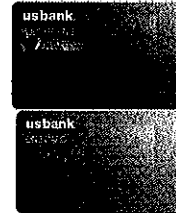


Financial Proposal



PRESENTED TO

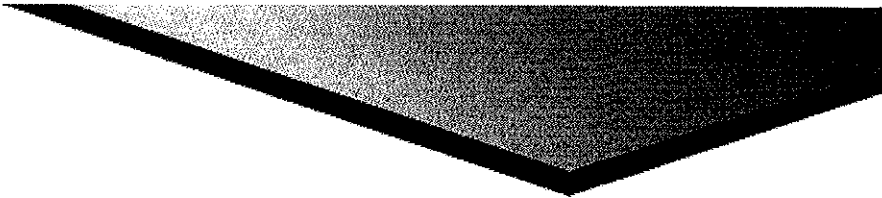
THE STATE OF WEST VIRGINIA

June 23, 2010

Ryan Calloway

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U.S. Bank invites the State of West Virginia the State to contact us regarding needs or desires that are not specifically covered in this proposal.

All material covered in this proposal is considered proprietary and confidential. Information supplied by the State to U.S. Bank for the purpose of this proposal is also confidential.

This proposal represents the basis for a proposed business relationship and is not a contract for services. Pricing features herein are valid for 90 days from the date of this proposal.



Financial Proposal

U.S. Bank is committed to providing competitive financial incentives to the State. We recognize the auditor's goal of growing the program; therefore, we have structured an aggressive rebate to demonstrate the rebate potential of your growing program. If the State would like an upfront bonus, we can negotiate that out of the existing rebate grid. The following financial proposal details the volume and speed of payment incentives. The full picture of financial impact of U.S. Bank commercial card programs is made up of three components:

- Competitive incentive program
- Proven strategies for increasing program volume
- Tools for cutting procurement costs

The savings that can be accrued to the State is significant, often far surpassing the rebate dollars that an organization earns.

U.S. Bank offers the State our purchasing program with the following incentives and fees based on the projections provided by the State. If these assumptions are inaccurate, U.S. Bank reserves the right to revisit our offer.

Performance Incentive

U.S. Bank offers the State the opportunity to earn a performance incentive based on net annual charge volume¹, average transaction size and speed of payment.

The incentive opportunity has two parts that, while calculated separately, are dependent upon each other: the State must qualify for both parts of the incentive to receive a performance incentive. If earned, the sum of the parts will be paid to the State annually.

Part 1: Performance Volume Incentive

At the end of each quarterly period, U.S. Bank will calculate two performance indicators to qualify the State for the Part 1 Incentive:

- Net charge volume for the entire the State program
- The average transaction size

The result will be applied to the Part 1 matrix on the following page and the qualifying incentive opportunity will be determined.

¹ Net annual charge volume means all charges set forth on the monthly billing statements furnished for all accounts, less cash advances, fees, chargebacks, charges qualifying for large transaction interchange rates and amounts charged-off by U.S. Bank.

**State of West Virginia
Purchasing Card Volume Rebate***

| Volume | Average Transaction Size | | | | | | | | | | | |
|---------------|--------------------------|---------|---------|---------|---------|---------|---------|----------------|---------|---------|---------|---------|
| | 150 | 200 | 250 | 300 | 350 | 400 | 450 | 500 | 550 | 600 | 650 | 700 |
| 100,000,000 | 1.0390% | 1.1650% | 1.2410% | 1.2920% | 1.3280% | 1.3550% | 1.3760% | 1.3845% | 1.3915% | 1.3975% | 1.4020% | 1.4065% |
| 150,000,000 | 1.0660% | 1.1920% | 1.2680% | 1.3190% | 1.3550% | 1.3820% | 1.4030% | 1.4115% | 1.4185% | 1.4245% | 1.4290% | 1.4335% |
| 200,000,000 | 1.0870% | 1.2130% | 1.2890% | 1.3400% | 1.3760% | 1.4030% | 1.4240% | 1.4325% | 1.4395% | 1.4455% | 1.4500% | 1.4545% |
| 250,000,000 | 1.1090% | 1.2350% | 1.3110% | 1.3620% | 1.3980% | 1.4250% | 1.4460% | 1.4545% | 1.4615% | 1.4675% | 1.4720% | 1.4765% |
| 300,000,000 | 1.1300% | 1.2560% | 1.3320% | 1.3830% | 1.4190% | 1.4460% | 1.4670% | 1.4755% | 1.4825% | 1.4885% | 1.4930% | 1.4975% |
| 350,000,000 | 1.1330% | 1.2590% | 1.3350% | 1.3860% | 1.4220% | 1.4490% | 1.4700% | 1.4785% | 1.4855% | 1.4915% | 1.4960% | 1.5005% |
| 400,000,000 | 1.1360% | 1.2620% | 1.3380% | 1.3890% | 1.4250% | 1.4520% | 1.4730% | 1.4815% | 1.4885% | 1.4945% | 1.4990% | 1.5035% |
| 450,000,000 | 1.1370% | 1.2630% | 1.3390% | 1.3900% | 1.4260% | 1.4530% | 1.4740% | 1.4825% | 1.4895% | 1.4955% | 1.5000% | 1.5045% |
| 500,000,000 | 1.1380% | 1.2640% | 1.3400% | 1.3910% | 1.4270% | 1.4540% | 1.4750% | 1.4835% | 1.4905% | 1.4965% | 1.5010% | 1.5055% |
| 550,000,000 | 1.1390% | 1.2650% | 1.3410% | 1.3920% | 1.4280% | 1.4550% | 1.4760% | 1.4845% | 1.4915% | 1.4975% | 1.5020% | 1.5065% |
| 600,000,000 | 1.1400% | 1.2660% | 1.3420% | 1.3930% | 1.4290% | 1.4560% | 1.4770% | 1.4855% | 1.4925% | 1.4985% | 1.5030% | 1.5075% |
| 650,000,000 | 1.1410% | 1.2670% | 1.3430% | 1.3940% | 1.4300% | 1.4570% | 1.4780% | 1.4865% | 1.4935% | 1.4995% | 1.5040% | 1.5085% |
| 700,000,000 | 1.1420% | 1.2680% | 1.3440% | 1.3950% | 1.4310% | 1.4580% | 1.4790% | 1.4875% | 1.4945% | 1.5005% | 1.5050% | 1.5095% |
| 750,000,000 | 1.1430% | 1.2690% | 1.3450% | 1.3960% | 1.4320% | 1.4590% | 1.4800% | 1.4885% | 1.4955% | 1.5015% | 1.5060% | 1.5105% |
| 800,000,000 | 1.1430% | 1.2690% | 1.3450% | 1.3960% | 1.4320% | 1.4590% | 1.4800% | 1.4885% | 1.4955% | 1.5015% | 1.5060% | 1.5105% |
| 850,000,000 | 1.1440% | 1.2700% | 1.3460% | 1.3970% | 1.4330% | 1.4600% | 1.4810% | 1.4895% | 1.4965% | 1.5025% | 1.5070% | 1.5115% |
| 900,000,000 | 1.1440% | 1.2700% | 1.3460% | 1.3970% | 1.4330% | 1.4600% | 1.4810% | 1.4895% | 1.4965% | 1.5025% | 1.5070% | 1.5115% |
| 950,000,000 | 1.1450% | 1.2710% | 1.3470% | 1.3980% | 1.4340% | 1.4610% | 1.4820% | 1.4905% | 1.4975% | 1.5035% | 1.5080% | 1.5125% |
| 1,000,000,000 | 1.1450% | 1.2710% | 1.3470% | 1.3980% | 1.4340% | 1.4610% | 1.4820% | 1.4905% | 1.4975% | 1.5035% | 1.5080% | 1.5125% |

*Rebate paid is net of Credit Losses. File Turn Days must be 40 days or less.

Part 2: Speed of Payment Incentive

At the end of each annual period, U.S. Bank will calculate the speed of payment (file turn²) performance for the entire the State program. The result will be applied to the Part 2 matrix below and the qualifying incentive opportunity will be determined.

| File Turn Days* | Rate | File Turn Days* | Rate |
|-----------------|---------|-----------------|---------|
| 40 | 0.0000% | 19 | 0.2100% |
| 39 | 0.0100% | 18 | 0.2200% |
| 38 | 0.0200% | 17 | 0.2300% |
| 37 | 0.0300% | 16 | 0.2400% |
| 36 | 0.0400% | 15 | 0.2500% |
| 35 | 0.0500% | 14 | 0.2600% |
| 34 | 0.0600% | 13 | 0.2700% |
| 33 | 0.0700% | 12 | 0.2800% |
| 32 | 0.0800% | 11 | 0.2900% |
| 31 | 0.0900% | 10 | 0.3000% |
| 30 | 0.1000% | 9 | 0.3100% |
| 29 | 0.1100% | 8 | 0.3200% |
| 28 | 0.1200% | 7 | 0.3300% |
| 27 | 0.1300% | 6 | 0.3400% |
| 26 | 0.1400% | 5 | 0.3500% |
| 25 | 0.1500% | 4 | 0.3600% |
| 24 | 0.1600% | 3 | 0.3700% |
| 23 | 0.1700% | 2 | 0.3800% |
| 22 | 0.1800% | 1 | 0.3900% |
| 21 | 0.1900% | 0 | 0.4000% |
| 20 | 0.2000% | | |

² File Turn Days are the number of days from the day U.S. Bank funds a charge transaction to the day payment for that transaction is posted, inclusive of the beginning and ending days.



Sample Incentive Calculation (Parts 1 and 2)

An incentive scenario can be calculated using the following performance dynamics provided by the State:

- \$335 million net annual charge volume
- \$500 average transaction size
- 29 file turn days speed of payment (14 days after cycle)

In this example, the Part 1 incentive opportunity would be 1.4755%. This opportunity can be increased for each single-day improvement in portfolio speed of payment performance (see Part 2 Matrix). For example, if the the State payment performance is calculated at 29 file turn days, the combined opportunity would be 1.5855% (1.4755% + 0.1100%).

In this example, the combined potential of the purchasing card performance incentive is **\$1,327,856** quarterly; **\$5,311,425** annually (1.5855% × \$335,000,000); or **\$26,557,125** over an initial five-year term.

Large Ticket Rebate

U.S. Bank recognizes that increased purchasing card usage is important to your organization's overall procure to pay strategy and that program expansion, cost efficiency and expense control are critical components in streamlining your procurement processes. We continue to embrace purchasing card expansion initiatives including card associations' reduced interchange program for our clients' strategic suppliers, which targets large ticket purchasing card transactions. Through this initiative, the Purchasing Large Ticket Program, card associations and U.S. Bank help enable many suppliers to accept purchasing cards for large dollar transactions. This program allows our clients to eliminate many administrative processes with their preferred suppliers, saving our clients time and money while capturing data on both their small and large dollar purchases by using their U.S. Bank Purchasing Card.

Visa Large Ticket Program

When U.S. Bank Purchasing Card customers procure goods from a participating supplier for large ticket program qualifying transactions, the supplier receives a reduced interchange fee. In order for a transaction to be considered Large Ticket from a Visa standpoint, the following needs to occur:

- The supplier's acquirer must register the supplier as a Large Ticket supplier. The acquirer must pay a \$1,000 registration fee
- Suppliers must be able to capture and transport level II and level III data
- Only transactions which occur on a Visa Purchasing Card qualify for Large Ticket, not transactions on a corporate card
- The transaction must be categorized as a non-travel and entertainment transaction from a Merchant Category Code (MCC) standpoint (program conditions are subject to change)
- The transaction amount is typically more than \$4,100

MasterCard Large Ticket Rate

When U.S. Bank Purchasing Card customers procure goods from a supplier for corporate large ticket qualifying transactions, the supplier receives a reduced interchange rate. In order for a transaction to be considered corporate large ticket from a MasterCard standpoint, the following needs to occur:

- The bank who set up the supplier to accept MasterCard must pass the corporate large ticket transaction with level III data at the corporate large ticket rate
- Only transactions which occur on a MasterCard Purchasing Card qualify for the corporate large ticket rate, not transactions on a Corporate Card
- The transaction must be categorized as a non-travel and entertainment transaction from a Merchant Category Code (MCC) standpoint
- The transaction amount must be at least \$7,255

**State of West Virginia
Large Ticket Volume Rebate***

| <i>Transaction Size is Greater than</i> | <i>And Less than or equal to</i> | <i>Rate</i> |
|---|--------------------------------------|-------------|
| LT Minimum | \$ 10,000.00 | 0.5470% |
| \$ 10,000.00 | \$ 25,000.00 | 0.3410% |
| \$ 25,000.00 | \$ 75,000.00 | 0.2500% |
| \$ 75,000.00 | \$ 250,000.00 | 0.2180% |
| \$ 250,000.00 | \$ 500,000.00 | 0.2110% |
| \$ 500,000.00 | \$ 1,000,000.00 | 0.2080% |
| \$ 1,000,000.00 | and greater | 0.2060% |

*Rebate paid is net of Credit Losses. File Turn Days must be 40 days or less.

| File Turn Days* | Rate | File Turn Days* | Rate |
|----------------------------|-------------|----------------------------|-------------|
| 40 | 0.0000% | 19 | 0.2100% |
| 39 | 0.0100% | 18 | 0.2200% |
| 38 | 0.0200% | 17 | 0.2300% |
| 37 | 0.0300% | 16 | 0.2400% |
| 36 | 0.0400% | 15 | 0.2500% |
| 35 | 0.0500% | 14 | 0.2600% |
| 34 | 0.0600% | 13 | 0.2700% |
| 33 | 0.0700% | 12 | 0.2800% |
| 32 | 0.0800% | 11 | 0.2900% |
| 31 | 0.0900% | 10 | 0.3000% |
| 30 | 0.1000% | 9 | 0.3100% |
| 29 | 0.1100% | 8 | 0.3200% |
| 28 | 0.1200% | 7 | 0.3300% |
| 27 | 0.1300% | 6 | 0.3400% |
| 26 | 0.1400% | 5 | 0.3500% |
| 25 | 0.1500% | 4 | 0.3600% |
| 24 | 0.1600% | 3 | 0.3700% |
| 23 | 0.1700% | 2 | 0.3800% |
| 22 | 0.1800% | 1 | 0.3900% |
| 21 | 0.1900% | 0 | 0.4000% |
| 20 | 0.2000% | | |

Proposed Fees

| Feature | Fee (USD) |
|--|--|
| General Fees | |
| Annual Card Fee | Fee Waived |
| Delinquency Fees | |
| <ul style="list-style-type: none"> ■ Fee assessed on the entire past due amount if full balance is not paid by the due date ■ Fee assessed each subsequent cycle on the entire past due amount | <ul style="list-style-type: none"> ■ 1.0% (Minimum \$2.00) ■ 2.5% (Minimum \$2.00) |
| Interest Charges | No Fee |
| Cash Advance Fee | 2.5% (Minimum \$2.00) |
| Convenience Check Fee | 2.5% (Minimum \$2.00) |
| Convenience Check Stop Payment Fee | \$15.00 |
| Convenience Check Copy Fee | \$5.00 |
| Returned Convenience Check Fee | \$15.00 |
| Statement Copy | \$5.00 per statement |
| Draft Copy | \$5.00 per draft |
| Replacement Card Fee | Fee Waived |
| Non-Sufficient Funds Fee | \$15.00 |
| Foreign Currency Fee (if applicable) | 2.5% per transaction |
| Other | |
| Implementation and Training Cost | No Fee |
| Access Online | No Fee |
| Custom Mapping | \$5,000 for standard services |
| Logo Embossing Fee | Fee waived (Standard fee \$300) |
| Customized Plastic | Fee waived for three card designs (Standard fee \$5,000) |

Consortium Rebate Model

U.S. Bank understands that the State is interested in the the future inclusion of political subdivisions in the projected growth of your commercial card programs. We have provided the following information to demonstrate how a consortium card program—and the attendant rebate—would benefit the State and its agencies. This information is for illustrative purposes only; we will provide a specific rebate offer when the State decides to expand its program.

Four Component Calculation

U.S. Bank’s consortium rebate model has four component tables used to calculate rebates:

- **Aggregate Program Incentive**—A volume rebate based on the aggregate program spending of all participants.

| Aggregate Program Incentive | |
|-----------------------------|---------|
| Volume | Rate |
| 1,000,000 | 0.0000% |
| 2,000,000 | 0.0610% |
| 3,000,000 | 0.1220% |
| 4,000,000 | 0.1820% |
| 5,000,000 | 0.2430% |
| 10,000,000 | 0.3030% |
| 15,000,000 | 0.3160% |
| 20,000,000 | 0.3280% |
| 25,000,000 | 0.3400% |
| 27,500,000 | 0.3460% |
| 30,000,000 | 0.3520% |
| 32,500,000 | 0.3580% |
| 35,000,000 | 0.3640% |
| 37,500,000 | 0.3700% |
| 40,000,000 | 0.3760% |
| 42,500,000 | 0.3780% |
| 45,000,000 | 0.3800% |
| 47,500,000 | 0.3815% |
| 50,000,000 | 0.3830% |
| 52,500,000 | 0.3850% |
| 55,000,000 | 0.3870% |
| 57,500,000 | 0.3890% |
| 60,000,000 | 0.3910% |
| 62,500,000 | 0.3920% |
| 65,000,000 | 0.3930% |
| 67,500,000 | 0.3945% |
| 70,000,000 | 0.3960% |
| 72,500,000 | 0.3970% |
| 75,000,000 | 0.3980% |
| 77,500,000 | 0.3990% |
| 80,000,000 | 0.4000% |
| 82,500,000 | 0.4015% |
| 85,000,000 | 0.4030% |
| 90,000,000 | 0.4050% |
| 95,000,000 | 0.4080% |
| 100,000,000 | 0.4100% |

*Rebate paid is net of Credit Losses. File Turn Days must be 45 days or less

*Entity Average Tran size must be at least \$125 to qualify for a rebate

*Entity Annual spend must be at least \$500,000 to qualify for a rebate

*Entity Average Annual spend per card must be at least \$4000 to qualify for a rebate

- **Entity Transaction Size Incentive**—A volume rebate based on an individual organization’s average transaction size

| Entity Transaction Size Incentive | |
|--|-------------|
| Average Transaction Size | Rate |
| 125 | 0.2920% |
| 150 | 0.3940% |
| 175 | 0.4660% |
| 200 | 0.5200% |
| 225 | 0.5630% |
| 250 | 0.5960% |
| 275 | 0.6240% |
| 300 | 0.6470% |
| 325 | 0.6660% |
| 350 | 0.6830% |
| 375 | 0.6980% |
| 400 | 0.7100% |
| 425 | 0.7210% |
| 450 | 0.7310% |
| 475 | 0.7400% |
| 500 | 0.7480% |

- **Entity Annual Spend Incentive**—A volume rebate based on an individual organization’s spending

| Entity Annual Spend Incentive | |
|--------------------------------------|-------------|
| Annual Spend | Rate |
| 500,000 | 0.0000% |
| 1,000,000 | 0.0100% |
| 2,000,000 | 0.0200% |
| 3,000,000 | 0.0400% |
| 4,000,000 | 0.0500% |
| 5,000,000 | 0.0600% |
| 10,000,000 | 0.0800% |
| 15,000,000 | 0.0900% |
| 20,000,000 | 0.1000% |

- **Speed of Payment Incentive**—A file turn day (FTD) rebate based on an individual organization’s payment performance

| File Turn Days* | Rate | File Turn Days* | Rate | File Turn Days* | Rate |
|-----------------|---------|-----------------|---------|-----------------|---------|
| 45 | 0.0000% | 29 | 0.1600% | 13 | 0.3200% |
| 44 | 0.0100% | 28 | 0.1700% | 12 | 0.3300% |
| 43 | 0.0200% | 27 | 0.1800% | 11 | 0.3400% |
| 42 | 0.0300% | 26 | 0.1900% | 10 | 0.3500% |
| 41 | 0.0400% | 25 | 0.2000% | 9 | 0.3600% |
| 40 | 0.0500% | 24 | 0.2100% | 8 | 0.3700% |
| 39 | 0.0600% | 23 | 0.2200% | 7 | 0.3800% |
| 38 | 0.0700% | 22 | 0.2300% | 6 | 0.3900% |
| 37 | 0.0800% | 21 | 0.2400% | 5 | 0.4000% |
| 36 | 0.0900% | 20 | 0.2500% | 4 | 0.4100% |
| 35 | 0.1000% | 19 | 0.2600% | 3 | 0.4200% |
| 34 | 0.1100% | 18 | 0.2700% | 2 | 0.4300% |
| 33 | 0.1200% | 17 | 0.2800% | 1 | 0.4400% |
| 32 | 0.1300% | 16 | 0.2900% | 0 | 0.4500% |
| 31 | 0.1400% | 15 | 0.3000% | | |
| 30 | 0.1500% | 14 | 0.3100% | | |

Adding the total basis points from the four tables provides the final number which will be multiplied by your total program spend to calculate the State and its agencies’ rebates.

Additional Rebate and Pricing Provisions

- Individual entity must have \$4,000 minimum annual spend per card to qualify for rebate
- Individual entity annual spend must be at least \$500,000 to be paid any rebate
- Individual entity annual spend must be at least \$50,000 to be included in the aggregate column
- Individual entity average transaction size must be at least \$125 to be paid any rebate
- No rebate payment to be made or carried forward of less than \$100.
- Individual entity File Turn Days must be 45 days or less to be paid any rebate