

WHAT'S NEW WITH DISCOVER



Bob Kinsella – Discover Acquirer Relations
January 26, 2011

AGENDA



DISCOVER

- What's changed?
- What's Discover's strategy moving forward?
- What's different now?
- What's ahead?

WHAT'S CHANGED?



- A reinvigorated focus to ensure Discover is accepted everywhere credit cards are accepted
 - A new approach to our merchant business
 - New relationships with acquirers
- New relationships with card issuers
- New card brands available for merchant acceptance
- Acquisitions
- New card products
- New advertising campaigns
- New campaigns for activating merchant acceptance

ENSURING ACCEPTANCE



- A new approach to our merchant business
 - Discover stopped directly establishing merchant acceptance
 - Eliminated our direct merchant sales force
- New relationships with acquirers
 - Starting in 2007 Discover began signing agreements with merchant acquirers to have acquirers deliver merchant acceptance
 - Established the model to have Discover acceptance included with every new merchant agreement signed
 - Worked with acquirers to add acceptance for established merchants not accepting Discover
 - Converted processing for merchants established as accepting Discover to be delivered through the acquirers' merchant relationships
 - In 2010 we began developing programs to use incentive offers to drive cardholders into new merchants, increasing volume for merchants and acquirers

RELATIONSHIPS WITH ISSUERS



DISCOVER

- As we changed our approach to our merchant business we began developing partnerships with issuers

Issuers

DISCOVER



HSBC

citi

1 First National Bank
Omaha
One with You.®

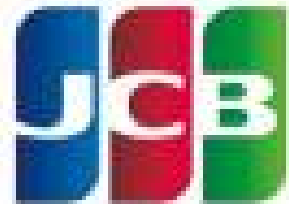
Consumers



NEW CARD BRANDS ACCEPTED



- Agreements expand the card brands merchants can accept as part of Discover acceptance
- One merchant account delivers to merchants the opportunity to accept many card brands



ACQUISITIONS



- Discover adds Pulse
 - Fast growing PIN-based ATM/debit network with over 4,500 participating financial institutions
 - Over 289,000 ATMs
 - POS terminals in all 50 states
- Discover adds Diners Club International
 - Premier global payments brand with 6.5 million cardmembers
 - Operates in more than 185 countries
 - Cardmembers with high levels of disposable income, who are frequent business and personal travelers



NEW CARD PRODUCTS



DISCOVER

- Discover now issues various different card products

- Business credit



- Co-Branded credit



- Prepaid



- Debit



- Gift cards/Semi-Open cards



NEW ADVERTISING CAMPAIGN



- Peggy commercials
 - New series of commercials emphasizing Discover's quality customer service
- Discover More commercials
 - Commercials advertising the current Discover More campaign where cardholders earn 5% cash back bonus in participating merchant segments
- Advertising coordinated with national sponsorships
 - BCS National Sponsor – Discover is the official card of BCS
 - NHL All-Star Game sponsor, Winter Classic sponsor, and Discover Intermission sponsorship

CAMPAIGNS TO ACTIVATE MERCHANTS



- Discover Network Marketing Department has designed campaigns to activate merchants to accept Discover
 - New Registration Engagement Program
 - Integrated Cardmember programs
 - Sweepstakes campaign

DISCOVER'S STRATEGY MOVING FORWARD



- Build a global acceptance network
 - Enhance the value to merchants of accepting Discover by delivering incremental transaction volume from international cards such as JCB, Diners Club International, China Union Pay, and BC Card. More cards create more volume, which creates more revenue for merchants.
 - Establishing transaction acquiring programs in Canada
- Increase cardholder use to correlate with wider acceptance
 - Increased cardholder advertising
 - Heavier emphasis on national sponsorships
 - Continue and expand cardholder promotions through the Get More program
- Sponsor a year long national sweepstakes for cardholders to encourage card use

DISCOVER'S STRATEGY MOVING FORWARD



- Increase cardholder value through emerging technologies
 - Mobile payments
 - Cash over purchase

WHAT'S DIFFERENT NOW



- Discover is accepted in more merchant locations than ever before
- Instead of field representatives operating as salespeople selling merchant acceptance, they are supporting the acceptance being established by acquirers
 - Discover maintains a staff of field representatives in major metropolitan areas
 - They coordinate merchants' participation in cardholder promotions
 - They work to activate merchants established by acquirers
- Discover focuses on targeted campaigns to activate merchants
 - Integrating marketing to leverage the quarterly 5% Cashback Bonus promotion
 - Coordinating marketing to specific campaigns such as the million dollar sweepstakes
 - Promoting new acceptance in strategically important accounts

WHAT'S DIFFERENT NOW



Get
\$10

Just use your Discover® card at stores and restaurants near you.

See reverse for exact locations.



DISCOVER

[Account Center](#)

Account ending in 9361

Get \$10
Cashback Bonus

for using your Discover Card at stores and restaurants near you.



Every day, Discover is adding even more places to use your card.

Right now, you'll earn a one-time \$10 *Cashback Bonus* for using your Discover Card at any one of these nearby stores and restaurants. Here's a sample of places in your neighborhood that now welcome Discover.

Here's a sample of places close to home that now welcome Discover.

PAT'S PRECISION AUTO CARE

Automotive

6386 W BELL RD,
GLENDALE, AZ, 85308

FARAH FINE FURNITURE

Home Furnishing

4925 W. BELL RD.,
GLENDALE, AZ, 85308

LITHIUM CLOTHING

Apparel

7700 W ARROWHEAD TOWNE CENTER,
GLENDALE, AZ, 85308

ARROWHEAD AUTO CARE

Automotive

6033 W BELL RD STE Q,
GLENDALE, AZ, 85308

LANDMARK JEWELERS

Jewelry

17550 N 75TH AVE #610,
GLENDALE, AZ, 85308

ARIZONA SPORTSWEAR

Apparel

5115 W BELL RD STE-C,
GLENDALE, AZ, 85308

WHAT'S DIFFERENT NOW



FREE signage tells your customers they can win \$1 MILLION by using Discover® card at your salon or spa.

To encourage Discover® Cardmember visits at your salon or spa, post your free "It pays to Discover Everyday Giveaway" sign card in a prominent place right away. It reminds your customers about the \$1 MILLION sweepstakes promotion and the additional entries they'll receive for salon or spa purchases.

Additional FREE Discover signage and salon or spa supplies include:

- Additional competition materials
- Clear acrylic display
- Tip envelopes
- Hot file
- Key bag
- We accept: Discover, American Express, Visa, MasterCard

To order these and other free materials, use promo code SWEEPS3 at www.OrderFreeSignage.com



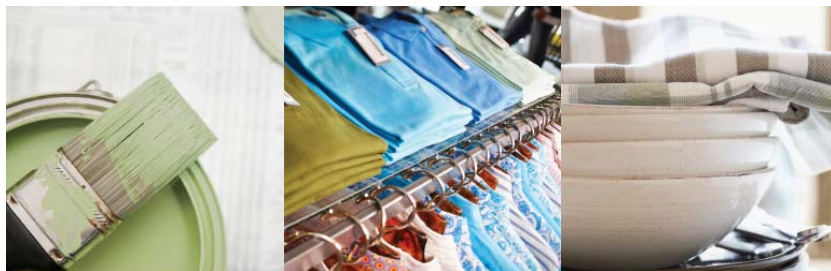
WHAT'S DIFFERENT NOW



Let customers know you accept Discover®—
and see the difference in your bottom line.



WHAT'S DIFFERENT NOW



5% Cashback Bonus®

Sign up today—Discover® More cardmembers get 5% Cashback Bonus® on home and fashion purchases through June.



5% Cashback Bonus®

Now through June 30, earn 5% Cashback Bonus® when you use your Discover® More card for up to \$400 in purchases at:

- Home Improvement Stores
- Clothing Stores
- Department Stores

If you haven't already signed up for 5% Cashback Bonus, call or go online today!

Here are just a few of the Home Improvement, Clothing and Department Stores in your neighborhood where you can earn 5% Cashback Bonus by using your Discover card.

Store Name Here Address Would Go Here	Store Name Here Address Would Go Here	Store Name Here Address Would Go Here
Store Name Here Address Would Go Here	Store Name Here Address Would Go Here	Store Name Here Address Would Go Here
Store Name Here Address Would Go Here	Store Name Here Address Would Go Here	Store Name Here Address Would Go Here
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Free. Easy. Sign up now.

Visit Discover.com or call
1-800-DISCOVER (1-800-347-2683).

Limitations apply.

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It pays to
DISCOVER

PO Box 30420
Salt Lake City, UT 841300420

PSRST STD
U.S. POSTAGE
PAID
DFS

Sample A. Sample
1234 Anystreet
Apt. 1A
Anywhere US



WHAT'S DIFFERENT NOW



DISCOVER

- New Registration Engagement
 - Focuses on newly registered merchants
 - Targets merchants with no activity between 45 – 120 days
 - Results in increased active merchants, and transaction volume

WHAT'S DIFFERENT NOW



Discover® and your business— a few simple questions.

Example 1: Example
123 Any Street
Anytown, NJ 12345

Dear Example 1: Example,

Our records indicate that your business is listed as Discover from either directly or through a processor or agent. To help us better understand your business, please complete the attached questionnaire, because it is required by June 30, 2010.

Discover automatically places its logo on the back of your credit cards. Discover credit cards contain public information about you and your business. You can also manage Discover Club International credit cards, Discover Store-Club International financing and Discover.

Make your business one of all these payment options by getting the seal and signing a form!

Sincerely,

Discover Inc.
One World Way, Anytown, NJ 12345

PS: You can order more seal signage at www.DiscoverUSA.com and order Form C-66.



Detach and return this card today!

Example 1: Example
123 Any Street
Anytown, NJ 12345

- | | |
|---|--|
| <p>1. Detach your seal/signage and return it to us as follows:
1. Discover USA
2. Discover Club International</p> <p>2. Detach your seal/signage and return it to us as follows:
1. Discover USA
2. Discover Club International</p> <p>3. Detach your seal/signage and return it to us as follows:
1. Discover USA
2. Discover Club International</p> <p>4. Detach your seal/signage and return it to us as follows:
1. Discover USA
2. Discover Club International</p> | <p>5. Place your seal/signage on your Discover
Discover Club</p> <p>6. Place your seal/signage on your Discover
Discover Club</p> <p>7. Sign and place the seal/signage, please from
your city.</p> <p>8. Place your seal/signage on your Discover
Discover Club</p> |
|---|--|

1000

An important message regarding your XXXXX account.

Example 1: Example
123 Any Street
Anytown, NJ 12345

Dear Example 1: Example,

By providing your credit card transaction through XXXX, you are able to accept Discover® cards. As a merchant, you already included adding Discover, so you are now able to accept Discover credit cards with no additional action required from you! You can also accept Discover Club International cards, because Discover Club International is now a part of Discover.

When you sign your accept major credit cards like Discover, because you are now ready to accept, the more likely you are to get more business. By providing us through XXXX, you'll also automatically enable you to accept Discover Club International cards, so they will be helping you to more customers!

Here's some key information you should see:

- Discover for all Discover, Visa®, and MasterCard® transactions
- Discover Club International for all transactions
- Discover Club International for all customer services... 1-800-352-2222
- Discover Club International for all services to be processed through your merchant

To get the most out of accepting Discover and other major credit cards, the following is just the only seal that is approved for use. XXXX has a seal for the Discover credit card that they will provide that will maximize the value for you.

Sincerely,

(Machine Signature)

PS: You can order more seal signage at www.DiscoverUSA.com and order Form C-66.




Accept
Logo Here



WHAT'S DIFFERENT NOW




Discover® gives your customers more choices—and your restaurant more customers.



Discover® brings convenience to you and your patients.



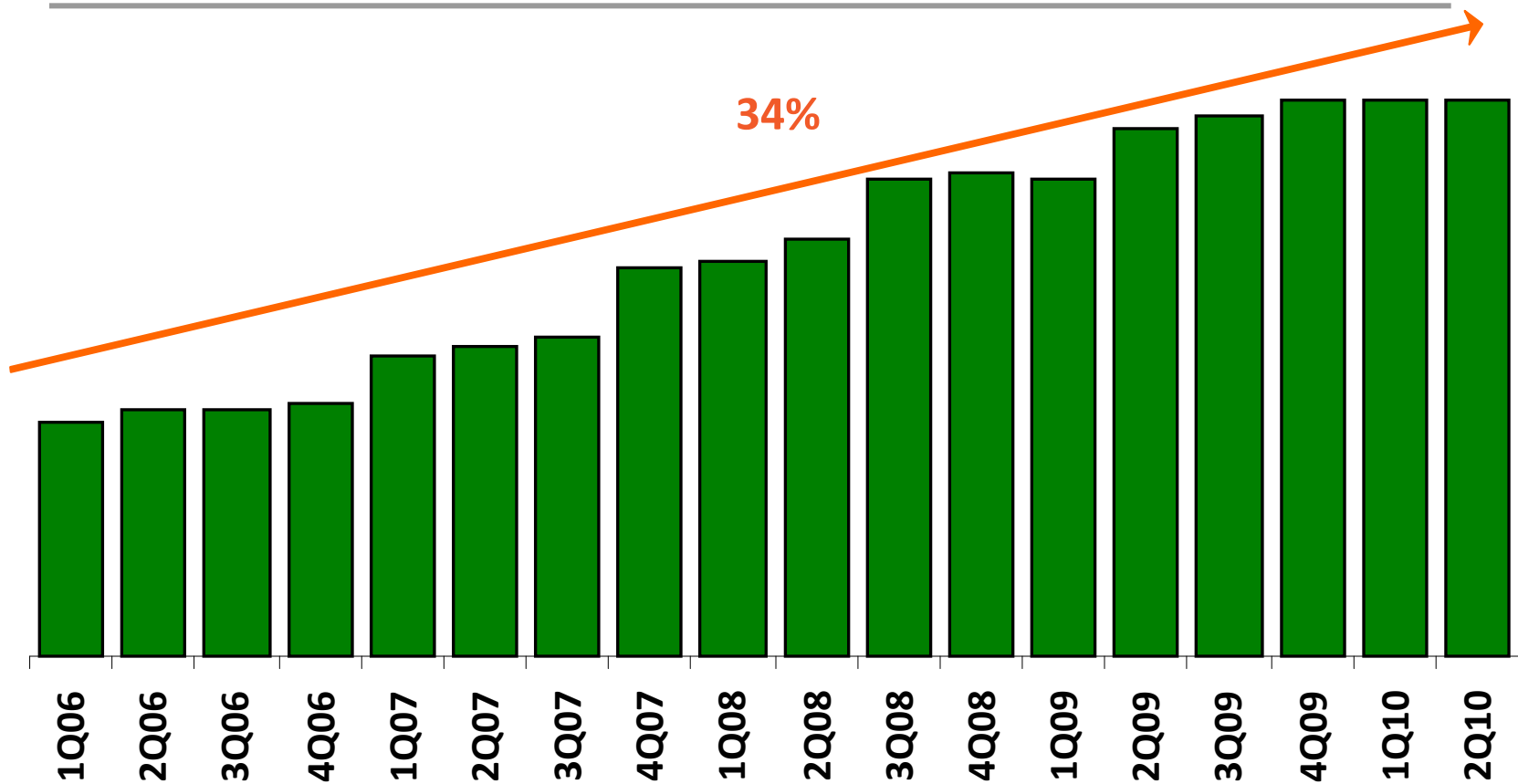
Your customers rely on you to keep them going.



Creating Significant Growth In Active Merchants



30 Day Active Merchant Outlets (MM)



Discover Expanding Brand Presence



- Focus on increasing advertising campaigns
 - Growing list of high profile Media Partners
 - Significant deal with ESPN, NBC Sports, NHL, Notre Dame football
 - Hundreds of millions of brand impressions in marquee media properties



DISCOVER

Official card of:



ADVERTISING THE DISCOVER BRANDS



DISCOVER

HoldFINAL 073010.wmv

LoyaltyFINAL 073010.wmv

Map_of_the_Land_Global_60sec.mpg

Redemption Fee FINAL 110810.wmv

TransferFINAL 073010.wmv

WHAT'S AHEAD?



- Mobile payments
 - November 16th AT&T Mobility, T-Mobile USA, and Verizon Wireless announce the formation of a joint venture named ISIS™
 - Creating a mobile payment network that will utilize mobile phones to facilitate point-of-sale purchases
 - Transactions will process as Discover transactions
 - Targeting expansion to include coupons and loyalty program features



Thank you

