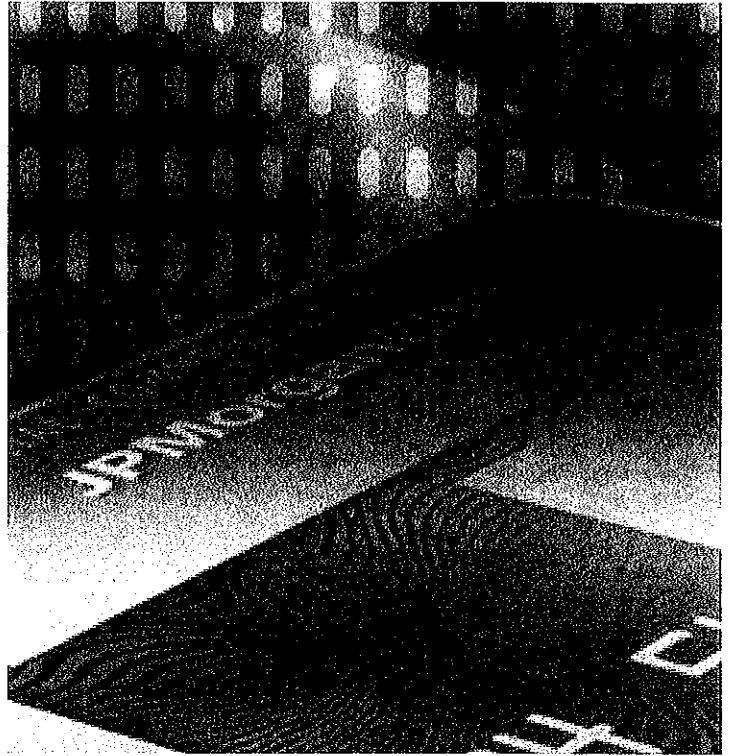


The State of West Virginia



SOLUTIONS FROM J.P. MORGAN, FINANCIAL/REVENUE PROPOSAL

June 22, 2010

Proposal Submitted By:

Ann Hatvany

Vice President, Treasury Services
216-781-2596
ann.hatvany@chase.com

George Sesock

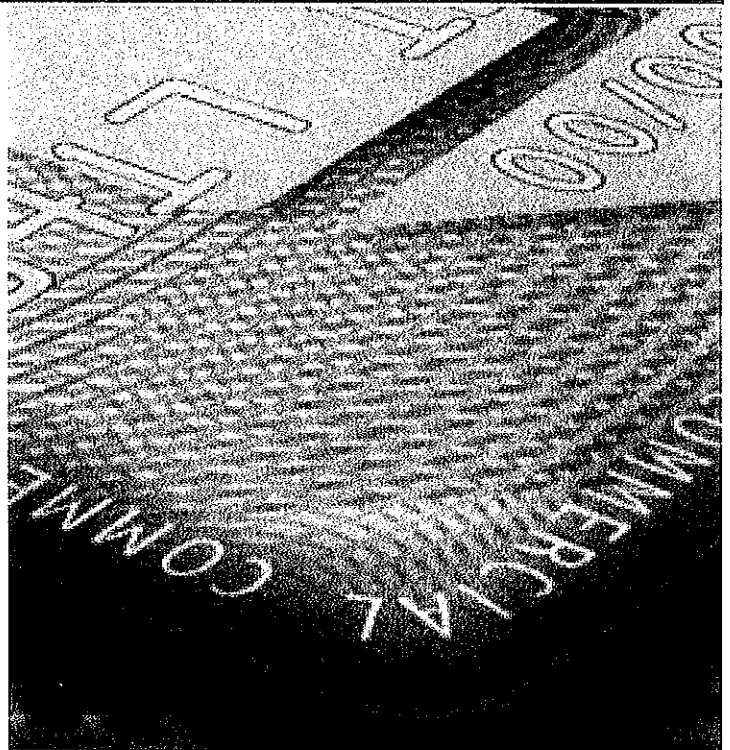
Vice President, Government/Not-for-Profit
330-972-1762
george.f.sesock@chase.com

Jean Taplett

Vice President, Commercial Card
914-860-4727
jean.c.taplett@jpmchase.com

Reference Number:

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SOLUTIONS FOR STATE OF WEST VIRGINIA

J.P. MORGAN FINANCIAL OFFERING

Assumptions and Incentives

J.P. Morgan is pleased to present the following proposal for State of West Virginia's programs.

Pricing Assumptions—U.S. programs

J.P. Morgan has based the proposed pricing for your requested card programs on the following assumptions:

	Purchasing Card	Travel Card	Total
Annual Charge Volume	\$350 MM	\$30 MM	\$380 MM
Statement Billing Period	30	30	
Payment Days from Statement Date	14	14	
Cards	6,500	13,000	19,500
Contract Initial Term	5 years with one-year auto renewals		
Type of Liability, Billing, and Payment	Corporate, central, corporate	Corporate, central, corporate	

Pricing assumptions are based upon J.P. Morgan's ability to limit its tax liability and liabilities for indirect damages.

Financial Incentives—U.S Programs

Signing Bonus

J.P. Morgan is pleased to offer State of West Virginia a one-time, up-front signing bonus of \$1,000,000 to be payable within 90 days of contract signing, new card issuance, and the cancellation of existing program cards.

Annual Volume Incentive

J.P. Morgan is pleased to offer a volume incentive based on annual charge volume for your purchasing card and corporate travel card programs. The incentive is calculated by multiplying annual charge volume by the incentive rate and is paid annually for the prior calendar year's annual charge volume.

J.P. Morgan Financial Incentives Summary					
Signing Bonus:		\$1,000,000			
U.S. Purchasing Rebates			U.S. Travel Rebates		
Qualified Charge Volume	Rebate Rate 30/14	Rebate Rate 30/25	Qualified Charge Volume	Rebate Rate 30/14	Rebate Rate 30/25
\$100,000,000	1.58%	1.47%	\$10,000,000	0.74%	0.63%
\$150,000,000	1.60%	1.49%	\$15,000,000	0.76%	0.65%
\$200,000,000	1.61%	1.50%	\$20,000,000	0.77%	0.66%
\$250,000,000	1.62%	1.51%	\$25,000,000	0.78%	0.67%
\$300,000,000	1.63%	1.52%	\$30,000,000	0.80%	0.69%
\$350,000,000	1.65%	1.54%	\$35,000,000	0.81%	0.70%
\$400,000,000	1.66%	1.55%	\$40,000,000	0.82%	0.71%
\$450,000,000	1.67%	1.56%	\$45,000,000	0.83%	0.72%
\$500,000,000	1.68%	1.57%	\$50,000,000	0.84%	0.73%
\$600,000,000	1.69%	1.58%	\$60,000,000	0.85%	0.74%
\$700,000,000	1.70%	1.59%	\$70,000,000	0.86%	0.75%
\$800,000,000	1.71%	1.60%	\$80,000,000	0.87%	0.76%
\$900,000,000	1.72%	1.61%	\$90,000,000	0.88%	0.77%
\$1,000,000,000	1.73%	1.62%	\$100,000,000	0.90%	0.79%

* All Large Ticket Volume receives a rebate rate = 0.50%.

Speed-of-Pay Incentive or Disincentive - U.S. programs

J.P. Morgan offers State of West Virginia the ability to improve your rebate potential through the following speed-of-pay rebate enhancement (or reduce your rebate potential in exchange for longer payment terms):

- 0.01% (1.0 basis point) speed-of-pay rebate enhancement for each day of improved payment days from statement date (also known as client-held days)

For illustrative purposes, if State of West Virginia selects terms of monthly billing with payment due within 14 days of statement date and pays in 10 days after statement date, an additional 4 basis points (0.04%) will be earned on annual charge volume as result of a four-day improvement of payment days. (See Attachment A for detail.)

Alternatively, if State of West Virginia selects terms of monthly billing with payment due within 25 days of statement date instead of 14 days after statement date, the above stated rebate grid will be reduced by 11 basis points (0.11%) as result of the eleven-day decline in payment days.

Explanation of Rebate Calculation

J.P. Morgan has used the spend schedule numbers provided for evaluation purposes by the State of West Virginia to detail our proposed rebate amount. For demonstration purposes only, Attachment B shows all calculations and sub-totals each quarter's rebate amount as well as the yearly total.

Rebates will be calculated quarterly in arrears. Payments will be made within 90 days following quarter end for the previous quarter. The payment for the last quarter of the Contract year will be adjusted for full year Charge Volume. If the actual rebate payment calculation is less than the amount paid by J.P. Morgan to the State of West Virginia, then the State agrees to repay to J.P. Morgan the excess rebate paid but not earned. If the Agreement is terminated after the initial rebate payment but prior to the end of the Contract Year, the State agrees to repay to J.P. Morgan, any portion of the rebate which was paid but not earned pursuant to actual Charge Volume transacted by the State for the partial year.

Rebates will be paid by wire transfer to an account designated by the State. Rebate amounts are subject to reduction by all Losses. If Losses exceed the rebate earned for any Contract Year, J.P. Morgan will invoice the State for the amount in excess of the rebate, which amount shall be payable within 14 days. Upon termination of the Program, the Losses for the six-month period immediately preceding the termination will be deemed to be equal to the Losses for the subsequent six-month period.

Terms and Conditions

- Earning a signing bonus is predicated on \$1.85 billion in purchasing card and corporate travel card charge volume over the initial term of the contract with a minimum of \$296 million annual charge volume for program (80 percent of annual target volume) for each year during the initial contract term.
- For any bonus paid, the annual charge volume or average monthly charge volume required to earn the bonus must be maintained for the duration of the contract initial term. Once a bonus is earned, any shortfall in the average annual monthly charge volume or annual charge volume requires a repayment on a volume pro-rata basis.
- Any contract termination before the end of the initial term of the contract will require repayment of any bonus on a term pro-rata basis. If there is both a volume shortfall and an early termination repayment, the larger of the two calculations shall apply.
- J.P. Morgan may adjust pricing if the annual spend per card deviates more than 20 percent. The purchasing card and corporate travel card programs assume spend per card levels are \$50,000 and \$1,500, respectively.
- The purchasing card and corporate travel card programs will be on a Visa or MasterCard platform.
- This offer will be effective at time of contract signing.
- Charge volume is total U.S. dollar charges made on a J.P. Morgan Commercial Card, net of returns, and excluding cash advances, convenience checks, fraudulent charges, all amounts written off as uncollectible, and any amounts that do not qualify for interchange under applicable association rules. Credit losses, fraud losses and any redemption expenses exceeding the redemption pool will also be deducted from all rebates. In cases where rebates earned are insufficient to cover these deductions, State of West Virginia will be invoiced for the difference. Large-ticket transactions will the large-ticket volume incentive grid shown below.

AVERAGE LARGE-TICKET TRANSACTION SIZE	REBATE RATE
All Large-Ticket	0.50%

- To qualify for rebates, State of West Virginia must meet settlement terms, be current at the time of rebate calculation/payment, have a satisfactory J.P. Morgan credit risk rating and not be in default under the contract. Rebates will be calculated quarterly in arrears. Payments will be made within 90 days following quarter end for the previous quarter via wire transfer to an account designated by State of West Virginia. The payment for the last quarter of the contract year will be adjusted for full-year charge volume. If the actual rebate payment calculation is less than the amount paid by the Bank to the client, then the client agrees to repay to the Bank the excess rebate paid but not earned. If the agreement is terminated after the initial rebate payment but prior to the end of the calendar year, the client agrees to repay to the Bank any portion of the rebate which was paid but not earned pursuant to actual charge volume transacted by the client for the partial year.
- In the event that the association lowers its interchange rates, J.P. Morgan reserves the right to adjust rebates accordingly.

Fees—U.S.

The following are the fees associated with our purchasing and corporate travel card programs in the United States:

PROGRAM FEES	
Annual card fee	\$0.00
Special-purpose (B2B) card fee (i.e., types of declining balance card: relocation card, meeting card, project card, department card)	\$2.50 - \$17.50 per card based on volume and number of cards
Cash advance fee	2.5% (\$2.50 minimum)
Convenience check fee	2% of check amount (\$1.50/check minimum)
Rejected convenience check	\$0.00 per occurrence
Convenience check stop payment	\$0.00
Standard card replacement	\$0.00 per card
Card reinstatement	\$0.00
Emergency (rush) card replacement	\$25 per card if effected through J.P. Morgan. If effected through the association, client shall pay any fees charged by the association.
Return check (payment)	\$15 per return
ACH return	\$20 per return
Document retrieval	Dispute-related: \$0.00 Non-dispute-related: 3 copy requests free, then \$5 per copy request
Duplicate statement	\$5 per statement
Currency conversion fee	1% surcharge (association pass-through)
Dormant credit balance fee	\$0.00
Over-limit fee	\$0.00
Miscellaneous fees	Pass-through charges for other specialized services (case-by-case fee)

PAST-DUE FEES

Late fee	<u>Central Bill:</u> 1% of unpaid balance at cycle; charged on cycle date <u>Central Travel Account (CTA) and Company Bill/Company Pay:</u> 1% late fee on unpaid balance at cycle <u>Travel Individual Bill/Individual Pay and Individual Bill/Company Pay:</u> \$10 late fee at cycle
Finance charge	None
Delinquency fee	2.5% of the full amount past due (30- & 60-day+) at cycle and each cycle thereafter; charged on cycle date. <u>CTA and Company Bill/Company Pay and Individual Bill/Individual Pay and Individual Bill/Company Pay:</u> 2.5% delinquency fee at 60 days and every 30 days thereafter

CARD DESIGN

Basic plastic	\$0.00 (waived)
Client logo plastic	\$500 per logo (waived)
Customized plastic	\$1 per card, subject to a 1,000 card minimum (waived)

TRAINING AND CONSULTING

Training at J.P. Morgan's site	\$0.00 (client T&E not included)
Training at your site(s)	\$0.00 for first session; additional sessions @ \$1,550/day

TECHNOLOGY SERVICES

PaymentNet setup fee	Waived
EDI setup/transmission	Pass-through on all setup and development costs
Paper statements	\$0.00
Electronic payment fee	\$0.00
Custom reporting/mapper programming/post-loader	\$250 per hour (\$1,000 minimum)

OPTIONAL PROGRAM/TECHNOLOGY SERVICES

File transfer using FTP	Daily—\$500/month Weekly—\$250/month Bi-weekly—\$125/month Monthly—\$75/month (waived)
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ORDER-TO-PAY FOR I-PURCHASING PRICING

The following provides fees for a limited-use version of Order-to-Pay to accommodate the State of West Virginia in regard to its internal sources that serve as “merchants” to other State agencies by providing goods and services. J.P. Morgan will provide a formal pricing proposal following a discussion with the State of West Virginia regarding requirements and integration points. Attachment C shows the savings to the State over five years with Order-to-Pay versus discounted interchange.

Invoice Transactions	\$0.75 per invoice
Payments	\$0.25 per payment -This fee does not include normal ACH, check or wire fees.
Maintenance fee	\$15,000 for up to 35,000 invoices annually
Implementation fee	\$50,000. Standard “out of the box” implementation with minimal configuration and single AP integration file.

J.P. Morgan will work with the State of West Virginia to confirm the details of this deployment. If requirements extend beyond standard deployment, the State and J.P. Morgan will work together on a mutually exclusive implementation plan and associated fees.

If the State decides at a later date to utilize the full Order-to-Pay program this platform will support Dynamic Discount. While there will be incremental fees for Dynamic Discount, the Implementation Fee will be significantly reduced because the platform has already been installed.

Should State of West Virginia request services not in this schedule, State of West Virginia agrees to pay the fees associated with such services.

Attachment A—Rebate Grid

Attachment A—Rebate Grid

		U.S. Purchasing Card Rebate Grid based on 30/14 Payment Terms													
Annual Spend Volume	Days Paid After Invoice Date	>\$100MM <\$150MM	>\$150MM <\$200MM	>\$200MM <\$250MM	>\$250MM <\$300MM	>\$300MM <\$350MM	>\$350MM <\$400MM	>\$400MM <\$450MM	>\$450MM <\$500MM	>\$500MM <\$600MM	>\$600MM <\$700MM	>\$700MM <\$800MM	>\$800MM <\$900MM	>\$900MM <\$1,000MM	>\$1,000MM
25		1.47%	1.49%	1.50%	1.51%	1.52%	1.54%	1.55%	1.56%	1.57%	1.58%	1.59%	1.60%	1.61%	1.62%
24		1.48%	1.50%	1.51%	1.52%	1.53%	1.55%	1.56%	1.57%	1.58%	1.59%	1.60%	1.61%	1.62%	1.63%
23		1.49%	1.51%	1.52%	1.53%	1.54%	1.56%	1.57%	1.58%	1.59%	1.60%	1.61%	1.62%	1.63%	1.64%
22		1.50%	1.52%	1.53%	1.54%	1.55%	1.57%	1.58%	1.59%	1.60%	1.61%	1.62%	1.63%	1.64%	1.65%
21		1.51%	1.53%	1.54%	1.55%	1.56%	1.58%	1.59%	1.60%	1.61%	1.62%	1.63%	1.64%	1.65%	1.66%
20		1.52%	1.54%	1.55%	1.56%	1.57%	1.59%	1.60%	1.61%	1.62%	1.63%	1.64%	1.65%	1.66%	1.67%
19		1.53%	1.55%	1.56%	1.57%	1.58%	1.59%	1.60%	1.61%	1.62%	1.63%	1.64%	1.65%	1.66%	1.67%
18		1.54%	1.56%	1.57%	1.58%	1.59%	1.61%	1.62%	1.63%	1.64%	1.65%	1.66%	1.67%	1.68%	1.69%
17		1.55%	1.57%	1.58%	1.59%	1.60%	1.62%	1.63%	1.64%	1.65%	1.66%	1.67%	1.68%	1.69%	1.70%
16		1.56%	1.58%	1.59%	1.60%	1.61%	1.63%	1.64%	1.65%	1.66%	1.67%	1.68%	1.69%	1.70%	1.71%
15		1.57%	1.59%	1.60%	1.61%	1.62%	1.64%	1.65%	1.66%	1.67%	1.68%	1.69%	1.70%	1.71%	1.72%
14		1.58%	1.60%	1.61%	1.62%	1.63%	1.65%	1.66%	1.67%	1.68%	1.69%	1.70%	1.71%	1.72%	1.73%
13		1.59%	1.61%	1.62%	1.63%	1.64%	1.66%	1.67%	1.68%	1.69%	1.70%	1.71%	1.72%	1.73%	1.74%
12		1.60%	1.62%	1.63%	1.64%	1.65%	1.67%	1.68%	1.69%	1.70%	1.71%	1.72%	1.73%	1.74%	1.75%
11		1.61%	1.63%	1.64%	1.65%	1.66%	1.68%	1.69%	1.70%	1.71%	1.72%	1.73%	1.74%	1.75%	1.76%
10		1.62%	1.64%	1.65%	1.66%	1.67%	1.69%	1.70%	1.71%	1.72%	1.73%	1.74%	1.75%	1.76%	1.77%
9		1.63%	1.65%	1.66%	1.67%	1.68%	1.70%	1.71%	1.72%	1.73%	1.74%	1.75%	1.76%	1.77%	1.78%
8		1.64%	1.66%	1.67%	1.68%	1.69%	1.71%	1.72%	1.73%	1.74%	1.75%	1.76%	1.77%	1.78%	1.79%
7		1.65%	1.67%	1.68%	1.69%	1.70%	1.72%	1.73%	1.74%	1.75%	1.76%	1.77%	1.78%	1.79%	1.80%
6		1.66%	1.68%	1.69%	1.70%	1.71%	1.73%	1.74%	1.75%	1.76%	1.77%	1.78%	1.79%	1.80%	1.81%
5		1.67%	1.69%	1.70%	1.71%	1.72%	1.74%	1.75%	1.76%	1.77%	1.78%	1.79%	1.80%	1.81%	1.82%
4		1.68%	1.70%	1.71%	1.72%	1.73%	1.75%	1.76%	1.77%	1.78%	1.79%	1.80%	1.81%	1.82%	1.83%
3		1.69%	1.71%	1.72%	1.73%	1.74%	1.76%	1.77%	1.78%	1.79%	1.80%	1.81%	1.82%	1.83%	1.84%

Attachment A

		U.S. Travel Card Rebate Grid based on 30/14 Payment Terms													
Annual Spend Volume	Days Paid After Invoice Date	>\$10MM	>\$15MM	>\$20MM	>\$25MM	>\$30MM	>\$35MM	>\$40MM	>\$45MM	>\$50MM	>\$60MM	>\$70MM	>\$80MM	>\$90MM	>\$100MM
		<\$15MM	<\$20MM	<\$25MM	<\$30MM	<\$35MM	<\$40MM	<\$45MM	<\$50MM	<\$60MM	<\$70MM	<\$80MM	<\$90MM	<\$100MM	>\$100MM
25		0.63%	0.65%	0.66%	0.67%	0.69%	0.70%	0.71%	0.72%	0.73%	0.74%	0.75%	0.76%	0.77%	0.79%
24		0.64%	0.66%	0.67%	0.68%	0.70%	0.71%	0.72%	0.73%	0.74%	0.75%	0.76%	0.77%	0.78%	0.80%
23		0.65%	0.67%	0.68%	0.69%	0.71%	0.72%	0.73%	0.74%	0.75%	0.76%	0.77%	0.78%	0.79%	0.81%
22		0.66%	0.68%	0.69%	0.70%	0.72%	0.73%	0.74%	0.75%	0.76%	0.77%	0.78%	0.79%	0.80%	0.82%
21		0.67%	0.69%	0.70%	0.71%	0.73%	0.74%	0.75%	0.76%	0.77%	0.78%	0.79%	0.80%	0.81%	0.83%
20		0.68%	0.70%	0.71%	0.72%	0.74%	0.75%	0.76%	0.77%	0.78%	0.79%	0.80%	0.81%	0.82%	0.84%
19		0.69%	0.71%	0.72%	0.73%	0.75%	0.76%	0.77%	0.78%	0.79%	0.80%	0.81%	0.82%	0.83%	0.85%
18		0.70%	0.72%	0.73%	0.74%	0.76%	0.77%	0.78%	0.79%	0.80%	0.81%	0.82%	0.83%	0.84%	0.86%
17		0.71%	0.73%	0.74%	0.75%	0.77%	0.78%	0.79%	0.80%	0.81%	0.82%	0.83%	0.84%	0.85%	0.87%
16		0.72%	0.74%	0.75%	0.76%	0.78%	0.79%	0.80%	0.81%	0.82%	0.83%	0.84%	0.85%	0.86%	0.88%
15		0.73%	0.75%	0.76%	0.77%	0.79%	0.79%	0.80%	0.81%	0.82%	0.83%	0.84%	0.85%	0.86%	0.89%
14		0.74%	0.76%	0.77%	0.78%	0.80%	0.81%	0.82%	0.83%	0.84%	0.85%	0.86%	0.87%	0.88%	0.90%
13		0.75%	0.77%	0.78%	0.79%	0.81%	0.82%	0.83%	0.84%	0.85%	0.86%	0.87%	0.88%	0.89%	0.91%
12		0.76%	0.78%	0.79%	0.80%	0.82%	0.83%	0.84%	0.85%	0.86%	0.87%	0.88%	0.89%	0.90%	0.92%
11		0.77%	0.79%	0.80%	0.81%	0.83%	0.84%	0.85%	0.86%	0.87%	0.88%	0.89%	0.90%	0.91%	0.93%
10		0.78%	0.80%	0.81%	0.82%	0.84%	0.85%	0.86%	0.87%	0.88%	0.89%	0.90%	0.91%	0.92%	0.94%
9		0.79%	0.81%	0.82%	0.83%	0.85%	0.86%	0.87%	0.88%	0.89%	0.90%	0.91%	0.92%	0.93%	0.95%
8		0.80%	0.82%	0.83%	0.84%	0.86%	0.87%	0.88%	0.89%	0.90%	0.91%	0.92%	0.93%	0.94%	0.96%
7		0.81%	0.83%	0.84%	0.85%	0.87%	0.88%	0.89%	0.90%	0.91%	0.92%	0.93%	0.94%	0.95%	0.97%
6		0.82%	0.84%	0.85%	0.86%	0.88%	0.89%	0.90%	0.91%	0.92%	0.93%	0.94%	0.95%	0.96%	0.98%
5		0.83%	0.85%	0.86%	0.87%	0.89%	0.90%	0.91%	0.92%	0.93%	0.94%	0.95%	0.96%	0.97%	0.99%
4		0.84%	0.86%	0.87%	0.88%	0.90%	0.91%	0.92%	0.93%	0.94%	0.95%	0.96%	0.97%	0.98%	1.00%
3		0.85%	0.87%	0.88%	0.89%	0.91%	0.92%	0.93%	0.94%	0.95%	0.96%	0.97%	0.98%	0.99%	1.01%

Attachment B—Proposal Scenario

Attachment B

Attachment B—Proposal Scenario

AUD115000 Financial/Revenue Proposal Scenario

The following spend schedule is for evaluation purposes only. Bidders should use the information contained in the schedule to detail their proposed rebate amount. Bidders should show all calculations and sub-total each quarter's rebate amount as well as the yearly total. If the bidder's proposal is based on a tiered structure, the bidder should fully explain how the rebate will be annualized and if the rebate percentage is retroactive to day one spend. The bidder should also explain if calculations start over each contract year as well as if there is a minimum base-line rebate percentage. If the bidder includes a signing or performance bonus in their proposal, the amount should be spread over the 5 year contract for calculation purposes. (Example: A \$50,000 signing bonus and a \$50,000 performance bonus should be calculated to show an additional \$20,000 rebate in year one.) If needed for calculation purposes, the information in the schedule should be assumed to repeat years two through five. Bidders should assume the standard payment cycle is on a monthly basis with a payment due date of 25 days after the billing cutoff and fully detail in their calculations any increase or penalty for early or late payment as well as, if applicable, increases or penalties are applied based on the monthly pay date or the average quarterly pay date.

Billing Period	Average # of Days to Pay after Cycle Date	Total \$ Net Spend	Total # of Transactions	Total \$ Purchasing Spend	Purchasing # of Transactions	Purchasing \$ Standard Transaction	Purchasing \$ Large Ticket	# of Travel Transactions	Travel \$ Transactions
1	18	\$30,200,000	55,986	\$28,700,000	48,486	\$26,658,000	\$2,042,000	7,500	\$1,500,000
2	33	\$26,247,000	60,097	\$24,747,000	52,597	\$22,986,000	\$1,761,000	7,500	\$1,500,000
3	16	\$28,501,000	65,372	\$27,001,000	57,872	\$25,080,000	\$1,921,000	7,500	\$1,500,000
4	17	\$24,363,000	62,061	\$22,863,000	54,561	\$20,488,000	\$2,375,000	7,500	\$1,500,000
5	3	\$29,799,000	57,247	\$28,299,000	49,747	\$25,359,000	\$2,940,000	7,500	\$1,500,000
6	13	\$47,804,000	61,209	\$46,304,000	53,709	\$41,493,000	\$4,811,000	7,500	\$1,500,000
7	10	\$24,605,000	57,341	\$23,105,000	49,841	\$21,439,000	\$1,666,000	7,500	\$1,500,000
8	17	\$27,796,000	61,429	\$26,296,000	53,929	\$24,400,000	\$1,896,000	7,500	\$1,500,000
9	7	\$27,963,000	63,056	\$26,463,000	55,556	\$24,555,000	\$1,908,000	7,500	\$1,500,000
10	4	\$37,680,000	66,372	\$36,180,000	58,872	\$32,177,000	\$4,003,000	7,500	\$1,500,000
11	26	\$32,613,000	57,479	\$31,113,000	49,979	\$27,671,000	\$3,442,000	7,500	\$1,500,000
12	5	\$26,756,000	54,009	\$25,256,000	46,509	\$22,462,000	\$2,794,000	7,500	\$1,500,000
		\$364,327,000	721,658	\$346,327,000	631,658	\$314,768,000	\$31,559,000	90,000	\$18,000,000

Total Purchasing/One-Cards 6,500
 Total Travel Only Cards 13,000

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Billing Period	Purchasing \$ Standard Transaction	Purchasing \$ Large Ticket	Total \$ Purchasing Spend	Travel \$ Transactions	Total \$ Net Spend
Quarter 1 Calculations					
Month 1	\$26,658,000	\$2,042,000	\$28,700,000	\$1,500,000	\$30,200,000
Month 2	\$22,986,000	\$1,761,000	\$24,747,000	\$1,500,000	\$26,247,000
Month 3	\$25,080,000	\$1,921,000	\$27,001,000	\$1,500,000	\$28,501,000
Q1 Volume	\$74,724,000	\$5,724,000	\$80,448,000	\$4,500,000	\$84,948,000
Annualized Vol	\$298,896,000	\$22,896,000	\$321,792,000	\$18,000,000	\$339,792,000
Rebate Paid in Q1	\$1,128,332	\$28,620	\$1,156,952	\$29,250	\$1,186,202
Rebate Rate Applied	1.51%	0.50%	1.44%	0.65%	1.40%
(Over)/Under Payment Q1	\$7,472	\$7,472	\$7,472	\$7,472	\$7,472

Quarter 2 Calculations					
Month 4	\$20,488,000	\$2,375,000	\$22,863,000	\$1,500,000	\$24,363,000
Month 5	\$25,359,000	\$2,940,000	\$28,299,000	\$1,500,000	\$29,799,000
Month 6	\$41,493,000	\$4,811,000	\$46,304,000	\$1,500,000	\$47,804,000
Q2 Volume	\$87,340,000	\$10,126,000	\$97,466,000	\$4,500,000	\$101,966,000
Annualized Vol	\$324,128,000	\$31,700,000	\$355,828,000	\$18,000,000	\$373,828,000
Rebate Paid in Q2	\$1,335,040	\$50,630	\$1,385,670	\$29,250	\$1,414,920
Rebate Rate Applied	1.52%	0.50%	1.42%	0.65%	1.39%
(Over)/Under Payment Q2					

Quarter 3 Calculations					
Month 7	\$21,439,000	\$1,666,000	\$23,105,000	\$1,500,000	\$24,605,000
Month 8	\$24,400,000	\$1,896,000	\$26,296,000	\$1,500,000	\$27,796,000
Month 9	\$24,555,000	\$1,908,000	\$26,463,000	\$1,500,000	\$27,963,000
Q3 Volume	\$70,394,000	\$5,470,000	\$75,864,000	\$4,500,000	\$80,364,000
Annualized Vol	\$309,944,000	\$28,426,667	\$338,370,667	\$18,000,000	\$356,370,667
Rebate Paid in Q3	\$406,989	\$27,350	\$409,339	\$29,250	\$438,589
Rebate Rate Applied	1.52%	0.50%	1.45%	0.65%	1.40%
(Over)/Under Payment Q3	\$0	\$0	\$0	\$0	\$0

Quarter 4 Calculations					
Month 10	\$32,177,000	\$4,003,000	\$36,180,000	\$1,500,000	\$37,680,000
Month 11	\$27,671,000	\$3,442,000	\$31,113,000	\$1,500,000	\$32,613,000
Month 12	\$22,462,000	\$2,794,000	\$25,256,000	\$1,500,000	\$26,756,000
Q4 Volume	\$82,310,000	\$10,239,000	\$92,549,000	\$4,500,000	\$97,049,000
Annualized Vol	\$314,768,000	\$31,559,000	\$346,327,000	\$18,000,000	\$364,327,000

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Rebate Paid in Q4	\$1,254,112	\$51,195	\$1,302,307	\$29,250	\$1,331,557
Rebate Rate Applied	1.52%	0.50%	1.41%	0.65%	1.37%
(Over)/Under Payment-Q4					

Total Volume	\$314,768,000	\$314,559,000	\$346,327,000	\$18,000,000	\$364,327,000
Total Yr Rebate Qualification	1.52%	0.50%	1.43%	0.65%	1.39%
Rebate Paid	\$4,784,474	\$157,795	\$4,942,269	\$117,000	\$5,059,269
(Over)/Under Adjustment	\$0	- \$0	- \$0	- \$0	- \$0
Total Adj Rebate Paid	\$4,784,474	\$157,795	\$4,942,269	\$117,000	\$5,059,269

Annualized Signing Bonus	\$172,794	\$17,325	\$190,119	\$9,881	\$200,000
Total Incentive to Client	\$4,957,268	\$175,120	\$5,132,387	\$126,881	\$5,259,269
Total Incentive in bps	1.57%	0.55%	1.48%	0.70%	1.44%**

*Example above is based on 30/25 Payment Terms

**The preceding spend schedule is for evaluation purposes only.

Rebates will be calculated quarterly in arrears. Payments will be made within 90 days following quarter end for the previous quarter. The payment for the last quarter of the Contract year will be adjusted for full year Charge Volume. If the actual rebate payment calculation is less than the amount paid by J.P. Morgan to the State of West Virginia, then the State agrees to repay to J.P. Morgan the excess rebate paid but not earned. If the Agreement is terminated after the initial rebate payment but prior to the end of the Contract Year, the State agrees to repay to J.P. Morgan any portion of the rebate which was paid but not earned pursuant to actual Charge Volume transacted by the State for the partial year.

Rebates will be paid by wire transfer to an account designated by the State. Rebate amounts are subject to reduction by all Losses. If Losses exceed the rebate earned for any Contract Year, J.P. Morgan will invoice the State for the amount in excess of the rebate, which amount shall be payable within 14 days. Upon termination of the Program, the Losses for the six-month period immediately preceding the termination will be deemed to be equal to the Losses for the subsequent six-month period.

Attachment C—iPurchasing: Order-to-Pay

Attachment C—iPurchasing: Order-to-Pay

Interagency Purchases	Annual Cost	Five-year Cost*
2009 \$ Volume	\$9,729,500	
2009 Transaction Volume	26,847	
Savings with OTP vs. Card		\$348,859
Cost on card (Negotiated reduced 1.25% interchange rate)	\$121,619	\$608,094
Order-to-Pay	\$91,847	\$259,235
Invoice @\$0.75 per transaction	\$20,135	\$100,676
Payment @\$0.25 per transaction	\$6,712	\$33,559
Annual Maintenance (Up to 30,000 transactions)	\$15,000	\$75,000
Implementation (One time fee)	\$50,000	\$50,000

* For calculation purposes assumes same annual transactions and \$ volume for each of five years