person unless and until the Agent shall have consented thereto and the conditions to Transfer specified in this Agreement and the Pooling and Servicing Agreement, including in subsection 8.1(c) hereof and Section 6.18 of the Pooling and Servicing Agreement, shall have been satisfied and that such Participation consists of a pro rata percentage interest in all payments made with respect to such Class B Purchaser's beneficial interest (if any) in the Class B Certificates. In connection with any such Participation, the Agent shall maintain a register of each Participant and the amount of each Participation. Each Class B Purchaser hereby acknowledges and agrees that (A) any such Participation will not alter or affect such Class B Purchaser's direct obligations hereunder, and (B) neither the Trustee, the Transferor nor the Servicer shall have any obligation to have any communication or relationship with any Participant. Each Class B Purchaser and each Participant shall comply with the provisions of subsection 2.5(c). No Participant shall be entitled to Transfer all or any portion of its Participation, without the prior written consent of the Agent. The Transferor shall be obligated to indemnify a Participant for all amounts owing to it under Sections 2.4, 2.5 and 2.7 as if such Participant were a Class B Purchaser hereunder, but, in the case of Sections 2.4 and 2.5, only in an amount not in excess of the amounts which would have been owing thereunder had such Participation not been granted and, in the case of Section 2.5, provided that such Participant has complied with the provisions of subsection 2.5(c) as if it were a Class B Purchaser. Each Class B Purchaser shall give the Agent notice of the consummation of any sale by it of a Participation and the Agent (upon receipt of notice from the related Class B Purchaser) shall promptly notify the Transferor, the Servicer and the Trustee.

(e) Each Class B Purchaser may, with the consent of the Agent and in accordance with applicable law, sell or assign (each, an "Assignment"), to any Person (each, an "Assignee") which is an Eligible Assignee (or is otherwise consented to in writing by the Transferor and the Servicer) all or any part of its interest in its Commitment or in the Class B Certificates and its rights and obligations under this Agreement and the Pooling and Servicing Agreement pursuant to an agreement substantially in the form attached hereto as Exhibit C hereto (a "Transfer Supplement"), executed by such Assignee and the Class B Purchaser and delivered to the Agent for its acceptance and consent; provided, however, that no such assignment or sale shall be effective unless and until the conditions to Transfer specified in this Agreement and the Pooling and Servicing Agreement, including in subsection 8.1(c) hereof and Section 6.18 of the Pooling and Servicing Agreement, shall have been satisfied; and provided further, however, that no such assignment or sale to an Assignee which would become a Committed Class B Purchaser shall be effective unless either (i) the commercial paper notes or the short-term obligations of such Assignee are rated at least A-1 by Standard & Poor's and P-1 by Moody's or (ii) such assignment or sale shall have been consented to by all Class B Purchasers. From and after the effective date determined pursuant to such Transfer Supplement, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Transfer Supplement, have the

rights and obligations of a Class B Purchaser hereunder as set forth therein and (y) the transferor Class B Purchaser shall, to the extent provided in such Transfer Supplement, be released from its Commitment and other obligations under this Agreement; provided, however, that after giving effect to each such Assignment, the obligations released by any such Class B Purchaser shall not exceed the obligations assumed by an Assignee or Assignees. Such Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Assignee and the resulting adjustment of Percentage Interests, Noncommitted Purchaser Percentages or Commitment Percentages arising from the Assignment. Upon its receipt of a duly executed Transfer Supplement, the Agent shall on the effective date determined pursuant thereto give notice of such acceptance to the Transferor, the Servicer and the Trustee and the Servicer will provide notice thereof to each Rating Agency (if required).

Upon surrender for registration of transfer of a Class B Purchaser's beneficial interest in the Class B Certificates (or portion thereof) and delivery to the Transferor and the Trustee of an Investment Letter, executed by the registered owner (and the beneficial owner if it is a Person other than the registered owner), and receipt by the Trustee of a copy of the duly executed related Transfer Supplement and such other documents as may be required under this Agreement, such beneficial interest in the Class B Certificates (or portion thereof) shall be transferred in the records of the Trustee and the Agent and, if requested by the Assignee, new Class B Certificates shall be issued to the Assignee and, if applicable, the transferor Class B Purchaser in amounts reflecting such Transfer as provided in the Pooling and Servicing Agreement. Such Transfers of Class B Certificates (and interests therein) shall be subject to this Section 8.1 in lieu of any regulations which may be prescribed under Section 6.3 of the Pooling and Servicing Agreement. Successive registrations of Transfers as aforesaid may be made from time to time as desired, and each such registration of a transfer to a new registered owner shall be noted on the Certificate Register.

(f) Each Class B Purchaser may pledge its interest in the Class B Certificates to any Federal Reserve Bank as collateral in accordance with applicable law.

(g) Any Class B Purchaser shall have the option to change its Investing Office, provided that such Class B Purchaser shall have prior to such change in office complied with the provisions of subsection 2.5(c) and provided further that such Class B Purchaser shall not be entitled to any amounts otherwise payable under Section 2.4 or 2.5 resulting solely from such change in office unless such change in office was mandated by applicable law or by such Class B Purchaser's compliance with the provisions of this Agreement.

(h) Each Affected Party which, on the date it became an Affected Party, was an Eligible Assignee or was consented to by the Transferor and the Servicer shall be entitled to receive additional payments pursuant to Sections 2.4, 2.5 and 2.7 hereof as though it were a Class B Purchaser and such Section applied to its interest in or commitment to acquire an interest in the Class B Certificates; provided that such Affected Party shall not be entitled to additional payments pursuant to (i) Section 2.4 by reason of Regulatory Changes which occurred prior to the date it became an Affected Party or (ii) Section 2.5 attributable to its failure to satisfy the requirements of subsection 2.5(c) as if it were a Class B Purchaser.

(i) If any increased amounts referred to in Sections 2.4 or 2.5 owing to any Affected Party are not eliminated or reduced by the designation of a different Investing Office or other actions taken pursuant to subsection 2.4(c) and payment thereof hereunder is not waived by such Affected Party within 45 days after the Transferor or the Servicer shall have given notice

to such Affected Party, its related Class B Purchaser and the Agent of the intent of the Transferor to exercise its rights under this sentence, the Transferor shall have the right to replace such related Class B Purchaser hereunder with a Replacement Purchaser; provided, that (x) such related Class B Purchaser shall not be replaced hereunder until such related Class B Purchaser has been paid in full all amounts owed to it hereunder and with respect to its interest in the Class B Certificates and (y) if the related Class B Purchaser is the Agent or the Administrative Agent or, unless otherwise agreed by the Agent and the Administrative Agent, a Structured Purchaser sponsored or administered by the Administrative Agent or the Agent (in its individual capacity), a replacement Agent and Administrative Agent shall have been appointed in accordance with Section 7.9 and the Agent and the Administrative Agent to be replaced shall have been paid in full all amounts owed to it hereunder.

(j) Each Affected Party claiming increased amounts described in Sections 2.4 or 2.5 shall furnish, through its related Structured Purchaser, to the Trustee, the Agent, the Servicer and the Transferor a certificate setting forth any action taken by such Affected Party to reduce or eliminate such increased amounts pursuant to subsection 2.4(c) and the basis and amount of each request by such Affected Party for any such amounts referred to in Sections 2.4 or 2.5, such certificate to be conclusive with respect to the factual information set forth therein absent manifest error.

(k) In the event that a Committed Class B Purchaser was at any time a Defaulting Purchaser or is a Downgraded Purchaser, the Transferor shall have the right and to replace such Class B Purchaser hereunder with a Replacement Purchaser, and the Agent, acting at the request of the Required Class B Purchasers or the Required Class B Owners, shall have the right to replace such Committed Class B Purchaser with a Replacement Purchaser which is an Eligible Assignee or is otherwise reasonably acceptable to the Transferor, which Replacement Purchaser shall succeed to the rights of such Committed Class A Purchaser under this Agreement, and such Committed Class B Purchaser shall assign its beneficial interest in the Class B Certificates to such Replacement Purchaser in accordance with the provisions of this Section 8.1; provided, that (A) such Committed Class B Purchaser shall not be replaced hereunder with a new investor until such Committed Class B Purchaser has been paid in full its Percentage Interest of the Class B Investor Principal Balance and all accrued and unpaid Yield (including any Liquidation Fee determined for the replacement date) thereon by such new investor and all other amounts (including all amounts owing under Sections 2.4 and 2.5) owed to it and to all Participants and Affected Parties with respect to such Class B Purchaser pursuant to this Agreement and (ii) if the Class B Purchaser to be replaced is the Agent or the Administrative Agent or, unless the Agent and the Administrative Agent otherwise agree, a Structured Purchaser sponsored or administered by the Administrative Agent or the Agent (in its individual capacity), a replacement Agent or Administrative Agent, as the case may be, shall have been appointed in accordance with Section 7.9 and the Agent or Administrative Agent, as the case may be, to be replaced shall have been paid all amounts owing to it as Agent or Administrative Agent, as the case may be, pursuant to this Agreement. For purposes of this subsection, a Committed Class B Purchaser shall be a "Downgraded Purchaser" if and so long as the credit rating assigned to its short-term obligations by Moody's or Standard & Poor's on the date on which it became a party to this Agreement shall have been reduced or withdrawn.

8.2 Tax Characterization of the Class B Certificates.
It is the intention of the parties hereto that the Class B Certificates be treated for tax purposes as indebtedness. In the event that the Class B Certificates are not so treated, it is the intention of the parties that such Class B Certificates be treated as an interest in a partnership that owns the

Receivables. In the event that the Class B Certificates are treated as an interest in a partnership, it is the intention of the parties that interest payable on such Class B Certificates be treated as guaranteed payment and, if for any reason it is not so treated, that the holders of such Class B Certificates be specially allocated gross interest income equal to the interest accrued during each applicable accrual period on such Class B Certificates.

SECTION 9. MISCELLANEOUS

9.1 Amendments and Waivers. This Agreement may not be amended, supplemented or modified nor may any provision hereof be waived except in accordance with the provisions of this Section 9.1. With the written consent of the Required Class B Owners and the Required Class B Purchasers, the Agent, the Transferor and the Servicer may, from time to time, enter into written amendments, supplements, waivers or modifications hereto for the purpose of adding any provisions to this Agreement or changing in any manner the rights of any party hereto or waiving, on such terms and conditions as may be specified in such instrument, any of the requirements of this Agreement; provided, however, that no such amendment, supplement, waiver or modification shall (i) reduce the amount of or extend the maturity of any Class B Certificate or reduce the rate or extend the time of payment of interest thereon, or reduce or alter the timing of any other amount payable to any Class B Purchaser hereunder or under the Supplement, in each case without the consent of the Class B Purchaser affected thereby, (ii) amend, modify or waive any provision of this Section 9.1, or, if such amendment would have a material adverse effect on the Class B Purchasers, the definition of "Class B Invested Amount", or reduce the percentage specified in the definition of Required Class B Owners or Required Class B Purchasers, in each case without the written consent of all Class B Purchasers or (iii) amend, modify or waive any provision of Section 7 of this Agreement without the written consent of the Agent, the Administrative Agent, the Required Class B Owners and Required Class B Purchasers. Any waiver of any provision of this Agreement shall be limited to the provisions specifically set forth therein for the period of time set forth therein and shall not be construed to be a waiver of any other provision of this Agreement.

Each party hereto agrees, at the request of the Agent from time to time to enter into or to consent to, as applicable, any amendments or other modifications to this Agreement or the Related Documents, other than those requiring the consent of all Class B Purchasers as provided above in this subsection, and the Transferor agrees to cause its Certificate of Incorporation and Bylaws to be amended or otherwise modified, as shall reasonably be determined by the Agent to be required for any initial Class B Purchaser which is a Structured Purchaser to obtain or maintain an informal rating of the Class B Certificates which will permit such Structured Purchaser's commercial paper notes to maintain at least the rating from Standard & Poor's and Moody's as in effect immediately prior to such Structured Purchaser's becoming a Class B Purchaser after giving effect to its initial purchase of the Class B Certificates and to purchases from time to time by such Structured Purchaser of VFC Additional Class B Invested Amounts as contemplated by this Agreement, without giving effect to any increase in any letter of credit or other enhancement provided to such Structured Purchaser (other than liquidity support provided to such Structured Purchaser by Affected Parties).

The Administrative Agent may cast any vote or give any direction under the Pooling and Servicing Agreement on behalf of the Class B Certificateholders if it has been directed to do so by (i) the Required Class B Owners, (ii) the Required Class B Purchasers, and (iii) by the Class A Purchasers (as defined in the Class A Certificate Purchase Agreement) required under the terms of Section 9.1 of the Class A Certificate Purchase Agreement.

9.2 Notices. (a) All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy, telegraph or telex), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or, in the case of mail or telecopy notice, when received, or, in the case of telegraphic notice, when delivered to the telegraph company, or, in the case of telex notice, when sent, answer back received, addressed as follows or, with respect to a Class B Purchaser, as set forth in its respective Joinder Supplement or Transfer Supplement, or to such other address as may be hereafter notified by the respective parties hereto:

The Transferor: Prime II Receivables Corporation
9111 Duke Boulevard
Mason, Ohio 45040
Attention: President
Telephone: (513) 573-2048
Telefax: (513) 573-2039

The Servicer: FDS National Bank
9111 Duke Boulevard
Mason, Ohio 45040
Attention: Chief Financial Officer
Telephone: (513) 573-2265
Telefax: (513) 573-2720

With a copy to:

Federated Department Stores, Inc.
7 West Seventh Street
Cincinnati, Ohio 45202
Attention: General Counsel
Telephone: (513) 579-7000
Telefax: (513) 579-7462

The Trustee: The Chase Manhattan Bank
450 West 33rd Street
New York, New York 10001
Attention: Capital Markets Fiduciary Services
Telephone: (212) 946-8608
Telefax: (212) 946-3240

The Agent PNC Bank, National Association
or the One PNC Plaza
Administrative 249 Fifth Avenue
Agent: Pittsburgh, Pennsylvania 15220-2707
Attention: John Smathers
Telephone: (412) 762-6440
Telefax: (412) 762-9814

Moody's: Moody's Investors Service, Inc.
99 Church Street
New York, New York 10007
Attention: ABS Monitoring Department, 4th Floor
Telephone: (212) 553-3607
Telefax: (212) 553-4773

Standard Standard & Poor's Ratings Services
& Poor's: 26 Broadway, 15th Floor
New York, New York 10004
Attention: Asset-Backed Surveillance Department
Telephone: (212) 208-1892
Telefax: (212) 412-0323

(b) All payments to be made to the Agent or any Class B Purchaser hereunder shall be made in United States dollars and in immediately available funds not later than 2:30 p.m.

Pittsburgh, Pennsylvania time on the date payment is due, and, unless otherwise specifically provided herein, shall be made to the Agent, for the account of one or more of the Class B Purchasers or for its own account, as the case may be. Unless otherwise directed by the Agent, all payments to it shall be made by federal wire (ABA #043-000-096) and telegraph name: PNC Bank, National Association and (a) in the case of payments to Market Street Capital Corp., to DDA #1002420425, or (b) in the case of payments to Market Street Funding Corporation, to DDA #1002422076, and, in either case, including the federal wire number, to Asset-Backed Securities Group, Attn: John Smathers of PNC (412-762-6440).

9.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agent or any Class B Purchaser, any right, remedy, power or privilege hereunder or under any of the other Related Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any of the other Related Documents preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges provided herein and in the other Related Documents are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

9.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Transferor, the Servicer, the Agent, the Administrative Agent, the Class B Purchasers, any Assignee and their respective successors and assigns, except that the Transferor and the Servicer may not assign or transfer any of their respective rights or obligations under this Agreement except as provided herein and in the Pooling and Servicing Agreement, without the prior written consent of the Required Class B Owners and the Required Class B Purchasers.

9.5 Successors to Servicer. (a) In the event that a transfer of servicing occurs under Article VIII or Article X of the Pooling and Servicing Agreement, (i) from and after the effective date of such transfer, the Successor Servicer shall be the successor in all respects to the Servicer and shall be responsible for the performance of all functions to be performed by the Servicer from and after such date, except as provided in the Pooling and Servicing Agreement, and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Servicer by the terms and provisions hereof, and all references in this Agreement to the Servicer shall be deemed to refer to the Successor Servicer, and (ii) as of the date of such transfer, the Successor Servicer shall be deemed to have made with respect to itself the representations and warranties made by the Servicer in Section 4.2 (in the case of subsection 4.2(a) with appropriate factual changes); provided, however, that the references to the Servicer contained in Section 5.1 of this Agreement shall be deemed to refer to the Servicer with respect to responsibilities, duties and liabilities arising out of an act or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that the Servicer was Servicer under this Agreement and shall be deemed to refer to the Successor Servicer with respect to responsibilities, duties and liabilities arising out of an act or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that the Successor Servicer acts as Servicer under this Agreement; provided, however, to the extent that an obligation to indemnify the Class B Purchasers under Section 2.7 arises as a result of any act or failure to act of any Successor Servicer in the performance of servicing obligations under the Pooling and Servicing Agreement or the Supplement, such indemnification obligation shall be of the Successor Servicer and not FDSNB. Upon the transfer of servicing to a Successor Servicer, such Successor Servicer shall furnish to the Agent copies of its audited annual financial statements for each of the three preceding fiscal years or if the Trustee or any other banking

institution becomes the Successor Servicer, such Successor Servicer shall provide, in lieu of the audited financial statements required in the immediately preceding clause, complete and correct copies of the publicly available portions of its Consolidated Reports of Condition and Income as submitted to the Federal Deposit Insurance Corporation for the two most recent year end periods.

(b) In the event that any Person becomes the successor to the Transferor pursuant to Article VII of the Pooling and Servicing Agreement, from and after the effective date of such transfer, such successor to the Transferor shall be the successor in all respects to the Transferor and shall be responsible for the performance of all functions to be performed by the Transferor from and after such date, except as provided in the Pooling and Servicing Agreement, and shall be subject to all the responsibilities, duties and liabilities relating thereto placed on the Transferor by the terms and provisions hereof, and all references in this Agreement to the Transferor shall be deemed to refer to the successor to the Transferor; provided, however, that the references to the Transferor contained in Sections 2.5, 2.7 and 5.1 of this Agreement shall be deemed to refer to Prime II Receivables Corporation with respect to responsibilities, duties and liabilities arising out of an act or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that Prime II Receivables Corporation was Transferor under this Agreement and shall be deemed to refer to the successor to Prime II Receivables Corporation as Transferor with respect to responsibilities, duties and liabilities arising out of an act or acts, or omission, or an event or events giving rise to such responsibilities, duties and liabilities and occurring during such time that the successor to Prime II Receivables Corporation acts as Transferor under this Agreement.

9.6 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

9.7 Severability. Any provisions of this Agreement which are prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

9.8 Integration. This Agreement and the Class B Fee Letter represent the agreement of the Agent, the Administrative Agent, the Transferor, the Servicer and the Class B Purchasers with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Class B Purchasers, the Agent or the Administrative Agent relative to subject matter hereof not expressly set forth or referred to herein or therein. FDSNB shall retain a copy of each of the above-referenced agreements as part of its official records.

9.9 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

9.10 Termination. This Agreement shall remain in full force and effect until the earlier to occur of (a) payment in full of the Class B Repayment Amount and all other amounts payable to the Class B Purchasers, the Agent and the Administrative Agent hereunder and the termination of all Commitments and (b) the Series 1999-1 Termination Date; provided, however, that if the Class B Repayment Amount and all other amounts payable to the Class B Purchasers hereunder are paid in

full and all Commitments have terminated prior to the Series 1999-1 Termination Date, the Agent shall notify the Trustee that thereafter all amounts otherwise payable to the Class B Purchasers hereunder shall be payable to the Transferor or any Person designated thereby; and provided, further, that the provisions of Sections 2.4, 2.5, 2.6, 2.7 and 7.7 and subsections 9.12(a) and 9.12(b) shall survive termination of this Agreement and amounts payable to the Class B Purchasers thereunder shall remain payable to the Class B Purchasers.

9.11 Action by Servicer. Wherever the Trustee or the Trust is authorized or required to take an action or give a notice pursuant to this Agreement and if the Trustee fails timely to take such action or give such notice pursuant to this Agreement after being requested to do so by the Servicer, the Servicer shall take such action or give such notice on behalf of the Trustee or the Trust.

9.12 Limited Recourse; No Proceedings. (a) The obligations of the Transferor and the Servicer under this Agreement are several (except as specifically provided herein) and are solely the corporate obligations of the Transferor and the Servicer. No recourse shall be had for the payment of any fee or other obligation or claim arising out of or relating to this Agreement or any other agreement, instrument, document or certificate executed and delivered or issued by the Transferor and the Servicer or any officer of any of them in connection therewith, against any stockholder, employee, officer, director or incorporator of the Transferor or the Servicer, and neither the Agent nor any Class B Purchaser shall look to any property or assets of the Transferor, other than to (a) amounts payable to the Transferor under the Receivables Purchase Agreement, any Supplement or the Pooling and Servicing Agreement and (b) any other assets of the Transferor not pledged to third parties or otherwise encumbered in any manner permitted by the Transferor's Certificate of Incorporation. Each Class B Purchaser and the Agent hereby agrees that to the extent such funds are insufficient or unavailable to pay any amounts owing to it by the Transferor pursuant to this Agreement, prior to the earlier of the Trust Termination Date or the commencement of a bankruptcy or insolvency proceeding by or against the Transferor, it shall not constitute a claim against the Transferor. Nothing in this paragraph shall limit or otherwise affect the liability of the Servicer with respect to any amounts owing by it hereunder or the right of the Agent or any Class B Purchaser to enforce such liability against the Servicer or any of its assets.

(b) Each of the Transferor, the Servicer and the Trustee hereby agrees that it shall not institute or join against any Structured Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding, or other proceeding under any federal or state bankruptcy or similar law, for one year and a day after the latest maturing commercial paper note, medium term note or other debt security issued by such Structured Lender is paid. The foregoing shall not limit the Transferor's, the Servicer's or the Trustee's right to file any claim in or otherwise take any action with respect to any such bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding that was instituted by any Person other than the Transferor, the Servicer or the Trustee.

9.13 Survival of Representations and Warranties. All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement, the purchase of the Class B Certificates hereunder and the termination of this Agreement.

9.14 Submission to Jurisdiction; Waivers. EACH OF THE TRANSFEROR, THE ADMINISTRATIVE AGENT, THE SERVICER, THE TRUST, THE TRUSTEE, THE AGENT AND EACH CLASS B PURCHASER HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(A) SUBMITS FOR ITSELF AND ITS PROPERTY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT TO WHICH IT IS A PARTY, OR FOR RECOGNITION AND ENFORCEMENT OF ANY JUDGMENT IN RESPECT THEREOF, TO THE NON-EXCLUSIVE GENERAL JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF;

(B) CONSENTS THAT ANY SUCH ACTION OR PROCEEDING MAY BE BROUGHT IN SUCH COURTS AND WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING IN ANY SUCH COURT OR THAT SUCH ACTION OR PROCEEDING WAS BROUGHT IN AN INCONVENIENT COURT AND AGREES NOT TO PLEAD OR CLAIM THE SAME;

(C) AGREES THAT SERVICE OF PROCESS IN ANY SUCH ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING A COPY THEREOF BY REGISTERED OR CERTIFIED MAIL (OR ANY SUBSTANTIALLY SIMILAR FORM OF MAIL), POSTAGE PREPAID, TO SUCH PARTY AT ITS ADDRESS SET FORTH IN SECTION 9.2 OR AT SUCH OTHER ADDRESS OF WHICH THE AGENT SHALL HAVE BEEN NOTIFIED PURSUANT THERETO; AND

(D) AGREES THAT NOTHING HEREIN SHALL AFFECT THE RIGHT TO EFFECT SERVICE OF PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR SHALL LIMIT THE RIGHT TO SUE IN ANY OTHER JURISDICTION.

9.15 WAIVERS OF JURY TRIAL. THE TRANSFEROR, THE SERVICER, THE TRUST, THE TRUSTEE, THE AGENT AND THE CLASS B PURCHASERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER DOCUMENT OR INSTRUMENT RELATED HERETO AND FOR ANY COUNTERCLAIM THEREIN.

IN WITNESS WHEREOF, the parties hereto have caused this Certificate Purchase Agreement to be duly executed by their respective officers as of the day and year first above written.

PRIME II RECEIVABLES CORPORATION,
as Transferor

By: /s/ Susan P. Storer
Name: Susan P. Storer
Title: President

FDS NATIONAL BANK

By: /s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION,
as Agent and as Administrative Agent

By: /s/ John T. Smathers
Name: John T. Smathers
Title: Vice President

FORM OF INVESTMENT LETTER

[Date]

Prime II Receivables Corporation
9111 Duke Boulevard
Mason, Ohio 45040
Attention: President

Re Prime Credit Card Master Trust II Class B
Variable Funding Certificates, Series 1999-1

Ladies and Gentlemen:

This letter (the "Investment Letter") is delivered by the undersigned (the "Purchaser") pursuant to subsection 8.1(a) of the Class B Certificate Purchase Agreement dated as of July 6, 1999 (as in effect, the "Certificate Purchase Agreement"), among the Transferor, FDS National Bank, as Servicer, the Class B Purchasers parties thereto and PNC Bank, National Association, as Agent and Administrative Agent. Capitalized terms used herein without definition shall have the meanings set forth in the Certificate Purchase Agreement. The Purchaser represents to and agrees with the Transferor as follows:

(a) The Purchaser is authorized [to enter into the Certificate Purchase Agreement and to perform its obligations thereunder and to consummate the transactions contemplated thereby] [to purchase a participation in obligations under the Certificate Purchase Agreement].

(b) The Purchaser has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its investment in the Class B Certificates and is able to bear the economic risk of such investment. The Purchaser has been afforded the opportunity to ask such questions as it deems necessary to make an investment decision, and has received all information it has requested in connection with making such investment decision. The Purchaser has, independently and without reliance upon the Agent, the Administrative Agent or any other Class B Purchaser, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Trust, the Transferor and the Servicer and made its own decision to purchase its interest in the Class B Certificates, and will, independently and without reliance upon the Agent, the Administrative Agent or any other Class B Purchaser, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis, appraisals and decisions in taking or not taking action under the Certificate Purchase Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Trust, the Transferor and the Servicer.

(c) The Purchaser is an "accredited investor", as defined in Rule 501, promulgated by the Securities and Exchange Commission (the "Commission") under the Securities Act of 1933, as amended (the "Securities Act"), or is a qualified institutional buyer (within the meaning thereof in Rule 144A under the Securities Act). The Purchaser understands that the offering and sale of the Class B Certificates has not been and will not be registered under the Securities Act and has not and will not be registered or qualified under any applicable "Blue Sky" law, and that the offering and sale of the Class B Certificate has not been reviewed by, passed on or submitted to any federal or state agency or commission, securities exchange or other

regulatory body.

(d) The Purchaser is acquiring an interest in Class B Certificates without a view to any distribution, resale or other transfer thereof except as contemplated in the following sentence. The Purchaser will not resell or otherwise transfer any interest or participation in the Class B Certificates, except in accordance with Sections 8.1 of the Certificate Purchase Agreement and (i) in a transaction exempt from the registration requirements of the Securities Act of 1933, as amended, and applicable state securities or "blue sky" laws; (ii) to the Transferor or any affiliate of the Transferor; or (iii) to a person who the Purchaser reasonably believes is a qualified institutional buyer (within the meaning thereof in Rule 144A under the Securities Act) that is aware that the resale or other transfer is being made in reliance upon Rule 144A. In connection therewith, the Purchaser hereby agrees that it will not resell or otherwise transfer the Class B Certificates or any interest therein unless the purchaser thereof provides to the addressee hereof a letter substantially in the form hereof.

[(e) The Purchaser hereby certifies to the Transferor, the Servicer and the Trustee that it has neither acquired nor will it sell, trade or transfer any interest in a Class B Certificate or cause an interest in a Class B Certificate to be marketed on or through an "established securities market" within the meaning of Section 7704(b)(1) of the Internal Revenue Code of 1986, as amended (the "Code") and any proposed, temporary or final treasury regulation thereunder, including, without limitation, an over-the-counter-market or an interdealer quotation system that regularly disseminates firm buy or sell quotations. In addition, the Purchaser hereby certifies that it is not and, for so long as it holds any interest in a Class B Certificate will not become a partnership, Subchapter S corporation or grantor trust for U.S. federal income tax purposes. The Purchaser acknowledges that the opinion of counsel to the effect that the Trust will not be treated as a publicly traded partnership taxable as a corporation is dependent in part on the accuracy of the certifications described in this paragraph.][To be included only if required by Section 6.18 of the Pooling and Servicing Agreement.]

[(e)][(f)] This Investment Letter has been duly executed and delivered and constitutes the legal, valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally and general principles of equity.

[(f)][(g)] The Purchaser understands that the Class B Certificates will bear a legend to substantially the following effect:

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), IN RELIANCE UPON EXEMPTIONS PROVIDED BY THE SECURITIES ACT. NO RESALE OR OTHER TRANSFER OF THIS CERTIFICATE MAY BE MADE EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, (B) IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES OR "BLUE SKY" LAWS. NEITHER THE TRANSFEROR NOR THE TRUSTEE IS OBLIGATED TO REGISTER THE CERTIFICATES UNDER THE SECURITIES ACT OR ANY OTHER SECURITIES OR "BLUE SKY" LAW.

EACH HOLDER OF THIS CERTIFICATE OR AN INTEREST

THEREIN, BY ACCEPTING AND HOLDING THIS CERTIFICATE, IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS NOT (I) AN EMPLOYEE BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF ERISA) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (II) A PLAN DESCRIBED IN SECTION 4975(E)(I) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR (III) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY.

Very truly yours,

[NAME OF PURCHASER]

By: _____
Name:
Title:

EXHIBIT B

FORM OF JOINDER SUPPLEMENT

THIS JOINDER SUPPLEMENT ("Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among Prime II Receivables Corporation (the "Transferor"), the Class B Purchaser set forth in Item 2 of Schedule I hereto (the "Additional Class B Purchaser"), and PNC Bank, National Association, as Agent for the Class B Purchasers under, and as defined in, the Certificate Purchase Agreement described below (in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with subsection 2.2(d) of the Class B Certificate Purchase Agreement, dated as of July 6, 1999, among the Transferor, FDS National Bank, as Servicer, the Class B Purchasers parties thereto, the Agent and PNC Bank, National Association, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Certificate Purchase Agreement"; unless otherwise defined herein, terms defined in the Certificate Purchase Agreement are used herein as therein defined); and

WHEREAS, the Additional Class B Purchaser (if it is not already a Class B Purchaser party to the Certificate Purchase Agreement) wishes to become a Class B Purchaser party to the Certificate Purchase Agreement;

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by the Additional Class B Purchaser, the Transferor and the Agent, the Agent will transmit to the Servicer, the Transferor, the Trustee, the Administrative Agent and the Additional Class B Purchaser a Joinder Effective Notice, substantially in the form of Schedule III to this Supplement (a "Joinder Effective Notice"). Such Joinder Effective Notice shall be executed by the Agent and shall set forth, inter alia, the date on which the transfer effected by this Supplement shall become effective (the "Joinder Effective Date"). From and after the Joinder Effective Date, the Additional Class B Purchaser shall be a Class B Purchaser party to the Certificate Purchase Agreement for all

purposes thereof and shall be a Noncommitted Class B Purchaser or Committed Class B Purchaser, as the case may be, as set forth in Schedule II hereto, having an initial Noncommitted Purchaser Percentage or Committed Purchaser Percentage, as applicable, and a Commitment, if applicable, as set forth in such Schedule II.

(b) Concurrently with the execution and delivery hereof, the Additional Class B Purchaser will deliver to the Transferor and the Trustee an executed Investment Letter in the form of Exhibit A to the Certificate Purchase Agreement.

(c) Each of the parties to this Supplement agrees and acknowledges that at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement.

(d) By executing and delivering this Supplement, the Additional Class B Purchaser confirms to and agrees with the Agent, the Administrative Agent and the Class B Purchasers as follows: (i) neither the Agent, the Administrative Agent nor any other Class B Purchaser makes any representation or warranty or assumes any responsibility with respect to any statements, warranties or representations made in or in connection with the Certificate Purchase Agreement (other than representations or warranties made by such respective parties) or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Certificate Purchase Agreement or any other instrument or document furnished pursuant thereto, or with respect to the Trust, the financial condition of the Servicer, the Transferor or the Trustee, or the performance or observance by the Servicer, the Transferor or the Trustee of any of their respective obligations under the Certificate Purchase Agreement or the Pooling and Servicing Agreement or any other instrument or document furnished pursuant hereto; (ii) the Additional Class B Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iii) the Additional Class B Purchaser will, independently and without reliance upon the Agent, the Administrative Agent or any other Class B Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Certificate Purchase Agreement; (iv) each Purchasing Class B Purchaser appoints and authorizes the Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Certificate Purchase Agreement and the Supplement as are delegated to the Agent or the Administrative Agent, as applicable, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Section 7 of the Certificate Purchase Agreement; and (v) the Additional Class B Purchaser agrees (for the benefit of the Agent, the Administrative Agent, the other Class B Purchasers, the Trustee, the Servicer and the Transferor) that it will perform in accordance with their terms all of the obligations which by the terms of the Certificate Purchase Agreement are required to be performed by it as a Class B Purchaser which is a Noncommitted Class B Purchaser or Committed Class B Purchaser, as the case may be, as specified in Schedule II hereto.

(e) Schedule II hereto sets forth the Commitment and the Commitment Expiration Date, if applicable, and the initial Investing Office of the Additional Class B Purchaser, as well as administrative information with respect to the Additional Class B Purchaser.

(f) This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized

officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO
JOINDER SUPPLEMENT

COMPLETION OF INFORMATION AND
SIGNATURES FOR JOINDER SUPPLEMENT

Re: Class B Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class B Purchasers party thereto and PNC Bank, National Association, as Agent and as Administrative Agent.

Item 1: Date of Joinder Supplement:

Item 2: Additional Class B Purchaser:

Item 3: Signatures of Parties to Agreement:

as Additional Class B Purchaser

By:
Name:
Title:

[By:
Name:
Title:]

PRIME II RECEIVABLES CORPORATION,
as Transferor

By:
Name:
Title:

PNC BANK, NATIONAL ASSOCIATION,
as Agent

By:
Name:
Title:

By:
Name:
Title:

ACCEPTED BY:

PNC BANK, NATIONAL ASSOCIATION, as
Administrative Agent

By:
Name:
Title:

By:
Name:
Title:

FDS NATIONAL BANK, as Servicer

By:
Name:
Title:

SCHEDULE II TO
JOINDER SUPPLEMENT

LIST OF INVESTING OFFICES, ADDRESSES
FOR NOTICES AND COMMITMENT

[Additional Class B Purchaser]

Noncommitted Class B Purchaser: Yes/No

Initial Noncommitted Purchaser Percentage: _____%
(if applicable)

Committed Class B Purchaser: Yes/No

Initial Committed Purchaser Percentage: _____%
(if applicable)

Commitment: \$ _____

Commitment Expiration Date: _____

Address for Notices:

Investing Office:

SCHEDULE III TO
JOINDER SUPPLEMENT

FORM OF
JOINDER EFFECTIVE NOTICE

To: [Name and address of
Transferor, Servicer, Trustee, Administrative
Agent and Additional Class B Purchaser]

The undersigned, as Agent under the Class B Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class B Purchasers parties thereto and PNC Bank, National Association, as Agent for the Class B Purchasers and as Administrative Agent thereunder, acknowledges receipt of five executed counterparts of a completed Joinder Supplement. [Note:

attach copies of Schedules I and II from such Agreement.] Terms defined in such Supplement are used herein as therein defined.

Pursuant to such Supplement, you are advised that the Joinder Effective Date will be _____, 199_.

Very truly yours,

PNC BANK, NATIONAL
ASSOCIATION,
as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

FORM OF TRANSFER SUPPLEMENT

THIS TRANSFER SUPPLEMENT ("Supplement"), dated as of the date set forth in Item 1 of Schedule I hereto, among the Transferor Class B Purchaser set forth in Item 2 of Schedule I hereto (the "Transferor Class B Purchaser"), the Purchasing Class B Purchaser set forth in Item 3 of Schedule I hereto (the "Purchasing Class B Purchaser"), and PNC Bank, National Association, as Agent for the Class B Purchasers under, and as defined in, the Certificate Purchase Agreement described below (in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, this Supplement is being executed and delivered in accordance with subsection 8.1(e) of the Class B Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class B Purchasers parties thereto, the Agent and PNC Bank, National Association, as Administrative Agent (as from time to time amended, supplemented or otherwise modified in accordance with the terms thereof, the "Certificate Purchase Agreement"; unless otherwise defined herein, terms defined in the Certificate Purchase Agreement are used herein as therein defined);

WHEREAS, the Purchasing Class B Purchaser (if it is not already a Class B Purchaser party to the Certificate Purchase Agreement) wishes to become a Class B Purchaser party to the Certificate Purchase Agreement and the Purchasing Class B Purchaser wishes to acquire and assume from the Transferor Class B Purchaser, certain of the rights, obligations and commitments under the Certificate Purchase Agreement; and

WHEREAS, the Transferor Class B Purchaser wishes to sell and assign to the Purchasing Class B Purchaser, certain of its rights, obligations and commitments under the Certificate Purchase Agreement.

NOW, THEREFORE, the parties hereto hereby agree as follows:

(a) Upon receipt by the Agent of five counterparts of this Supplement, to each of which is attached a fully completed Schedule I and Schedule II, each of which has been executed by

the Transferor Class B Purchaser, the Purchasing Class B Purchaser and the Agent, the Agent will transmit to the Servicer, the Transferor, the Trustee, the Transferor Class B Purchaser and the Purchasing Class B Purchaser a Transfer Effective Notice, substantially in the form of Schedule III to this Supplement (a "Transfer Effective Notice"). Such Transfer Effective Notice shall be executed by the Agent and shall set forth, inter alia, the date on which the transfer effected by this Supplement shall become effective (the "Transfer Effective Date"). Subject to the prior written consent, if applicable, of the Transferor and the Servicer to such transfer in the form of Schedule IV to this Supplement, from and after the Transfer Effective Date the Purchasing Class B Purchaser shall be a Class B Purchaser party to the Certificate Purchase Agreement for all purposes thereof as a Noncommitted Class B Purchaser or Committed Class B Purchaser, as specified on Schedule II to this Supplement.

(b) At or before 12:00 Noon, local time of the Transferor Class B Purchaser, on the Transfer Effective Date, the Purchasing Class B Purchaser shall pay to the Transferor Class B Purchaser, in immediately available funds, an amount equal to the purchase price, as agreed between the Transferor Class B Purchaser and such Purchasing Class B Purchaser (the "Purchase Price"), of the portion set forth on Schedule II hereto being purchased by such Purchasing Class B Purchaser of the outstanding Class B Invested Amount under the Class B Variable Funding Certificate owned by the Transferor Class B Purchaser (such Purchasing Class B Purchaser's "Purchase Percentage") and other amounts owing to the Transferor Class B Purchaser under the Certificate Purchase Agreement or otherwise in respect of the Class B Variable Funding Certificates. Effective upon receipt by the Transferor Class B Purchaser of the Purchase Price from the Purchasing Class B Purchaser, the Transferor Class B Purchaser hereby irrevocably sells, assigns and transfers to the Purchasing Class B Purchaser, without recourse, representation or warranty, and the Purchasing Class B Purchaser hereby irrevocably purchases, takes and assumes from the Transferor Class B Purchaser, the Purchasing Class B Purchaser's Purchase Percentage of (i) the presently outstanding Class B Invested Amount under the Class B Variable Funding Certificates owned by the Transferor Class B Purchaser and other amounts owing to the Transferor Class B Purchaser in respect of the Class B Variable Funding Certificates, together with all instruments, documents and collateral security pertaining thereto, and (ii) the Purchasing Purchaser's Purchase Percentage of (A) if the Transferor Class B Purchaser is a Noncommitted Class B Purchaser, the Noncommitted Purchaser Percentage of the Transferor Class B Purchaser and the other rights and duties of the Transferor Class B Purchaser under the Certificate Purchase Agreement, or (B) if the Transferor Class B Purchaser is a Committed Class B Purchaser, the Committed Purchaser Percentage and the Commitment of the Transferor Class B Purchaser and other rights, duties and obligations of the Transferor Class B Purchaser under the Certificate Purchase Agreement. This Supplement is intended by the parties hereto to effect a purchase by the Purchasing Class B Purchaser and sale by the Transferor Class B Purchaser of interests in the Class B Variable Funding Certificates, and it is not to be construed as a loan or a commitment to make a loan by the Purchasing Class B Purchaser to the Transferor Class B Purchaser. The Transferor Class B Purchaser hereby confirms that the amount of the Class B Invested Amount is \$ _____ and its Percentage Interest thereof is ____%, which equals \$ _____ as of _____, 199_. Upon and after the Transfer Effective Date (until further modified in accordance with the Certificate Purchase Agreement), the Noncommitted Purchaser Percentage or Committed Purchaser Percentage, as applicable of the Transferor Class B Purchaser and the Purchasing Class B Purchaser and the Commitment, if any, of the Transferor Class B Purchaser and the Purchasing Class B Purchaser shall be as set forth in Schedule II to this Supplement.

(c) The Transferor Class B Purchaser has made arrangements with the Purchasing Class B Purchaser with respect

to (i) the portion, if any, to be paid, and the date or dates for payment, by the Transferor Class B Purchaser to the Purchasing Class B Purchaser of any fees heretofore received by the Transferor Class B Purchaser pursuant to the Certificate Purchase Agreement prior to the Transfer Effective Date and (ii) the portion, if any, to be paid, and the date or dates for payment, by the Purchasing Class B Purchaser to the Transferor Class B Purchaser of fees or interest received by the Purchasing Class B Purchaser pursuant to the Certificate Purchase Agreement or otherwise in respect of the Class B Variable Funding Certificates from and after the Transfer Effective Date.

(d) (i) All principal payments that would otherwise be payable from and after the Transfer Effective Date to or for the account of the Transferor Class B Purchaser in respect of the Class B Variable Funding Certificates shall, instead, be payable to or for the account of the Transferor Class B Purchaser and the Purchasing Class B Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement.

(ii) All interest, fees and other amounts that would otherwise accrue for the account of the Transferor Class B Purchaser from and after the Transfer Effective Date pursuant to the Certificate Purchase Agreement or in respect of the Class B Variable Funding Certificates shall, instead, accrue for the account of, and be payable to or for the account of, the Transferor Class B Purchaser and the Purchasing Class B Purchaser, as the case may be, in accordance with their respective interests as reflected in this Supplement. In the event that any amount of interest, fees or other amounts accruing prior to the Transfer Effective Date was included in the Purchase Price paid by the Purchasing Class B Purchaser, the Transferor Class B Purchaser and the Purchasing Class B Purchaser will make appropriate arrangements for payment by the Transferor Class B Purchaser to the Purchasing Class B Purchaser of such amount upon receipt thereof from the Agent.

(e) Concurrently with the execution and delivery hereof, the Purchasing Class B Purchaser will deliver to the Transferor and the Trustee an executed Investment Letter in the form of Exhibit A to the Certificate Purchase Agreement.

(f) Each of the parties to this Supplement agrees and acknowledges that (i) at any time and from time to time upon the written request of any other party, it will execute and deliver such further documents and do such further acts and things as such other party may reasonably request in order to effect the purposes of this Supplement, and (ii) the Agent shall apply each payment made to it under the Certificate Purchase Agreement, whether in its individual capacity or as Agent, in accordance with the provisions of the Certificate Purchase Agreement, as appropriate.

(g) By executing and delivering this Supplement, the Transferor Class B Purchaser and the Purchasing Class B Purchaser confirm to and agree with each other, the Administrative Agent and the Agent and the Class B Purchasers as follows: (i) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned hereby free and clear of any adverse claim, the Transferor Class B Purchaser makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Certificate Purchase Agreement or the Pooling and Servicing Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Certificate Purchase Agreement or any other instrument or document furnished pursuant thereto; (ii) the Transferor Class B Purchaser makes no representation or warranty and assumes no responsibility with respect to the Trust, the financial condition of the Servicer, the Transferor or the Trustee, or the performance or observance by the Servicer, the Transferor or the Trustee of any of their respective obligations under the Certificate Purchase Agreement, the Pooling and

Servicing Agreement or any other instrument or document furnished pursuant hereto; (iii) each Purchasing Class B Purchaser confirms that it has received a copy of such documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (iv) each Purchasing Class B Purchaser will, independently and without reliance upon the Agent, the Transferor Class B Purchaser or any other Class B Purchaser and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Certificate Purchase Agreement or the Pooling and Servicing Agreement; (v) each Purchasing Class B Purchaser appoints and authorizes the Agent and the Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Certificate Purchase Agreement and the Pooling and Servicing Agreement as are delegated to the Agent or the Administrative Agent, as the case may be, by the terms thereof, together with such powers as are reasonably incidental thereto, all in accordance with Section 7 of the Certificate Purchase Agreement; and (vi) each Purchasing Class B Purchaser agrees (for the benefit of the Transferor Class B Purchaser, the Agent, the Administrative Agent, the Class B Purchasers, the Trustee, the Servicer and the Transferor) that it will perform in accordance with their terms all of the obligations which by the terms of the Certificate Purchase Agreement are required to be performed by it as a Class B Purchaser.

(h) Schedule II hereto sets forth the revised Noncommitted Purchaser Percentage or the revised Committed Purchaser Percentage and Commitment of the Transferor Class B Purchaser, as applicable, the Noncommitted Purchaser Percentage or the Committed Purchaser Percentage, Commitment and Commitment Expiration Date of the Purchasing Class B Purchaser, as applicable, and the initial Investing Office of the Purchasing Class B Purchaser, as well as administrative information with respect to the Purchasing Class B Purchaser.

(i) This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Supplement to be executed by their respective duly authorized officers on Schedule I hereto as of the date set forth in Item 1 of Schedule I hereto.

SCHEDULE I TO TRANSFER SUPPLEMENT

COMPLETION OF INFORMATION AND SIGNATURES FOR TRANSFER SUPPLEMENT

Re: Class B Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class B Purchasers party thereto and PNC Bank, National Association, as Agent and as Administrative Agent.

Item 1: Date of Transfer Supplement:

Item 2: Transferor Class B Purchaser:

Item 3: Purchasing Class B Purchaser:

Item 4: Signatures of Parties to Agreement:

as Transferor Class B Purchaser

By:
Name:
Title:

By:
Name:
Title:

as Purchasing Class B Purchaser

By:
Name:
Title:

By:
Name:
Title:

ACCEPTED BY:
PNC BANK, NATIONAL ASSOCIATION, as Agent

By:
Name:
Title:

By:
Name:
Title:

SCHEDULE II TO
TRANSFER SUPPLEMENT

LIST OF INVESTING OFFICES, ADDRESSES
FOR NOTICES, ASSIGNED INTEREST,
PURCHASE PERCENTAGE AND PURCHASE PRICE

[Transferor Class B Purchaser]

A. Noncommitted Class B Purchaser: Yes/No

If applicable:

Noncommitted Purchaser Percentage:

Transferor Class B Purchaser
Noncommitted Purchaser Percentage
Prior to Sale: _____%

Noncommitted Purchaser Percentage Sold: _____%

Noncommitted Purchaser Percentage Retained: _____%

B. Committed Class B Purchaser: Yes/No

If applicable:

Committed Purchaser Percentage:

Transferor Class B Purchaser
Committed Purchaser Percentage
Prior to Sale: _____%

Committed Purchaser Percentage Sold: _____%

Committed Purchaser Percentage Retained: _____%

Commitment:

Transferor Class B Purchaser Commitment

Prior to Sale: \$ _____

Commitment Sold: \$ _____

Commitment Retained: \$ _____

C. Class B Invested Amount:

Transferor Class B Purchaser

Class B Invested Amount Prior to Sale: \$ _____

Class B Invested Amount Sold: \$ _____

Class B Invested Amount Retained: \$ _____

D. Purchase Percentage: _____%

[Purchasing Class B Purchaser]

A. Noncommitted Class B Purchaser: Yes/No

If applicable:

Initial Noncommitted Purchaser Percentage: _____%

B. Committed Class B Purchaser: Yes/No

If applicable:

Committed Purchaser Percentage: _____%

Commitment: \$ _____

Commitment Expiration Date: _____

C. Class B Invested Amount Owned Immediately

After Sale: \$ _____

Address for Notices:

Investing Office:

SCHEDULE III TO
TRANSFER SUPPLEMENT

Form of
Transfer Effective Notice

To: [Name and address of

Transferor, Servicer, Trustee, the Transferor Class B
Purchaser and the Purchasing Class B Purchaser]

The undersigned, as Agent under the Class B Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, as Transferor, FDS National Bank, as Servicer, the Class B Purchasers parties thereto and PNC Bank, National Association, as Agent for the Class B Purchasers and as Administrative Agent thereunder, acknowledges receipt of five

executed counterparts of a completed Transfer Supplement. [Note: attach copies of Schedules I and II from such Agreement.] Terms defined in such Supplement are used herein as therein defined.

Pursuant to such Supplement, you are advised that the Transfer Effective Date will be _____, 199_.

Very truly yours,

PNC BANK, NATIONAL
ASSOCIATION,
as Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE IV TO TRANSFER SUPPLEMENT

Form of Consent of Transferor

To: The Chase Manhattan Bank, as Trustee
PNC Bank, National Association, as Agent

The undersigned hereby consents to the transfer, as of the Transfer Effective Date, of a [Noncommitted Purchaser Percentage/Committed Purchaser Percentage] equal to ____% [representing a Commitment in the amount of \$_____] and a Class B Invested Amount under the Prime Credit Card Master Trust II Class B Variable Funding Certificates, Series 1999-1, in the amount of \$_____, by _____ to _____, pursuant to the Class B Certificate Purchase Agreement, dated as of July 6, 1999, among Prime II Receivables Corporation, FDS National Bank, as Servicer, the Class B Purchasers parties thereto and PNC Bank, National Association, as Agent and as Administrative Agent.

Very truly yours,

PRIME II RECEIVABLES
CORPORATION

By: _____
Name:
Title:

FDS NATIONAL BANK,
as Servicer

By: _____
Name:
Title:

Dated: _____
cc: Purchasing Class B Purchaser

EXHIBIT D

PRIME II RECEIVABLES CORPORATION

FORM OF NOTICE OF FINANCING

PNC XXXXXXXX

Via Facsimile: XXXXXX

Attn: XXXXXX XXXXXXXXXX

To be executed on: 02-Jul-99

| | Increase/ (Decrease) | |
|-------------------|-------------------------|------|
| Next Business Day | 1999-1A | 0.00 |
| 1999-1B | 0.00 | |

Ph: (513) 573-2047
Fx: (513) 573-2039

FIRST AMENDMENT TO CLASS B CERTIFICATE PURCHASE AGREEMENT

THIS FIRST AMENDMENT TO CLASS B CERTIFICATE PURCHASE AGREEMENT (this "Amendment"), dated as of August 3, 1999, is entered into among by and among PRIME II RECEIVABLES CORPORATION (the "Transferor"), FDS NATIONAL BANK (the "Servicer"), MARKET STREET FUNDING CORPORATION (the "Class B Purchasers"), and PNC BANK, NATIONAL ASSOCIATION (the "Agent").

RECITALS

WHEREAS, the Transferor, the Servicer, the Class B Purchaser and the Agent are parties to that certain Class B Certificate Purchase Agreement, dated as of July 6, 1999 (as amended, supplemented or otherwise modified from time to time, the "Agreement"); and

WHEREAS, The parties hereto desire to amend the Agreement as hereinafter set forth.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

. Certain Defined Terms. Capitalized terms that are used herein without definition and that are defined in the Agreement shall have the same meanings herein as therein defined.

. Amendments to Agreement. (a) Clause (a) of the definition of "Commercial Paper Rate" that appears in Section 1.1 of the Agreement is hereby amended by inserting, after the word "outstanding" and before the words "such Structured Purchaser," the words "on behalf of."

(b) The last sentence of Section 2.1(b) of the Agreement is hereby amended and restated in its entirety to read as follows:

"It is understood and agreed that (i) except as provided in the last sentence of Section 2.1(c), each Class B Purchaser which is a Structured Purchaser, subject to the terms and conditions of this Agreement, intends to fund its Noncommitted Purchaser Percentage or Commitment Percentage, as the case may be, of any and all Class B Investor Principal Balance offered by the Transferor pursuant to Section 6.15 of the Pooling and Servicing Agreement through the issuance of commercial paper, to the extent that it is permitted and able in the ordinary course of its business to issue commercial paper which is rated not lower than the respective ratings assigned by Moody's and Standard & Poor's on the date on which such Structured Purchaser became a Class B Purchaser (without increasing or otherwise modifying any letter of credit or other enhancement provided to such Structured Purchaser or any liquidity support provided to such Structured Purchaser by Affected Parties), and (ii) notwithstanding anything else herein to the contrary, under no circumstances shall the Transferor or the Servicer be entitled to request such Structured Purchaser to fund all or any portion of its Class B Investor Principal Balance in any manner other than through the issuance of commercial paper."

(c) Section 9.1 of the Agreement is hereby amended by inserting after the last sentence in the first paragraph of Section 9.1 the following sentence:

"The Agent shall promptly notify each Rating Agency of any material amendment, modification, waiver and/or supplement to this Agreement pursuant to this Section 9.1".

(d) Sections 6.2 and 9.12(b) of the Agreement are hereby amended by replacing the words "Structured Lender" in each place

they appear in such Sections with the words "Structured Purchaser."

. Representations and Warranties. Each of the parties hereto hereby represents and warrants as follows:

(a) Representations and Warranties. The representations and warranties contained in Section 4 of the Agreement are true and correct as of the date hereof.

(b) No Default. Both before and immediately after giving effect to this Amendment and the transactions contemplated hereby no Termination Event, Series 1999-1 Pay Out Event, Servicer Default or Trust Payout Event exists or shall exist.

. Effect of Amendment. All provisions of the Agreement, as expressly amended and modified by this Amendment, shall remain in full force and effect. After this Amendment becomes effective, all references in the Agreement (or in any other Related Document) to "this Agreement", "hereof", "herein" or words of similar effect referring to the Agreement shall be deemed to be references to the Agreement as amended by this Amendment. This Amendment shall not be deemed, either expressly or impliedly, to waive, amend or supplement any provision of the Agreement other than as set forth herein.

. Effectiveness. This Amendment shall become effective as of the date hereof upon receipt by the Agent of counterparts of this Amendment (whether by facsimile or otherwise) executed by each of the other parties hereto, in form and substance satisfactory to the Agent in its sole discretion.

. Counterparts. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute but one and the same instrument.

. Governing Law. This Amendment shall be governed by, and construed in accordance with, the internal laws of the State of New York (without regard to any otherwise applicable principles of conflicts of law).

. Section Headings. The various headings of this Amendment are included for convenience only and shall not affect the meaning or interpretation of this Amendment, the Agreement or any provision hereof or thereof.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date first written above.

PRIME II RECEIVABLES CORPORATION,
as Transferor

By: /s/ Susan S. Storer
Name: Susan S. Storer
Title: President

FDS NATIONAL BANK,
as Servicer

By: /s/ Susan R. Robinson
Name: Susan R. Robinson
Title: Treasurer

MARKET STREET FUNDING CORPORATION,
as Class A Purchaser

By: /s/ Douglas K. Johnson

Name: Douglas K. Johnson
Title: President

PNC BANK, NATIONAL ASSOCIATION,
as Agent

By: /s/ John T. Smathers
Name: John T. Smathers
Title: Vice President

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| | |
|-------------------------------|-----|
| Supplies and prepaid expenses | 221 |
| Deferred income tax assets | 142 |

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| | |
|-------------------------|-------|
| Intangible assets - net | 1,807 |
| Other assets | 516 |

<F3>Includes the following:

| | |
|-----------------------|-------|
| Deferred income taxes | 1,240 |
| Other liabilities | 586 |
| Shareholders' Equity | 5,996 |

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| | |
|-----------------|---|
| Interest Income | 2 |
|-----------------|---|

</FN>

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