

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (“Agreement”) is entered into by and between Christine Baker (“Baker”) and Retailers National Bank now known as Target National Bank (“Target”).

RECITALS

A. This matter arises from Target’s practices with respect to the reporting of the credit limits of Target credit card holders to credit reporting agencies (“CRA’s”); Target’s handling of certain notices of dispute regarding Target’s credit limit reporting practices regarding Baker’s Target credit card account (“Target Account”); and Target’s handling of Baker’s alleged request for a credit limit increase on her Mervyn’s credit card account (“Mervyn’s Account”).

B. Baker filed suit in Arizona District Court, *Baker v. Capital One Bank, et al.*, Docket No. CV-04-1192-PHX-NVW alleging various claims against Target (hereinafter “Lawsuit”). Target denies the claims alleged against it in the Lawsuit.

C. On January 24, 2006 the Court entered an Order in the Lawsuit granting Target’s motion for summary judgment with respect to all aspects of plaintiff’s claims against Target as set forth in the Second Amended Complaint with the exception of the issue of whether Target violated the FCRA and ECOA by not sending Baker an adverse action letter in connection with its handling of Baker’s alleged request for a credit limit increase on her Mervyn’s Account.

D. In order to avoid costly and time-consuming litigation, the parties desire to enter into this Agreement in full settlement and discharge of all claims against Target which are or might have been the subject matter of the Lawsuit, with the exception of the appeal described in Paragraph 6 herein, upon the terms and conditions set forth below.

AGREEMENT

The parties to this Agreement, personally or by and through their attorneys, intending to be legally bound, and in consideration of the mutual covenants and provisions contained in this Agreement, including the Recitals set forth above, the receipt of which by each party to this Agreement is expressly acknowledged, agree as follows:

1. Consideration. Target shall pay to Baker the sum of \$1,000 in the form of a check made payable to “Christine Baker.” The foregoing payments shall be made within fourteen (14) days of the execution of this Agreement by Baker.

2. Release In Favor of Target. Baker and any of her affiliates, representatives, agents, assigns, insurers, attorneys, spouses, heirs and all other persons claiming by, through or under Baker, hereby release, remise, discharge and forgive Target and its affiliates, parents, subsidiaries, past, present and future officers, members, representatives, attorneys, insurers, servants, accountants, agents, assigns, employees, predecessors and successors in interest, and companies controlling, controlled by or under common control with Target, from and against any and all matters, claims, demands, causes of action, liabilities, debts and obligations, however

arising, including by reason of any duty, breach, act, omission, condition or occurrence, from the beginning of time through and including the date hereof, except as expressly set forth in Paragraph 6 of this Agreement.

3. Extent of Release. The foregoing release shall operate against the releasing party in all capacities of such party, whether such party's claims are direct, indirect, derivative, or otherwise. No party may bring or support any released claim against a released party in any capacity whatsoever. The foregoing release set forth herein includes all matters, liquidated, unliquidated, known, unknown, apparent, concealed, mature, and immature, and the releasing party hereby waives the benefit of any statute or rule or principle of law or equity that limits any of the foregoing from the scope of the foregoing release. Each party represents and acknowledges that it has either been advised, or had the opportunity to be advised, by legal counsel as to the effect of such release.

4. Agreement Regarding Closure of Baker's Target Accounts. Baker hereby requests that Target close any and all of Baker's accounts with Target and Target agrees to close any and all of Baker's accounts within thirty (30) days of Baker's execution of the Settlement Agreement. Baker agrees to provide Target with a list of her Target accounts, including account numbers. Baker further agrees that she shall destroy any credit cards or charge cards issued by Target or any of its affiliates which she has in her possession, and will recover and destroy any credit cards or charge cards from any other person or entity for which she has formally designated as an authorized user of her account(s) or to which she has provided a credit card or charge card. Baker understands and agrees that she and/or any other entity in which she has a controlling interest will not apply for or use any credit card, charge card or other extensions of credit issued by Target or any of its affiliates ("Credit") at any time in the future, and that the execution of this Agreement shall be good and sufficient cause to reject any application for Credit filed by Baker and/or any other entity in which she has a controlling interest. Further, submission of an application for Credit or use of Credit shall be a breach of this Settlement Agreement. Should Baker apply for or use Credit in the future, Target will be entitled to recover from Baker an amount equal to the attorneys' fees paid by Target in defense of the claims advanced by Baker in the Lawsuit plus all costs and attorneys fees incurred by Target to collect all amounts from Baker as and for its liquidated damages for Baker's breach of this Agreement.

5. Dismissal With Prejudice. In connection with the execution of this Agreement, Baker and Target agree to execute and file with the Court a stipulation and order of dismissal of the Lawsuit with prejudice consistent with the terms of this Agreement.

6. Exclusion of Appeal of Baker's Claim Regarding Target's Reporting of Baker's Credit Limit For Her Target Account. This Settlement Agreement does not include any right Baker may have to appeal the Court's Order dated January 26, 2006 in the Lawsuit to the extent the Order granted summary judgment in favor of Target with respect to: (1) whether Target was required to report Baker's credit limit to the CRA's; and (2) whether Target breached any such obligation. The parties agree that any such appeal is expressly excluded from the scope of this Settlement Agreement and that any such appeal shall be expressly reserved in the Stipulation for Dismissal filed in the Lawsuit as contemplated by Paragraph 5. Provided, however, that by agreeing to exclude the foregoing appeal from the scope of this Agreement, Target is not waiving

any rights with respect to any such appeal and makes no admission as to the propriety or the validity of the appeal itself or any arguments raised therein by Baker.

7. Return of Documents. All documents produced by Target to Baker in connection with the Lawsuit including, but not limited to, those documents which Target marked as “Confidential,” including reproductions, extracts, images or summaries thereof (“Litigation Documents”), shall be returned to Target by Baker within fourteen (14) days after the date of execution of this Agreement along with Baker’s written certification that all Litigation Documents have been collected and returned and that no copies thereof exist in her files, computers or elsewhere.

8. No Admission of Liability. Each party to this Agreement agrees that the terms set forth herein represent a good-faith compromise and settlement of disputed claims. Neither this Agreement nor any action taken in connection herewith shall be deemed an admission of liability on the part of any party to this Agreement.

9. Confidentiality. The parties agree not to publish or seek publicity as to the negotiation leading to, amount or terms of this settlement, or to disclose the terms or amount of this settlement to any person or entity outside their respective organizations, if any, except (1) to professional advisors, such as auditors or attorneys in connection with the discharge of these professionals’ engagements by the parties; or (2) to bankers, investors, or other persons with a legitimate business reason to know the finances of the respective party’s business and, in that event, such persons shall be advised of the terms and provisions of this Section 9 of this Agreement, or (3) as otherwise required by law. Provided, however, that either party may state that this matter was “resolved to the satisfaction of all parties” without violating the terms of this Section 9. It is agreed that this covenant of non-disclosure is a material and bargained-for term of this Agreement and it shall apply to the parties and their employees.

10. Warranty of Capacity to Execute Agreement. Each party represents and warrants that no other person or entity has any interest in the claims, demands, obligations, or causes of action referred to in this Agreement, except as otherwise set forth herein; that they have the sole right and exclusive authority to execute this Agreement and receive the sums specified in it; that the individuals executing this Agreement have lawful authority and good right to execute the same; and that they have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Agreement.

11. Execution of Multiple Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signature of all of the parties reflected hereon as the signatories.

12. Entire Agreement and Successors in Interest. This Agreement constitutes the entire agreement between the parties with respect to the matter set forth in it and all previous negotiations and representations are merged into this Agreement. This Agreement may only be amended upon written consent of the parties. This Agreement shall be binding upon and inure to

the benefit of the parents, successors, agents, stockholders, employees, servants, subsidiaries, divisions and assigns of each.

13. Costs and Attorneys' Fees. The parties to this Agreement agree to bear their own costs, attorneys' fees, and other expenses incurred in connection with the Lawsuit. Provided, however, that this Agreement does not address any costs, attorneys' fees, and other expenses that may be incurred by either party in connection with the appeal contemplated by Section 6. In any dispute involving the enforcement of this Agreement, the prevailing party shall be entitled to recover, in addition to all other remedies it may have, her or its attorneys' fees and all other reasonable costs and expenses incurred therein.

14. Governing Law, Jurisdiction and Venue. This Agreement shall be construed, interpreted and enforced in accordance with the laws of the State of Arizona. In the event either party institutes legal action arising out of or related to this Agreement, the parties agree to irrevocably submit to the jurisdiction of the courts of the State of Arizona and the United States District Court for the District of Arizona, and irrevocably agree that venue for any such action shall be in Maricopa County, Arizona, U.S.A. Both parties waive any objection to the jurisdiction of these courts or to venue in Maricopa County, Arizona, U.S.A.

Dated: _____

Christine Baker

Target National Bank

Dated: _____

By: _____

Its: _____