

The Effectiveness of “Opt-Out” Disclosures in Pre-Screened Credit Card Offers

Report submitted to the Federal Trade Commission

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September 2004

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Overview

To gain a better understanding of consumer comprehension of opt-out notices in prescreened credit card solicitations, the Federal Trade Commission (FTC) contracted with Synovate (a leading marketing research company) to conduct a mall-intercept study.

This report discusses the objectives, methodology, and key findings of the study.

Additional details and complete tabulations of the data are available in the report on the study submitted by Synovate to the FTC, posted at www.ftc.gov.

Objectives

The study was conducted to compare the communication effects of three different versions, described in the next section and included in Appendix A, of an opt-out notice embedded in prescreened offers of credit. The main goal of the study was to compare the effectiveness of the different versions of the opt-out notice in communicating the messages that consumers can opt out of prescreened offers, and how they can do so (i.e., by calling a toll-free number or mailing an opt out request to a consumer reporting agency). A second purpose of the study was to gauge whether additional, ancillary information could be communicated effectively as part of the notice.

Specifically, the study tested how well each of the three versions communicated the following items of information (collectively “Information Points”): (1) consumers have the right to opt out of receiving pre-screened offers; (2) consumers may exercise the right to opt out by calling a toll free number or by writing to a consumer reporting agency; (3) even if consumers opt out of prescreened solicitations, they may still receive other types of offers; and (4) there may be benefits to receiving prescreened offers (e.g., to assist in

comparison shopping).

Methodology

The study used a mall-intercept design and was conducted in ten geographically diverse shopping malls. Respondents were screened to ensure, among other things, that they had received a credit card offer in the last year. The sample was 49.7% male and 50.3% female. The age distribution of the sample was as follows: 42.0% were 18-34, 37.5% were 35-54, and 20.5% were 55-74.

Each respondent was asked to look at one of three versions of a pre-screened credit card offer, each of which consisted of the back and front of a single page. The three versions differed only in the “opt out” notices they contained:

Version #1 (“current”). This version included language that is representative in content and placement (back page of the offer) of language that is currently used in many prescreened credit card offers. No special formatting or colors were used to highlight the text. This version contained only the first two of the four Information Points.

Version #2 (“improved”). This version used new, simpler language to describe the opt-out process. Like Version #1, the notice in this version was located on the back page of the offer. However, unlike Version #1, the notice was printed in blue ink (versus black ink elsewhere on the page), was indented on the left and right sides, and had blank lines above and below the notice in order to increase prominence. This version was designed to communicate all four of the Information Points.

Version #3 (“layered”). This version had the same text, formatting, and placement as Version #2, as well as an added, boxed “short notice” at the bottom of the front page with (1) a statement about the opt-out right and how to exercise it, and (2) a referral to the back page for additional information. This version was also designed to communicate all four of the Information Points, but only the first two were repeated in the boxed “short notice” on the front page.

Each interview in the study was conducted in two phases. During phase 1, respondents were exposed to one of the three versions of the offer and were asked to look over the entire offer, front and back. After the offer had been removed from view, respondents were then asked a series of open- and closed-ended questions. This phase was designed to assess, under fairly natural viewing conditions, the degree to which the offers communicated the four Information Points. It was expected that measures obtained during this phase would be affected by the noticeability as well as the ease of comprehension of information presented in the opt-out notices.

In phase 2, respondents were again given the same version of the offer that they had seen in phase 1, but this time the opt-out notice was highlighted and they were asked to read only the highlighted sections. After the offer was once again removed from view, respondents were asked virtually the same questions as during phase 1 of the interview.²

The questioning in this phase was intended primarily to assess how effectively the four

²The main difference between questions asked during the two study phases was that two open-ended questions asked during phase 1 (Q5a and Q7a) were asked again during phase 2 (as Q10a and Q12a) and then followed up with closed-ended questions (Q10b and Q13). These closed-ended questions were not asked in phase 1 to reduce measurement effects. However, to the extent the repetition of some questions sensitized respondents, the measures obtained during phase 2 may have been affected. Importantly, there is no reason to believe that this effect differed across the three groups of respondents exposed to credit offers with one of three different notices. Thus, it is unlikely that this approach affects our ability to compare the

Information Points were communicated under forced exposure to the opt-out notice. Since forced exposure eliminated any differences in noticeability between the notices, measures obtained during this phase were intended to provide a purer measure of the relative ease of comprehension of the information in the notices.

In sum, while the measures obtained during both measurement phases were designed to assess the communication effects of the opt-out notices, they focused on somewhat different stages of the communication process. Phase 1 measures were designed to pick up differences between the notices based on noticeability as well as ease of comprehension, while phase 2 measures were intended to provide an indication of differences based primarily on ease of comprehension.

The screener and the main questionnaire are in Appendix B.

Key Findings

The survey responses were analyzed by phase and, within each phase, by each of the Information Points. The key findings from that analysis are presented below.

Results for Phase 1 (after a single, natural exposure)

Information Point #1: you have the right to opt out of receiving prescreened offers

In order to assess how effectively this first Information Point was communicated to respondents via the various versions of the offer, respondents were asked:

Did the mailing say or suggest that you could ask that this and other credit card companies not send you similar offers in the mail, or did the mailing not suggest that?(Q4)

Table 1 shows the percentage of respondents who responded affirmatively, and who

relative communication effects of the three notices for data collected during phase 2.

therefore understood that they had the right to opt out of receiving prescreened offers of credit:

Table 1

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
18.8%	27.5%	30.8% ^{A³}

These results show that the layered version communicated significantly more effectively than the current version the message that consumers have the right to opt out of receiving prescreened offers. Although the improved version also appears to have communicated this point to a higher percentage of consumers than the current version, the difference is not statistically significant.

Information Point #2: you can opt out by calling or writing to a consumer reporting agency

To assess the communication of this Information Point, respondents were first asked:

Did the mailing say or suggest what you should do if you do not wish to receive similar offers from this and other credit card companies?(Q5)

Respondents who responded affirmatively were then asked the following question:

Based on what the mailing said or suggested, what should you do if you do not wish to receive similar offers from this and other credit card companies? (Q5a)

Table 2 shows the percentage of respondents who correctly answered that the opt-out right could be exercised by calling a telephone number or writing to a consumer reporting agency:

³ Indicates that the percentage in this column differs significantly from the percentage in column A at p<.05 (two-tailed test). This approach to indicating significant differences is utilized in all the tables in this report. Furthermore, all significant differences are based on a two-tailed test with p<.05.

Table 2

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
8.4%	10.7%	21.2% AB

These results show that the layered version was the most effective at communicating the methods by which consumers may opt out of prescreened solicitations. The differences between the layered version and both the improved version and current version are statistically significant. However, the improved version did no better than the current version in communicating this information to consumers.

Information Point #3: Opting out of prescreened solicitations will not stop all solicitations

To measure their comprehension of the information that opting out of prescreened solicitations will not stop all solicitations, respondents were asked:

Based on what the mailing said or suggested, if you asked that this and other credit card companies not send you similar offers, would you:

- (1) *receive no credit card offers in the future, or*
- (2) *continue to receive some credit card offers, or*
- (3) *something else?(Q6)*

Table 3 shows the percentage of respondents who correctly answered “continue to receive some credit card offers”:

Table 3

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
8.4%	13.4%	14.1%

These results show that neither the improved version nor the layered version (which contained this Information Point) communicated the idea that opting out would not stop all solicitations better than the current version (which did not contain this information item). Thus, the improved and the layered versions were not effective in communicating this information to consumers.

Information Point #4: There may be benefits to receiving prescreened offers

To determine whether respondents understood from the offers that there may be benefits to receiving prescreened offers, respondents were first asked:

Did the mailing say or suggest that allowing this and other credit card companies to continue sending you offers might be useful to you, or did the mailing not suggest that? (Q7)

Respondents who said “yes, it did” were then asked the following question:

Based on what the mailing said or suggested, how might allowing this and other companies to continue sending you offers be useful to you? (Q7a)

Table 4 shows the percentage of respondents that gave the correct answer, i.e., that the offer communicated that continuing to receive prescreened offers might be useful for comparison shopping and/or to get the best rates and terms:

Table 4

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
11.7%	14.8%	9.0%

These results show that neither the improved version nor the layered version (which contained this information item) communicated the idea that there might be benefits to continuing to receive credit card offers better than the current version (which did not

contain this information item). Thus, the improved and the layered versions were not effective in communicating this information to respondents.

Results for Phase 2 (after a second, forced exposure)

Information Point #1: you have the right to opt out of receiving prescreened offers

To assess how effectively this Information Point was communicated, respondents were asked:

Did the material say or suggest that you could ask that this and other credit card companies not send you similar offers in the mail, or did the material not suggest that?(Q9)

Table 5 shows the percentage of respondents who said “yes, it did” in response:

Table 5

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
39.6%	69.1% A	74.4% A

These results show that both the layered and improved versions communicated the opt-out right significantly better than the current version. The difference between the layered and improved versions is not statistically significant, but both communicated the information significantly better than the current version.

Information Point #2: you can opt out by calling or writing to a consumer reporting agency

To determine how effectively this Information Point was communicated in phase 2, respondents were first asked:

Did the material say or suggest what you should do if you do not wish to receive similar offers from this and other credit card companies?(Q10)

Respondents who said “yes, it did” were then asked both an open-ended question:

Based on what the material said or suggested, what should you do if you do not wish to receive similar offers from this and other credit card companies? (Q10a)

and a closed-ended question:

Based on what the material said or suggested, which of the following steps could you take if you did not wish to receive similar offers from this and other credit card companies?

Call a toll free number? (Q10b1)
e-mail the Federal Trade Commission? (Q10b2)
write TransUnion? (Q10b3)

Note that the closed-ended question has two correct answers (Q10b1 and Q10b3) and one decoy (Q10b2).

Table 6 shows the percentage of respondents that gave the correct answer to the open-ended question (Q10a), i.e., that the mailing communicated that the opt-out right could be exercised by calling a telephone number or writing to a consumer reporting agency:

Table 6

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
29.9%	57.7% A	62.2% A

Table 7 shows the percentage of respondents who said “yes” to at least one of the two correct options for the closed-ended question (i.e., Q10b1 and Q10b3):

Table 7

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
22.7%	53.0% A	60.3% A

Both tables show a similar pattern. The layered and improved versions communicated

how consumers can opt out more effectively than did the current version. The difference between the layered and improved versions is not statistically significant, but both do significantly better than the current version.

Information Point #3: Opting out of prescreened solicitations will not stop all solicitations

With respect to this Information Point, respondents were asked:

Based on what the mailing said or suggested, if you asked that this and other credit card companies not send you similar offers, would you:

- (4) receive no credit card offers in the future, or
- (5) continue to receive some credit card offers, or
- (6) something else?(Q11)

Table 8 shows the percentage of respondents who correctly said “continue to receive some credit card offers” in response:

Table 8

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
13.0%	41.6%A	42.9%A

These results show that the improved version as well as the layered version (which contained this information) were equally effective in communicating the idea that opting out would not stop all solicitations. Furthermore, both versions communicated this idea better than the current version which did not include this information.

Information Point #4: There may be benefits to receiving prescreened offers

To measure the effectiveness of this Information Point, respondents were first asked:

Did the material say or suggest that allowing this and other credit card companies to continue sending you offers might be useful to you, or did the material not suggest that? (Q12)

Respondents who said “yes, it did” were then asked both an open-ended question:

Based on what the material said or suggested, how might allowing this and other credit card companies to continue sending you offers be useful to you? (Q12a)

and a closed-ended question:

Based on what the material said or suggested, would allowing this and other credit card companies to continue sending you offers be useful to you because:

you could compare rates and terms for different offers? (Q13a)

this would improve your credit rating? (Q13b)

Note that the closed-ended question has one correct answer (Q13a) and one decoy (Q13b).

Table 8 shows the percentage of respondents that gave the correct answer to the open-ended question, i.e., that the mailing communicated that continuing to receive prescreened offers might be useful for comparison shopping and/or to get the best rates and terms:

Table 8

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
7.8%	24.8% AC	15.4% A

Table 9 shows the percentage of respondents who said “yes” to Q13a:

Table 9

Version #1 (Current) n=154	Version #2 (Improved) n=149	Version #3 (Layered) n=156
(A)	(B)	(C)
20.1%	38.3% A	30.1% A

Both tables show a somewhat similar pattern. They indicate that the improved version

did the best job of communicating the benefits of receiving credit card offers. The layered version did almost as well – the difference between the layered and the improved version was significant for the open-ended question (Q12) but not for the closed-ended question (Q13a). Finally, both versions did significantly better than the current version which did not contain this information.

Conclusion

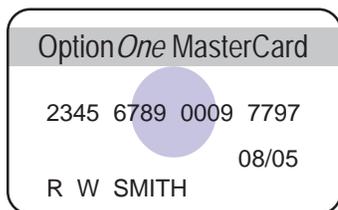
The following conclusions can be drawn from this study:

- The layered notice outperformed the current notice in terms of effective communication of key Information Points after a single exposure to an offer containing the notice. Specifically, the layered notice was significantly more effective than the current notice in communicating the right to opt out (Information Point #1) as well as how to opt out (Information Point #2). By contrast, the improved notice did not do significantly better than the current notice in terms of communicating any of the four Information Points after a single exposure to an offer containing the notice.
- Both the layered notice and the improved notice were significantly more effective than the current in communication all four of the Information Points after a second, forced exposure to the notice.
- The layered notice was significantly more effective in communicating the procedure for opting out (Information Point #2) than the improved notice after a single exposure.
- There was some evidence that the improved notice may be more effective in

communicating the benefits of continuing to receive offers (Information Point #4) than the layered notice. However, this result was obtained only for one of two measures, and only after a second, forced exposure to the notice.

- Both the improved notice and layered notice were generally more effective in communicating the right to opt out and the procedure to do so (Information Points #1 and #2) than in communicating the consequences of opting out and benefits of continuing to receive offers (Information Points #3 and #4).

Appendix A: Mailers



YOU'VE BEEN PRE-APPROVED!

Jane Smith
12345 Friendly Street
Arlington, VA 22206-1308

Dear Ms. Smith,

Back in the last century, we saw how technology was changing the way people do things. So we set out to create a smart kind of credit card. One designed for the way you live — today. Meet Option One MasterCard from National Fidelity.

You've been pre-approved for an Option One card from National Fidelity. There's **no annual fee**, and you'll pay **no interest charges for the first twelve months** of Cardmembership on purchases. After that, you'll enjoy a **low 7.99% fixed APR** for purchases when you choose to carry a balance. Plus, when you use the enclosed acceptance certificate to move high-rate balances to the Option One Card, you can save even more with a **0% APR on balance transfers for twelve months**.*

But Option One is more than just financially smart — it comes equipped with some of the most intelligent technology available, including a built-in Smart Chip to help make everything you do on the Internet secure. Option One lets you check your balance, manage your account, and pay your bill online. Anytime. What's more, Option One's Smart Chip was made to be updated over time — so no matter how fast the world changes, Option One can help you keep up.

Use the Option One Card, and both you and your purchases will automatically be protected by a range of smart benefits. Like our Online Fraud Protection Guarantee, which promises you won't be held liable for any unauthorized charges. And the Purchase Protection Plan[†], which safeguards covered purchases against damage and theft.

Plus, the Option One Card is eligible for the Special Rewards program, a flexible, **fee-free** rewards program. Virtually all your Option One purchases earn you points toward great retail and travel rewards. Just check the box on your acceptance certificate to enroll.

So say yes to Option One, and get the card that started with a vision of how we'd live today, and tomorrow.

Sincerely,

John W. Doe
President, Option One MasterCard

P.S. Accept the Option One MasterCard today — it's as easy as going online or returning your acceptance certificate.

0% APR FOR 12 MONTHS
THEN 7.99% FIXED APR



0% APR ON BALANCE
TRANSFERS FOR 12
MONTHS



NO ANNUAL FEE



BUILT-IN SMART CHIP FOR
INTERNET SECURITY



ONLINE FRAUD
PROTECTION GUARANTEE



CHECK YOUR BALANCE
AND PAY YOUR BILL ONLINE



FEE-FREE
MEMBERSHIP REWARDS
OPTIONS PROGRAM

† Underwritten by Quality Assurance Company, Administrative Office, Sunny Hills, VA. Coverage is subject to the terms, conditions, and exclusions of Policy AXO951.

1 Your Special Rewards Options account balance will be adjusted for any returned items.

2 We may send you email messages with important information about your account and offers that may be suited to your needs. Please visit National Fidelity's Privacy Statement at www.nfb.com/privacy for more details and to set your email preferences.

DISCLOSURE

Annual Percentage Rate for Purchases	Other APRs	Variable rate information	Grace Period for repayment of the balance for Purchases	Method of computing the balance for purchases	Annual Fee	Minimum Finance Charge
<ul style="list-style-type: none"> 0% Introductory APR for purchases during the first twelve months of Cardmembership. Then, a fixed APR of 7.99% 	<ul style="list-style-type: none"> Balance transfer APR: 0% during the first twelve months of Cardmembership on balance transfer requests submitted on the enclosed application.* Then, Balance Transfers will receive the standard purchase APR. Cash Advance APR: 18.99%. Default APR: fixed APRs of 17.99% for defaulted accounts; 23.99% for seriously defaulted accounts.** 	<ul style="list-style-type: none"> Your Cash Advance APR may vary. The rate for Cash Advances is determined monthly by adding 14.99% to the PrimeRate. See explanation below.†† 	<ul style="list-style-type: none"> 20 days for Purchases if full balance is paid by the due date 	<ul style="list-style-type: none"> Average daily balance (including new Purchases) 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> \$0.50

Other Fees. Late Payment Fee: \$15 on balances less than \$100, \$29 on balances of \$100 to \$1,000, and \$35 on balances greater than \$1,000. Over limit Fee: \$29. Balance transfer fee: There is no balance transfer transaction fee associated with this offer. However, future balance transfers may incur a fee of 3% of the amount transferred with a minimum of \$5 and a maximum of \$50. Fee for Cash Advances through Credit Card Cash: 3% of each withdrawal with \$5.00 minimum and no maximum. The line of credit offered with the Option One MasterCard is from \$1,000 to \$100,000.

* The APR for Balance Transfers requested on the enclosed acceptance certificate will be a fixed rate of 0% for twelve months and as long as the account is not in default.

** Your account is reviewed monthly and will be considered in default if minimum payments are not timely paid one time, or seriously in default if not timely paid two or more times, your account is overlimit three or more times, you pay with a check that is returned by your bank, any account terms are breached, or the account is otherwise in default as defined in the Cardmember Agreement, in each case during any portion of the 12-month period ending with the Closing Date of the current billing period ("review period"). If your account is in default, you will be assessed a fixed APR of 17.99% for all balances excluding cash, or if seriously defaulted, 23.99% for all balances. Defaulted accounts will forfeit the introductory and any promotional rates. If a promotional rate is in effect, that rate will apply and expire according to the promotional terms disclosed to you when you were offered the account or promotional opportunity. We may apply payments and credits first to your balances with lower APRs (including balances with promotional APRs) before balances with higher APRs. This will result in the lower APR balances being paid before the higher APR balances.

†† The Prime Rate for billing periods ending in any month is the higher of the Prime Rate published in *The Wall Street Journal* on the 1st or 20th day (or if such day is not a business day the next business day) of the prior month. Variable APRs accurate through 1/31/04.

Iowa is not currently within National Fidelity Bank's Credit Card service area; therefore, cards cannot be issued to residents of this location. This offer is not available to residents of Puerto Rico.

Information on Balance Transfers. If I have been offered and accepted an opportunity to transfer balances on credit cards to Option One National Fidelity Bank ("ONFB"), I authorize ONFB to forward payment on my behalf on the account(s) indicated in my application to the related account-issuing bank(s). I understand that my Option One Credit Card account will be debited for the total transfer amount requested up to my line of credit. If my request exceeds the available credit line, the transfer request will be honored up to my available credit line and I will be notified. I understand that I will be assessed finance charges, as stipulated in the Option One Cardmember Agreement, at the time a check is issued to my current credit card institution. I also understand that I will receive the Cardmember Agreement prior to the processing of the balance transfer. I certify that the account listed on my application is in good standing, and I agree to maintain its current status at least until ONFB has forwarded payment on my behalf. I agree to keep paying the current minimum payment on the account until confirmation appears on my Option One Credit Card statement. I understand that transfers may take five to six weeks. I authorize ONFB to verify the status and balance of such accounts, and understand that ONFB may, at its discretion, deny a transfer request. I will agree that I continue to be liable to the account issuer pursuant to the respective credit agreement, and that I have met the transfer requirements listed on my application. I understand that ONFB shall not be liable for any matters arising out of or related to such accounts or for incomplete or inaccurate information provided by me. Balance Transfer is restricted to Basic Cardmembers only. Additional Cardmembers may not request or authorize any Balance Transfers to the Basic Cardmember's Option One Credit Card account. I acknowledge that any benefit or service offered with the Card may be modified or terminated at any time.

TERMS AND CONDITIONS

By signing or returning this application, I ask that an account be opened in my name and Card(s) issued as I request, and that you renew and replace them until I cancel. I agree to be bound by the agreement governing my account. I agree to be liable for all charges to my account, including charges incurred with any Additional Card(s) issued on my account now or in the future. I understand that my Option One MasterCard account may not be issued to me if this form is altered, the information on it is not complete, accurate or verifiable, or I have responded to another pre-approved offer within the last 90 days or have been approved for another product from you.

I understand that I must provide all the information requested in this application and I certify that such information is accurate. I authorize you to verify the information on this application and to receive and exchange information about me including requesting reports from consumer reporting agencies. If I ask whether or not a consumer report was requested, you will tell me, and if you received a report, you will give me the name and address of the agency that furnished it. I authorize you and your affiliates and subsidiaries to contact these sources for information at any time, to use information about me for marketing and administrative purposes, and to share such information with each other, unless I direct you not to share with your affiliates and subsidiaries certain credit information (other than transaction or experience information) about me or any Additional Card applicant(s) by writing to you at: Option One MasterCard, P.O. Box 1111, Lovely Skies, FL 33329. (Please include Social Security number and indicate if your request applies to Additional Card applicants as well.)

Additional Cards: I have advised Additional Card applicant(s) that you may obtain, verify, exchange, and use information about them in the same manner as described above, that they may be responsible for payment of their own charges if I fail to pay them, and that their own credit records may be affected by non-payment of the account. I understand that Additional Card(s) will not be issued to me if I have an unsatisfactory account with MasterCard or if the Additional Card applicant(s) have ever had an unsatisfactory account with MasterCard. I acknowledge that any benefit or service offered with the Card may be modified or terminated at any time.

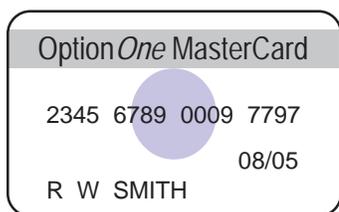
Fast Cash: By accepting the Card, I also have the option to request enrollment in your Fast Cash program. I will receive the terms and conditions, including fees, in the Agreement when I receive my Card. I acknowledge that I must call MasterCard to enroll in the Fast Cash program. An Applicant, if married, may apply for a separate account.

Patriot Act Notice: Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account, including your name, address, date of birth, and other information that will allow us to verify your identity.

Information contained in your file at a consumer reporting agency was used in connection with this offer. You received this offer because you satisfied the criteria for creditworthiness under which you were selected. You may not receive this offer if, alter you respond to this offer, you do not meet the criteria used to select you or any applicable criteria bearing on your creditworthiness or you do not furnish any required collateral. You have the right to prohibit information contained in your file at a consumer reporting agency from being used in connection with any credit transaction that you do not initiate. You may do so by writing or calling the consumer reporting agency: TransUnion, Marketing List Opt Out, P.O. Box 97328, Jackson, MS 39288.7328 or 1.888.5.OPTOUT.

Notice to Married Wisconsin Residents: No provision of any marital property agreement, unilateral agreement, or court decree under Wisconsin's Marital Property Act will adversely affect a creditor's interest unless, prior to the time credit is granted, the creditor is furnished a copy of that agreement or decree or is given complete information about the agreement or decree. New York residents may contact the New York Banking Department to obtain a comparative listing of credit card rates, fees and grace periods by calling 1-800-518-8866.

The Option One Card from MasterCard is issued by National Fidelity Bank. ©2004 MasterCard National Fidelity Bank. All rights reserved.



YOU'VE BEEN PRE-APPROVED!

Jane Smith
12345 Friendly Street
Arlington, VA 22206-1308

Dear Ms. Smith,

Back in the last century, we saw how technology was changing the way people do things. So we set out to create a smart kind of credit card. One designed for the way you live — today. Meet Option One MasterCard from National Fidelity.

You've been pre-approved for an Option One card from National Fidelity. There's **no annual fee**, and you'll pay **no interest charges for the first twelve months** of Cardmembership on purchases. After that, you'll enjoy a **low 7.99% fixed APR** for purchases when you choose to carry a balance. Plus, when you use the enclosed acceptance certificate to move high-rate balances to the Option One Card, you can save even more with a **0% APR on balance transfers for twelve months**.*

But Option One is more than just financially smart — it comes equipped with some of the most intelligent technology available, including a built-in Smart Chip to help make everything you do on the Internet secure. Option One lets you check your balance, manage your account, and pay your bill online. Anytime. What's more, Option One's Smart Chip was made to be updated over time — so no matter how fast the world changes, Option One can help you keep up.

Use the Option One Card, and both you and your purchases will automatically be protected by a range of smart benefits. Like our Online Fraud Protection Guarantee, which promises you won't be held liable for any unauthorized charges. And the Purchase Protection Plan[†], which safeguards covered purchases against damage and theft.

Plus, the Option One Card is eligible for the Special Rewards program, a flexible, **fee-free** rewards program. Virtually all your Option One purchases earn you points toward great retail and travel rewards. Just check the box on your acceptance certificate to enroll.

So say yes to Option One, and get the card that started with a vision of how we'd live today, and tomorrow.

Sincerely,

John W. Doe
President, Option One MasterCard

P.S. Accept the Option One MasterCard today — it's as easy as going online or returning your acceptance certificate.

0% APR FOR 12 MONTHS
THEN 7.99% FIXED APR



0% APR ON BALANCE
TRANSFERS FOR 12
MONTHS



NO ANNUAL FEE



BUILT-IN SMART CHIP FOR
INTERNET SECURITY



ONLINE FRAUD
PROTECTION GUARANTEE



CHECK YOUR BALANCE
AND PAY YOUR BILL ONLINE



FEE-FREE
MEMBERSHIP REWARDS
OPTIONS PROGRAM

† Underwritten by Quality Assurance Company, Administrative Office, Sunny Hills, VA. Coverage is subject to the terms, conditions, and exclusions of Policy AXO951.

1 Your Special Rewards Options account balance will be adjusted for any returned items.

2 We may send you email messages with important information about your account and offers that may be suited to your needs. Please visit National Fidelity's Privacy Statement at www.nfb.com/privacy for more details and to set your email preferences.

DISCLOSURE

Annual Percentage Rate for Purchases	Other APRs	Variable rate information	Grace Period for repayment of the balance for Purchases	Method of computing the balance for purchases	Annual Fee	Minimum Finance Charge
● 0% Introductory APR for purchases during the first twelve months of Cardmembership. Then, a fixed APR of 7.99%	● Balance transfer APR: 0% during the first twelve months of Cardmembership on balance transfer requests submitted on the enclosed application.* Then, Balance Transfers will receive the standard purchase APR. Cash Advance APR: 18.99%. Default APR: fixed APRs of 17.99% for defaulted accounts; 23.99% for seriously defaulted accounts.**	● Your Cash Advance APR may vary. The rate for Cash Advances is determined monthly by adding 14.99% to the PrimeRate. See explanation below.††	● 20 days for Purchases if full balance is paid by the due date	● Average daily balance (including new Purchases)	● None	● \$0.50

Other Fees. Late Payment Fee: \$15 on balances less than \$100, \$29 on balances of \$100 to \$1,000, and \$35 on balances greater than \$1,000. Over limit Fee: \$29. Balance transfer fee: There is no balance transfer transaction fee associated with this offer. However, future balance transfers may incur a fee of 3% of the amount transferred with a minimum of \$5 and a maximum of \$50. Fee for Cash Advances through Credit Card Cash: 3% of each withdrawal with \$5.00 minimum and no maximum. The line of credit offered with the Option One MasterCard is from \$1,000 to \$100,000.

* The APR for Balance Transfers requested on the enclosed acceptance certificate will be a fixed rate of 0% for twelve months and as long as the account is not in default.

** Your account is reviewed monthly and will be considered in default if minimum payments are not timely paid one time, or seriously in default if not timely paid two or more times, your account is overlimit three or more times, you pay with a check that is returned by your bank, any account terms are breached, or the account is otherwise in default as defined in the Cardmember Agreement, in each case during any portion of the 12-month period ending with the Closing Date of the current billing period ("review period"). If your account is in default, you will be assessed a fixed APR of 17.99% for all balances excluding cash, or if seriously defaulted, 23.99% for all balances. Defaulted accounts will forfeit the introductory and any promotional rates. If a promotional rate is in effect, that rate will apply and expire according to the promotional terms disclosed to you when you were offered the account or promotional opportunity. We may apply payments and credits first to your balances with lower APRs (including balances with promotional APRs) before balances with higher APRs. This will result in the lower APR balances being paid before the higher APR balances.

†† The Prime Rate for billing periods ending in any month is the higher of the Prime Rate published in *The Wall Street Journal* on the 1st or 20th day (or if such day is not a business day the next business day) of the prior month. Variable APRs accurate through 1/31/04.

Iowa is not currently within National Fidelity Bank's Credit Card service area; therefore, cards cannot be issued to residents of this location. This offer is not available to residents of Puerto Rico.

Information on Balance Transfers. If I have been offered and accepted an opportunity to transfer balances on credit cards to Option One National Fidelity Bank ("ONFB"), I authorize ONFB to forward payment on my behalf on the account(s) indicated in my application to the related account-issuing bank(s). I understand that my Option One Credit Card account will be debited for the total transfer amount requested up to my line of credit. If my request exceeds the available credit line, the transfer request will be honored up to my available credit line and I will be notified. I understand that I will be assessed finance charges, as stipulated in the Option One Cardmember Agreement, at the time a check is issued to my current credit card institution. I also understand that I will receive the Cardmember Agreement prior to the processing of the balance transfer. I certify that the account listed on my application is in good standing, and I agree to maintain its current status at least until ONFB has forwarded payment on my behalf. I agree to keep paying the current minimum payment on the account until confirmation appears on my Option One Credit Card statement. I understand that transfers may take five to six weeks. I authorize ONFB to verify the status and balance of such accounts, and understand that ONFB may, at its discretion, deny a transfer request. I will agree that I continue to be liable to the account issuer pursuant to the respective credit agreement, and that I have met the transfer requirements listed on my application. I understand that ONFB shall not be liable for any matters arising out of or related to such accounts or for incomplete or inaccurate information provided by me. Balance Transfer is restricted to Basic Cardmembers only. Additional Cardmembers may not request or authorize any Balance Transfers to the Basic Cardmember's Option One Credit Card account. I acknowledge that any benefit or service offered with the Card may be modified or terminated at any time.

TERMS AND CONDITIONS

By signing or returning this application, I ask that an account be opened in my name and Card(s) issued as I request, and that you renew and replace them until I cancel. I agree to be bound by the agreement governing my account. I agree to be liable for all charges to my account, including charges incurred with any Additional Card(s) issued on my account now or in the future. I understand that my Option One MasterCard account may not be issued to me if this form is altered, the information on it is not complete, accurate or verifiable, or I have responded to another pre-approved offer within the last 90 days or have been approved for another product from you.

I understand that I must provide all the information requested in this application and I certify that such information is accurate. I authorize you to verify the information on this application and to receive and exchange information about me including requesting reports from consumer reporting agencies. If I ask whether or not a consumer report was requested, you will tell me, and if you received a report, you will give me the name and address of the agency that furnished it. I authorize you and your affiliates and subsidiaries to contact these sources for information at any time, to use information about me for marketing and administrative purposes, and to share such information with each other, unless I direct you not to share with your affiliates and subsidiaries certain credit information (other than transaction or experience information) about me or any Additional Card applicant(s) by writing to you at: Option One MasterCard, P.O. Box 1111, Lovely Skies, FL 33329. (Please include Social Security number and indicate if your request applies to Additional Card applicants as well.)

Additional Cards: I have advised Additional Card applicant(s) that you may obtain, verify, exchange, and use information about them in the same manner as described above, that they may be responsible for payment of their own charges if I fail to pay them, and that their own credit records may be affected by non-payment of the account. I understand that Additional Card(s) will not be issued to me if I have an unsatisfactory account with MasterCard or if the Additional Card applicant(s) have ever had an unsatisfactory account with MasterCard. I acknowledge that any benefit or service offered with the Card may be modified or terminated at any time.

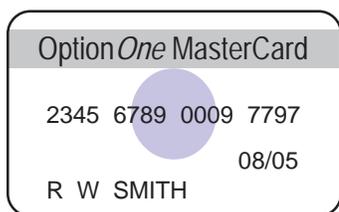
Fast Cash: By accepting the Card, I also have the option to request enrollment in your Fast Cash program. I will receive the terms and conditions, including fees, in the Agreement when I receive the Card. I acknowledge that I must call MasterCard to enroll in the Fast Cash program. An Applicant, if married, may apply for a separate account.

Identity Theft Act Notice: Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account, including your name, address, date of birth, and other information that will allow us to verify your identity.

Information contained in your file at a consumer reporting agency was used in connection with this offer. You received this offer because you satisfied the criteria for creditworthiness under which you were selected. You may not receive this offer if, after you respond to this offer, you do not meet the criteria used to select you or any applicable criteria bearing on your creditworthiness or you do not furnish any required collateral. You have the right to prohibit information contained in your file at a consumer reporting agency from being used in connection with any credit transaction that you do not initiate. You may do so by writing or calling the consumer reporting agency: TransUnion, Marketing List Opt Out, P.O. Box 97328, Jackson, MS 39288.7328 or 1.888.5.OPTOUT.

Notice to Married Wisconsin Residents: No provision of any marital property agreement, unilateral agreement, or court decree under Wisconsin's Marital Property Act will adversely affect a creditor's interest unless, prior to the time credit is granted, the creditor is furnished a copy of that agreement or decree or is given complete information about the agreement or decree. New York residents may contact the New York Banking Department to obtain a comparative listing of credit card rates, fees and grace periods by calling 1-800-518-8866.

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YOU'VE BEEN PRE-APPROVED!

Jane Smith
12345 Friendly Street
Arlington, VA 22206-1308

Dear Ms. Smith,

Back in the last century, we saw how technology was changing the way people do things. So we set out to create a smart kind of credit card. One designed for the way you live — today. Meet Option One MasterCard from National Fidelity.

You've been pre-approved for an Option One card from National Fidelity. There's **no annual fee**, and you'll pay **no interest charges for the first twelve months** of Cardmembership on purchases. After that, you'll enjoy a **low 7.99% fixed APR** for purchases when you choose to carry a balance. Plus, when you use the enclosed acceptance certificate to move high-rate balances to the Option One Card, you can save even more with a **0% APR on balance transfers for twelve months**.*

But Option One is more than just financially smart — it comes equipped with some of the most intelligent technology available, including a built-in Smart Chip to help make everything you do on the Internet secure. Option One lets you check your balance, manage your account, and pay your bill online. Anytime. What's more, Option One's Smart Chip was made to be updated over time — so no matter how fast the world changes, Option One can help you keep up.

Use the Option One Card, and both you and your purchases will automatically be protected by a range of smart benefits. Like our Online Fraud Protection Guarantee, which promises you won't be held liable for any unauthorized charges. And the Purchase Protection Plan,[†] which safeguards covered purchases against damage and theft.

Plus, the Option One Card is eligible for the Special Rewards program, a flexible, **fee-free** rewards program. Virtually all your Option One purchases earn you points toward great retail and travel rewards. Just check the box on your acceptance certificate to enroll.

So say yes to Option One, and get the card that started with a vision of how we'd live today, and tomorrow.

Sincerely,

John W. Doe
President, Option One MasterCard

P.S. Accept the Option One MasterCard today — it's as easy as going online or returning your acceptance certificate.

0% APR FOR 12 MONTHS
THEN 7.99% FIXED APR



0% APR ON BALANCE
TRANSFERS FOR 12
MONTHS



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<ul style="list-style-type: none"> 0% Introductory APR for purchases during the first twelve months of Cardmembership. Then, a fixed APR of 7.99% 	<ul style="list-style-type: none"> Balance transfer APR: 0% during the first twelve months of Cardmembership on balance transfer requests submitted on the enclosed application.* Then, Balance Transfers will receive the standard purchase APR. Cash Advance APR: 18.99%. Default APR: fixed APRs of 17.99% for defaulted accounts; 23.99% for seriously defaulted accounts.** 	<ul style="list-style-type: none"> Your Cash Advance APR may vary. The rate for Cash Advances is determined monthly by adding 14.99% to the PrimeRate. See explanation below.†† 	<ul style="list-style-type: none"> 20 days for Purchases if full balance is paid by the due date 	<ul style="list-style-type: none"> Average daily balance (including new Purchases) 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> \$0.50

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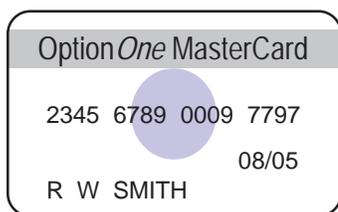
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Patriot Act Notice: Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account, including your name, address, date of birth, and other information that will allow us to verify your identity.

OPT-OUT NOTICE: This "prescreened" offer of credit is based on information in your credit report indicating that you meet certain criteria. This offer is not guaranteed if you do not meet those criteria. Offers like these may be useful in comparing terms and benefits of various credit offers. However, if you do not want to receive prescreened offers of credit from this and other companies, call toll-free 1-888-5OPTOUT; or write: TransUnion, Marketing List Opt Out, P.O. Box 97328, Jackson, MS 39288-7328. If you call or write, you may be asked to provide your Social Security number and other personal information to verify your identity. This information will be used only to process your request. Please note: Even if you choose not to receive prescreened offers of credit, you still may get other credit offers.

Notice to Married Wisconsin Residents: No provision of any marital property agreement, unilateral agreement, or court decree under Wisconsin's Marital Property Act will adversely affect a creditor's interest unless, prior to the time credit is granted, the creditor is furnished a copy of that agreement or decree or is given complete information about the agreement or decree. New York residents may contact the New York Banking Department to obtain a comparative listing of credit card rates, fees and grace periods by calling 1-800-518-8866.

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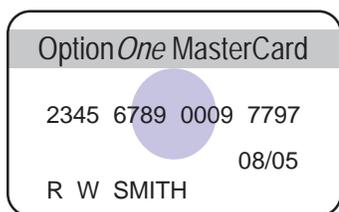
Fast Cash: By accepting the Card, I also have the option to request enrollment in your Fast Cash program. I will receive the terms and conditions, including fees, in the Agreement when I receive my Card. I acknowledge that I must call MasterCard to enroll in the Fast Cash program. An Applicant, if married, may apply for a separate account.

Act Notice: Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account, including your name, address, date of birth, and other information that will allow us to verify your identity.

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Notice to Married Wisconsin Residents: No provision of any marital property agreement, unilateral agreement, or court decree under Wisconsin's Marital Property Act will adversely affect a creditor's interest unless, prior to the time credit is granted, the creditor is furnished a copy of that agreement or decree or is given complete information about the agreement or decree. New York residents may contact the New York Banking Department to obtain a comparative listing of credit card rates, fees and grace periods by calling 1-800-518-8866.

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YOU'VE BEEN PRE-APPROVED!

Jane Smith
12345 Friendly Street
Arlington, VA 22206-1308

Dear Ms. Smith,

Back in the last century, we saw how technology was changing the way people do things. So we set out to create a smart kind of credit card. One designed for the way you live — today. Meet Option One MasterCard from National Fidelity.

You've been pre-approved for an Option One card from National Fidelity. There's **no annual fee**, and you'll pay **no interest charges for the first twelve months** of Cardmembership on purchases. After that, you'll enjoy a **low 7.99% fixed APR** for purchases when you choose to carry a balance. Plus, when you use the enclosed acceptance certificate to move high-rate balances to the Option One Card, you can save even more with a **0% APR on balance transfers for twelve months**.*

But Option One is more than just financially smart — it comes equipped with some of the most intelligent technology available, including a built-in Smart Chip to help make everything you do on the Internet secure. Option One lets you check your balance, manage your account, and pay your bill online. Anytime. What's more, Option One's Smart Chip was made to be updated over time — so no matter how fast the world changes, Option One can help you keep up.

Use the Option One Card, and both you and your purchases will automatically be protected by a range of smart benefits. Like our Online Fraud Protection Guarantee, which promises you won't be held liable for any unauthorized charges. And the Purchase Protection Plan[†], which safeguards covered purchases against damage and theft.

Plus, the Option One Card is eligible for the Special Rewards program, a flexible, **fee-free** rewards program. Virtually all your Option One purchases earn you points toward great retail and travel rewards. Just check the box on your acceptance certificate to enroll.

So say yes to Option One, and get the card that started with a vision of how we'd live today, and tomorrow.

Sincerely,

John W. Doe
President, Option One MasterCard

0% APR FOR 12 MONTHS
THEN 7.99% FIXED APR

0% APR ON BALANCE
TRANSFERS FOR 12
MONTHS

NO ANNUAL FEE

BUILT-IN SMART CHIP FOR
INTERNET SECURITY

ONLINE FRAUD
PROTECTION GUARANTEE

CHECK YOUR BALANCE
AND PAY YOUR BILL ONLINE

FEE-FREE
MEMBERSHIP REWARDS
OPTIONS PROGRAM

To stop receiving "prescreened" offers of credit from this and other companies, call toll-free 1-800-123-4567. See "OPT-OUT NOTICE" on other side for details.

† Underwritten by Quality Assurance Company, Administrative Office, Sunny Hills, VA. Coverage is subject to the terms, conditions, and exclusions of Policy AXO951.

1 Your Special Rewards Options account balance will be adjusted for any returned items.

2 We may send you email messages with important information about your account and offers that may be suited to your needs. Please visit National Fidelity's Privacy Statement at www.nfb.com/privacy for more details and to set your email preferences.

DISCLOSURE

Annual Percentage Rate for Purchases	Other APRs	Variable rate information	Grace Period for repayment of the balance for Purchases	Method of computing the balance for purchases	Annual Fee	Minimum Finance Charge
<ul style="list-style-type: none"> 0% Introductory APR for purchases during the first twelve months of Cardmembership. Then, a fixed APR of 7.99% 	<ul style="list-style-type: none"> Balance transfer APR: 0% during the first twelve months of Cardmembership on balance transfer requests submitted on the enclosed application.* Then, Balance Transfers will receive the standard purchase APR. Cash Advance APR: 18.999%. Default APR: fixed APRs of 17.99% for defaulted accounts; 23.99% for seriously defaulted accounts.** 	<ul style="list-style-type: none"> Your Cash Advance APR may vary. The rate for Cash Advances is determined monthly by adding 14.99% to the PrimeRate. See explanation below.†† 	<ul style="list-style-type: none"> 20 days for Purchases if full balance is paid by the due date 	<ul style="list-style-type: none"> Average daily balance (including new Purchases) 	<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> \$0.50

Other Fees. Late Payment Fee: \$15 on balances less than \$100, \$29 on balances of \$100 to \$1,000, and \$35 on balances greater than \$1,000. Over limit Fee: \$29. Balance transfer fee: There is no balance transfer transaction fee associated with this offer. However, future balance transfers may incur a fee of 3% of the amount transferred with a minimum of \$5 and a maximum of \$50. Fee for Cash Advances through Credit Card Cash: 3% of each withdrawal with \$5.00 minimum and no maximum. The line of credit offered with the Option One MasterCard is from \$1,000 to \$100,000.

* The APR for Balance Transfers requested on the enclosed acceptance certificate will be a fixed rate of 0% for twelve months and as long as the account is not in default.

** Your account is reviewed monthly and will be considered in default if minimum payments are not timely paid one time, or seriously in default if not timely paid two or more times, your account is overlimit three or more times, you pay with a check that is returned by your bank, any account terms are breached, or the account is otherwise in default as defined in the Cardmember Agreement, in each case during any portion of the 12-month period ending with the Closing Date of the current billing period ("review period"). If your account is in default, you will be assessed a fixed APR of 17.99% for all balances excluding cash, or if seriously defaulted, 23.99% for all balances. Defaulted accounts will forfeit the introductory and any promotional rates. If a promotional rate is in effect, that rate will apply and expire according to the promotional terms disclosed to you when you were offered the account or promotional opportunity. We may apply payments and credits first to your balances with lower APRs (including balances with promotional APRs) before balances with higher APRs. This will result in the lower APR balances being paid before the higher APR balances.

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Iowa is not currently within National Fidelity Bank's Credit Card service area; therefore, cards cannot be issued to residents of this location. This offer is not available to residents of Puerto Rico.

Information on Balance Transfers. If I have been offered and accepted an opportunity to transfer balances on credit cards to Option One National Fidelity Bank ("ONFB"), I authorize ONFB to forward payment on my behalf on the account(s) indicated in my application to the related account-issuing bank(s). I understand that my Option One Credit Card account will be debited for the total transfer amount requested up to my line of credit. If my request exceeds the available credit line, the transfer request will be honored up to my available credit line and I will be notified. I understand that I will be assessed finance charges, as stipulated in the Option One Cardmember Agreement, at the time a check is issued to my current credit card institution. I also understand that I will receive the Cardmember Agreement prior to the processing of the balance transfer. I certify that the account listed on my application is in good standing, and I agree to maintain its current status at least until ONFB has forwarded payment on my behalf. I agree to keep paying the current minimum payment on the account until confirmation appears on my Option One Credit Card statement. I understand that transfers may take five to six weeks. I authorize ONFB to verify the status and balance of such accounts, and understand that ONFB may, at its discretion, deny a transfer request. I will agree that I continue to be liable to the account issuer pursuant to the respective credit agreement, and that I have met the transfer requirements listed on my application. I understand that ONFB shall not be liable for any matters arising out of or related to such accounts or for incomplete or inaccurate information provided by me. Balance Transfer is restricted to Basic Cardmembers only. Additional Cardmembers may not request or authorize any Balance Transfers to the Basic Cardmember's Option One Credit Card account. I acknowledge that any benefit or service offered with the Card may be modified or terminated at any time.

TERMS AND CONDITIONS

By signing or returning this application, I ask that an account be opened in my name and Card(s) issued as I request, and that you renew and replace them until I cancel. I agree to be bound by the agreement governing my account. I agree to be liable for all charges to my account, including charges incurred with any Additional Card(s) issued on my account now or in the future. I understand that my Option One MasterCard account may not be issued to me if this form is altered, the information on it is not complete, accurate or verifiable, or I have responded to another pre-approved offer within the last 90 days or have been approved for another product from you.

I understand that I must provide all the information requested in this application and I certify that such information is accurate. I authorize you to verify the information on this application and to receive and exchange information about me including requesting reports from consumer reporting agencies. If I ask whether or not a consumer report was requested, you will tell me, and if you received a report, you will give me the name and address of the agency that furnished it. I authorize you and your affiliates and subsidiaries to contact these sources for information at any time, to use information about me for marketing and administrative purposes, and to share such information with each other, unless I direct you not to share with your affiliates and subsidiaries certain credit information (other than transaction or experience information) about me or any Additional Card applicant(s) by writing to you at: Option One MasterCard, P.O. Box 1111, Lovely Skies, FL 33329. (Please include Social Security number and indicate if your request applies to Additional Card applicants as well.)

Additional Cards: I have advised Additional Card applicant(s) that you may obtain, verify, exchange, and use information about them in the same manner as described above, that they may be responsible for payment of their own charges if I fail to pay them, and that their own credit records may be affected by non-payment of the account. I understand that Additional Card(s) will not be issued to me if I have an unsatisfactory account with MasterCard or if the Additional Card applicant(s) have ever had an unsatisfactory account with MasterCard. I acknowledge that any benefit or service offered with the Card may be modified or terminated at any time.

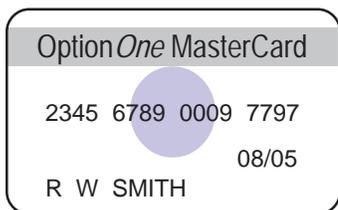
Fast Cash: By accepting the Card, I also have the option to request enrollment in your Fast Cash program. I will receive the terms and conditions, including fees, in the Agreement when I receive my Card. I acknowledge that I must call MasterCard to enroll in the Fast Cash program. An Applicant, if married, may apply for a separate account.

Patriot Act Notice: Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account, including your name, address, date of birth, and other information that will allow us to verify your identity.

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But Option One is more than just financially smart — it comes equipped with some of the most intelligent technology available, including a built-in Smart Chip to help make everything you do on the Internet secure. Option One lets you check your balance, manage your account, and pay your bill online. Anytime. What's more, Option One's Smart Chip was made to be updated over time — so no matter how fast the world changes, Option One can help you keep up.

Use the Option One Card, and both you and your purchases will automatically be protected by a range of smart benefits. Like our Online Fraud Protection Guarantee, which promises you won't be held liable for any unauthorized charges. And the Purchase Protection Plan[†], which safeguards covered purchases against damage and theft.

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President, Option One MasterCard

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TRANSFERS FOR 12
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NO ANNUAL FEE

BUILT-IN SMART CHIP FOR
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CHECK YOUR BALANCE
AND PAY YOUR BILL ONLINE

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MEMBERSHIP REWARDS
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1 Your Special Rewards Options account balance will be adjusted for any returned items.

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Other Fees. Late Payment Fee: \$15 on balances less than \$100, \$29 on balances of \$100 to \$1,000, and \$35 on balances greater than \$1,000. Over limit Fee: \$29. Balance transfer fee: There is no balance transfer transaction fee associated with this offer. However, future balance transfers may incur a fee of 3% of the amount transferred with a minimum of \$5 and a maximum of \$50. Fee for Cash Advances through Credit Card Cash: 3% of each withdrawal with \$5.00 minimum and no maximum. The line of credit offered with the Option One MasterCard is from \$1,000 to \$100,000.

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** Your account is reviewed monthly and will be considered in default if minimum payments are not timely paid one time, or seriously in default if not timely paid two or more times, your account is overlimit three or more times, you pay with a check that is returned by your bank, any account terms are breached, or the account is otherwise in default as defined in the Cardmember Agreement, in each case during any portion of the 12-month period ending with the Closing Date of the current billing period ("review period"). If your account is in default, you will be assessed a fixed APR of 17.99% for all balances excluding cash, or if seriously defaulted, 23.99% for all balances. Defaulted accounts will forfeit the introductory and any promotional rates. If a promotional rate is in effect, that rate will apply and expire according to the promotional terms disclosed to you when you were offered the account or promotional opportunity. We may apply payments and credits first to your balances with lower APRs (including balances with promotional APRs) before balances with higher APRs. This will result in the lower APR balances being paid before the higher APR balances.

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TERMS AND CONDITIONS

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I understand that I must provide all the information requested in this application and I certify that such information is accurate. I authorize you to verify the information on this application and to receive and exchange information about me including requesting reports from consumer reporting agencies. If I ask whether or not a consumer report was requested, you will tell me, and if you received a report, you will give me the name and address of the agency that furnished it. I authorize you and your affiliates and subsidiaries to contact these sources for information at any time, to use information about me for marketing and administrative purposes, and to share such information with each other, unless I direct you not to share with your affiliates and subsidiaries certain credit information (other than transaction or experience information) about me or any Additional Card applicant(s) by writing to you at: Option One MasterCard, P.O. Box 1111, Lovely Skies, FL 33329. (Please include Social Security number and indicate if your request applies to Additional Card applicants as well.)

Additional Cards: I have advised Additional Card applicant(s) that you may obtain, verify, exchange, and use information about them in the same manner as described above, that they may be responsible for payment of their own charges if I fail to pay them, and that their own credit records may be affected by non-payment of the account. I understand that Additional Card(s) will not be issued to me if I have an unsatisfactory account with MasterCard or if the Additional Card applicant(s) have ever had an unsatisfactory account with MasterCard. I acknowledge that any benefit or service offered with the Card may be modified or terminated at any time.

Fast Cash: By accepting the Card, I also have the option to request enrollment in your Fast Cash program. I will receive the terms and conditions, including fees, in the Agreement when I receive the Card. I acknowledge that I must call MasterCard to enroll in the Fast Cash program. An Applicant, if married, may apply for a separate account.

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Appendix B: Screener and Main Questionnaire¹

¹ Only one of the three versions of the main questionnaire used in the study is attached here. The questionnaires contained identical questions.

Respondent I.D. # _____

CREDIT CARD OFFER STUDY

RESPONDENT'S NAME: _____
ADDRESS: _____
CITY: _____ STATE: _____ ZIP CODE: _____
TELEPHONE NUMBER: _____
INTERVIEWER: _____ DATE: _____
TIME STARTED: _____ TIME ENDED: _____ TOTAL TIME: _____ (MINS.)

MARKET

Burlington
Long Island.....
Chicago
Toledo
St. Louis
Jackson
Corpus Christi
Baltimore
Los Angeles
Boise

SIGHT SCREEN FOR MALES AND FEMALES AGE 18 YEARS OF AGE OR OLDER

Hello, I'm _____ from Synovate a nationwide marketing research company. We are conducting a survey in this area and I would like to ask you a few questions.

INITIAL REFUSALS
01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

A. RECORD SEX OF RESPONDENT – CHECK QUOTAS

Male Female.....

B. In the past year, have you received any of the following in the mail? (READ EACH)

- An invitation to apply for a credit card** CONTINUE
- Coupons from a grocery store
- A free sample for a food product

**IF NOT CREDIT CARD,
TERMINATE AND “X” NEXT
NUMBER IN BOX BELOW. ERASE
AND RE-USE SCREENER.**

TERMINATE: Q.B – NO CREDIT CARD OFFERS IN PAST YEAR

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

C. Do you or does anyone in your household work ...? (READ EACH)

- In marketing research
- In advertising, database marketing, or public relations?
- With a bank or financial services company?
- For a store in this shopping mall?

**(IF YES TO ANY OF THESE, TERMINATE AND “X” NEXT NUMBER IN BOX BELOW.
ERASE AND RE-USE SCREENER.)**

TERMINATE: Q.C – SECURITY SCREEN

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

D. During the past three months, have you participated in a market research study other than a political poll?

- Yes
- No

TERMINATE: Q.D – PAST PARTICIPATION

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

E. Which of these groups includes your age...? (READ LIST)

- | | | |
|--------------|--------------------------|--------------|
| Under 18 | <input type="checkbox"/> | TERMINATE |
| 18 – 34 | <input type="checkbox"/> | CHECK QUOTAS |
| 35 – 54 | <input type="checkbox"/> | CHECK QUOTAS |
| 55 – 74 | <input type="checkbox"/> | CHECK QUOTAS |
| 75 and older | <input type="checkbox"/> | TERMINATE |

(IF UNDER 18 OR OVER 74 YEARS OLD, TERMINATE AND “X” NEXT NUMBER IN BOX BELOW. ERASE AND RE-USE SCREENER.)

TERMINATE: Q.E – AGE QUALIFICATION

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

F. Do you usually wear glasses or contact lenses for reading?

Yes

No → **SKIP TO Q.H**

G. Do you have your glasses or contact lenses with you today?

Yes

No → **TERMINATE AND “X” NEXT NUMBER IN BOX BELOW. ERASE AND RE-USE SCREENER.**

TERMINATE: Q.G – VISION CORRECTION

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

H. I'd like you to accompany me to the interviewing area where I will show you some marketing material and then ask you some questions about it. We'll be giving you \$2.00 to thank you for participating. I think that you'll find it interesting, and it will take only a few minutes. Would you be willing to participate?

- Yes → **ESCORT RESPONDENT TO FACILITY
TERMINATE AND “X” NEXT NUMBER IN
BOX BELOW. ERASE AND RE-USE
SCREENER.**
- No → **ESCORT RESPONDENT TO FACILITY
TERMINATE AND “X” NEXT NUMBER IN
BOX BELOW. ERASE AND RE-USE
SCREENER.**

TERMINATE: Q.H. – QUALIFIED REFUSAL

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20

21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40

ID _____

Version: 1

CREDIT CARD OFFER STUDY – MAIN QUESTIONNAIRE

Hello, my name is _____ from _____. Thank you for agreeing to participate in our project. If you wear glasses or contacts for reading, please put them on.

1. I am going to show you a promotional mailing. Assume that you have received this in the mail.

GIVE MAILING #1A TO RESPONDENT.

First, could you please read to me the number and the letter that appears in the top right hand corner?

MARK ONE ANSWER: 1A 1B 2A 2B 3A 3B

IF RESPONSE IS ANYTHING OTHER THAN “1A” TAKE MAILING BACK AND HAND OUT 1A.

Please read this mailing and let me know when you are finished. Be sure and look at both sides of the mailing.

WHEN S/HE IS FINISHED LOOKING, TAKE BACK AND REMOVE FROM VIEW.

Now I would like to ask you some questions. Please base your answers only on the mailing you just read and not on your prior knowledge or beliefs, ok? If you don't know the answer to any question, please say so rather than guess.

1. What was offered in the mailing?
 - 1 OPTION ONE/ MASTERCARD/ CREDIT CARD (CONTINUE)
 - 2 OTHER (TERMINATE)
 - 3 DON'T KNOW OR NOT SURE (TERMINATE)
2. Did the mailing say that you are pre-approved for this credit card offer, or did it not say that?
 - 1 YES, IT DID
 - 2 NO, IT DID NOT
 - 3 DON'T KNOW OR NOT SURE

Q3 and Q3a These question numbers not used in this study

4. Did the mailing say or suggest that you could ask that this and other credit card companies not send you similar offers in the mail, or did the mailing not suggest that?

- 1 YES, IT DID (**CONTINUE**)
- 2 NO, IT DID NOT (**SKIP TO Q7**)
- 3 DON'T KNOW OR NOT SURE (**SKIP TO Q7**)

5. Did the mailing say or suggest what you should do if you do not wish to receive similar offers from this and other credit card companies?

- 1 YES, IT DID (**CONTINUE**)
- 2 NO, IT DID NOT (**SKIP TO 6**)
- 3 DON'T KNOW OR NOT SURE (**SKIP TO 6**)

5a. Based on what the mailing said or suggested, what should you do if you do not wish to receive similar offers from this and other credit card companies? (PROBE: Anything Else? PROBE UNTIL UNPRODUCTIVE. RECORD VERBATIM)

6. Based on what the mailing said or suggested, if you asked that this and other credit card companies not send you similar offers, would you: (READ LIST. MARK ONE RESPONSE)

- 1 receive no credit card offers in the future, or
- 2 continue to receive some credit card offers, or
- 3 something else? (WRITE IN) _____

9 (DO NOT READ) DON'T KNOW OR NOT SURE

7. Did the mailing say or suggest that allowing this and other credit card companies to continue sending you offers might be useful to you, or did the mailing not suggest that?

- 1 YES, IT DID (**CONTINUE**)
- 2 NO, IT DID NOT (**SKIP TO 8**)
- 3 DON'T KNOW OR NOT SURE (**SKIP TO 8**)

7a. Based on what the mailing said or suggested, how might allowing this and other credit card companies to continue sending you offers be useful to you? (PROBE: Any other reason? PROBE UNTIL UNPRODUCTIVE. RECORD VERBATIM)

8. I am going to show you the promotional mailing again.

GIVE MAILING #1B TO RESPONDENT.

First, could you please read to me the number and the letter that appears in the top right hand corner?

MARK ONE ANSWER: 1A 1B 2A 2B 3A 3B

IF RESPONSE IS ANYTHING OTHER THAN "1B" TAKE MAILING BACK AND HAND OUT 1B.

This time, I would like you to read the material that has been circled carefully. Let me know when you are finished.

POINT TO PARAGRAPH ON THE BACK OF THE MAILING THAT HAS BEEN CIRCLED.

WHEN RESPONDENT INDICATES THAT S/HE IS FINISHED LOOKING, TAKE BACK MAILING AND REMOVE FROM VIEW

I am going to ask you some questions about what was said or suggested in the material you just read. Please answer my questions as completely as you can even if you feel that you have answered some of them before. Also, please base your answers only on the material you just read and not on your prior knowledge or beliefs, ok?

8a. What does the material you just read communicate to you? (PROBE: Anything else? PROBE UNTIL UNPRODUCTIVE. RECORD VERBATIM)

9. Did the material say or suggest that you could ask that this and other credit card companies not send you similar offers in the mail, or did the material not suggest that?

- 1 YES, IT DID (CONTINUE)
- 2 NO, IT DID NOT (SKIP TO Q12)
- 3 DON'T KNOW OR NOT SURE (SKIP TO Q12)

10. Did the material say or suggest what you should do if you do not wish to receive similar offers from this and other credit card companies?

1 YES, IT DID (**CONTINUE**)

2 NO, IT DID NOT (**SKIP TO 11**)

3 DON'T KNOW OR NOT SURE (**SKIP TO 11**)

10a. Based on what the material said or suggested, what should you do if you do not wish to receive similar offers from this and other credit card companies?
(PROBE: Anything Else? PROBE UNTIL UNPRODUCTIVE. RECORD VERBATIM)

10b. Based on what the material said or suggested, which of the following steps could you take if you did not wish to receive similar offers from this and other credit card companies?

(RANDOMIZE 10b1 – 10b3)

10b1. call a toll free number?

1 YES

2 NO

3 DON'T KNOW OR NOT SURE

10b2. e-mail the Federal Trade Commission?

1 YES

2 NO

3 DON'T KNOW OR NOT SURE

10b3. write to TransUnion?

1 YES

2 NO

3 DON'T KNOW OR NOT SURE

11. Based on what the material said or suggested, if you asked that this and other credit card companies not send you similar offers, would you: (READ LIST. MARK ONE RESPONSE)

- 1 receive no credit card offers in the future, or
- 2 continue to receive some credit card offers, or
- 3 something else? (WRITE IN) _____

9 (DO NOT READ) DON'T KNOW OR NOT SURE

12. Did the material say or suggest that allowing this and other credit card companies to continue sending you offers might be useful to you, or did the material not suggest that?

- 1 YES, IT DID (CONTINUE)
- 2 NO, IT DID NOT (SKIP TO 14)
- 3 DON'T KNOW OR NOT SURE (SKIP TO 14)

12a. Based on what the material said or suggested, how might allowing this and other credit card companies to continue sending you offers be useful to you? (PROBE: Any other reason? PROBE UNTIL UNPRODUCTIVE. RECORD VERBATIM)

13. Based on what the material said or suggested, would allowing this and other credit card companies to continue sending you offers be useful to you because:

(RANDOMIZE 13a – 13b)

13a. you could compare rates and terms for different offers?

- 1 YES
- 2 NO
- 3 DON'T KNOW OR NOT SURE

13b. this would improve your credit rating?

- 1 YES
- 2 NO
- 3 DON'T KNOW OR NOT SURE

14. When you receive a credit card offer such as this one in the mail, what do you usually do with it? Do you: (READ LIST. MARK ONE RESPONSE)

- 1 throw it in the trash or shred it without opening it,
- 2 open it and skim through it,
- 3 open it and read it, or
- 4 something else? (WRITE IN) _____

THANK YOU FOR YOUR COOPERATION