



September 15, 2006

Dear Valued Merchant,

This letter shall serve as notice of Interchange Rate changes for Visa and MasterCard transactions effective October 14, 2006. To be eligible for any rate listed herein, a Merchant's transactions **must** satisfy all applicable and respective Visa or MasterCard eligibility and submission requirements for the particular rate.

Effective October 14, 2006, MasterCard will implement a new Interchange Rate Program for World Elite MasterCard products.

MasterCard has announced that effective on October 14, 2006, a new interchange structure will be established in the U.S. region for the World Elite MasterCard program. The World Elite MasterCard card will be a premium MasterCard card product with issuance restrictions and superior cardholder benefits. The new Interchange Rates are listed below.

MasterCard Program Name	Rate Code	New Rate (1)
World Elite Standard	MWA	3.045% + \$0.1061
World Elite Merit I	MWB	2.145% + \$0.1061
World Elite Key-Entered	MWC	2.145% + \$0.1061
World Elite Merit III	MWD	1.835% + \$0.1061
World Elite Merit III Tier 1	MWE	1.625% + \$0.1061
World Elite Merit III Tier 2	MWF	1.675% + \$0.1061
World Elite Merit III Tier 3	MWG	1.775% + \$0.1061
World Elite Convenience Purchases	MWH	2.095% + \$0.0061
World Elite Convenience Purchase Outside	EWH	2.095% + \$0.0061
World Elite Supermarket Base	MWI	1.675% + \$0.0561
World Elite Supermarket Tier 1	MWJ	1.465% + \$0.0061
World Elite Supermarket Tier 2	MWK	1.515% + \$0.0061
World Elite Supermarket Tier 3	MWL	1.615% + \$0.0561
World Elite Warehouse Base	MWM	1.675% + \$0.0561
World Elite Warehouse Tier 1	MWN	1.465% + \$0.0061
World Elite Service Industries	NMO	1.245% + \$0.0561
World Elite Public Sector	MWP	1.645% + \$0.1061
World Elite Restaurant	MWQ	1.735% + \$0.1061
World Elite T&E	MWR	2.395% + \$0.1061

- (1) Rates include all Association Fees and Assessments.
- (2) The World Elite MasterCard will be processed like any other MasterCard product at the point-of-sale but will be subject to qualification requirements as defined under the newly established World Elite MasterCard Interchange Qualification infrastructure.
- (3) At this time, the Interchange Rates for the new World Elite MasterCard program are identical to the Interchange Rates for the existing World MasterCard program.

Effective October 14, 2006 MasterCard will alter Cross Border recognition for Puerto Rican issued cards

MasterCard has announced that, effective October 14, 2006; Puerto Rico is no longer considered part of the U.S. region, and will be considered part of the Latin American region for the purposes of cross-border fee determination.

Therefore, effective with this change, transactions conducted on cards issued in Puerto Rico at merchant locations in the United States will be assessed the MasterCard Cross Border Assessment (a net 10 basis points) and qualify under new Interchange Rate codes. The chart on the following page provides information relative to this change.

Current Interchange Qualification for Cards Issued in Puerto Rico			Interchange Qualification for Cards Issued in Puerto Rico Effective October 14, 2005		
Rate Name	Rate Code	Interchange Rate <sup>1</sup>	Rate Name	Rate Code	Interchange Rate <sup>1</sup>
U.S. Territory Corporate	F61	2.2450% + \$0.0061	International Corporate	F61	2.3450% + \$0.0061
U.S. Territory Electronic	F83	1.4650% + \$0.0061	International Electronic	F83	1.5650% + \$0.0061
U.S. Territory Standard	F85	2.1950% + \$0.0061	International Standard	F85	2.2950% + \$0.0061

<sup>1</sup> Rates include all Association Fees and Assessments.

All other U.S. Territory issued cards (e.g. Guam and U.S. Virgin Islands) will continue to be considered U.S. Region Issued Cards, not be subject to the Cross Border Assessment and will be assessed the proper "U.S. Territory Interchange Rate" as is depicted above.

Effective October 14, 2006 MasterCard will enhance the Small Ticket Interchange Program

Effective October 14, 2006, MasterCard will expand the U.S. region Small Ticket interchange program to include the additional Merchant Category Codes of 4131 (*Bus Lines*), 4784 (*Bridge and Road Fees, Tolls*), 5994 (*News Dealers and Newsstands*), 7211 (*Laundry Services – Family and Commercial*), 7216 (*Dry Cleaners*), 7338 (*Quick Copy, Reproduction, and Blueprinting Services*) and 7542 (*Car Washes*)

This change will allow the above merchant types to qualify for the MasterCard Small Ticket Debit Interchange Rate as is indicated below.

MasterCard Program Name	Rate Code	New Rate <sup>1</sup>
Small Ticket Debit	D25	1.6450% + \$0.0461

<sup>1</sup> Rates include all Association Fees and Assessments.

The newly eligible MCCs for the Small Ticket Debit Interchange Rate Program have not been added to the eligible MCCs for the Consumer Credit Convenience Purchase Program. Transactions conducted at one of the above noted MCCs on a MasterCard "Credit Product" or "Commercial Product" will continue to qualify under current Interchange Rate Programs and be assessed current Interchange Rates.

New U.S. Consumer Utilities Interchange Programs

Effective October 14, 2006, MasterCard will implement new U.S. region consumer interchange programs specifically targeted to utilities. To qualify for this new Interchange Program, a merchant must satisfy the following criteria.

Program Criteria:

- MCC 4900- Utilities: Electric, Gas, Heating Oil, Sanitation, Water
- 2 Day settlement
- Amount tolerance 10% (difference between the Authorization Amount and the Settlement Amount)
- Merchant location must be registered with MasterCard for participation in the Utility Interchange Program and assigned a unique registration code.

In addition, merchants that elect to participate in the MasterCard Utility Program must also agree to specific point-of-sale and operational requirements including Utility Program Registration and full acceptance of all MasterCard product types. Furthermore, third-party billers that processes utility transactions as an independent entity apart from a qualifying participating merchant is not eligible for this program nor are merchant types such as cable, satellite (TV and radio), and telecommunications merchants.

MasterCard has announced they intend to implement the following Interchange Rate structure for the MasterCard Utility Interchange Program, effective October 14, 2006.



Rate Name	Rate Code	Interchange Rate <sup>1</sup>
Utility Credit	MCU	0.0950% + \$0.7561
Utility Debit	DCU	0.0950% + \$0.7561
World Utility	MCW	0.0950% + \$0.7561
World Elite Utilities	MWV	0.0950% + \$0.7561

<sup>1</sup> Rates include all Association Fees and Assessments.

Merchants that are interested in participating in the MasterCard Utility Program are asked to contact their Relationship Manager for more information regarding the registration process.

Visa Announces a New Global Duplicate Transaction Identification Service

In the effort to mitigate cardholder risk associated with the submission of “duplicate transactions into Interchange”, effective October 14, 2006; Visa is expanding their existing duplicate detection program to include all regions and Interlink/Plus transactions. In addition, they will automate the Acquirer/Processor notification of duplicate events, tracking of duplicates, subsequent corrections and the assessment of fines.

It is important to note that the Visa Operating Regulations require that in the case that a duplicate transaction processes through interchange, it **must** be corrected via the submission of a “Reversal” in a timely manner. With the implementation of the GDTIS, Visa reiterates that it is **not permissible** for merchants or acquirers/processors to attempt to correct duplicates via the submission of a “refund/cardholder credit” transaction.

Failure to properly correct any and all duplicate transactions in accordance with the required reversal procedures will potentially result in the assessment of fines, according to the following schedule, for which you may be held accountable based on the terms and conditions of your contract.

Transmission Corrected On	Fine
Next Transmission Day (Day 0)	Not Applicable
Day 1	\$ 5,000 plus \$2 per transaction
Day 2	\$10,000 plus \$3 per transaction
Day 3	\$15,000 plus \$5 per transaction
Day 4	\$25,000 plus \$10 per transaction
Day 5 or later	\$50,000 plus \$10 per transaction

Understanding these considerations, Merchant Services reiterates that **under no circumstances should you or your merchant locations attempt to correct a duplicate transaction situation yourself by the submission of “refunds/credits” from your point-of-sale.** Doing so may further complicate the situation and result in the need to submit additional reversal transactions, and increase the likelihood of fines being levied for untimely reversal processing. **Therefore, it is imperative that any merchant who experiences a “duplicate transaction” situation at their point-of-sale please contact their Account Specialist and/or Relationship Manager for further instructions.**