

From: James Cracchiolo on 07/17/98 04:51 PM

To: Steve McCurdy

cc:

Subject: Wachovia call report

I'm not sure we should be focusing only on the top 50% of market. Their Aug. spend is very high.

Thanks, Jim C.

----- Forwarded by James Cracchiolo on 07/17/98 04:54 PM -----

From: Steve McCurdy on 07/09/98 03:38 PM

To: James Cracchiolo, Jim Li, Marcy Wilkov, Roger Pellicciotti

cc: Jon Linen, Steve Afesio

Subject: Wachovia call report

Summary of recent phone conversation with Wachovia attached.

Steve



Call 7-9-98.d

P-1242

Global Network Services – North America
Client Sales & Relationship Management
Prospect Call Report

Prepared By

Steve McCurdy VP Head of North American - GNS
WFC Floor 39 (212) 640-2967

Prospect

Wachovia Bank

Phone Call Date

7/9/98

Prospect Attendees

Phil Christian
SVP Card Strategy

Amex Attendees

Steve McCurdy VP and Head of GNS North America

Background

Phil is a former Amex employee who moved first to Marine Midland and ran their card business until the Continental co-brand was lost to Chase. He recently moved to Wachovia to run financial services strategy outside the "home states" including International. His original call went to Steve Alesio to inquire about the nature of the GNS opportunity.

At year end 1997, Wachovia was the 16th largest issuer in the US with \$6B in outstandings (11% growth) and \$7.9B in charge volume (18% growth), 2.2M AIF, 5.6M CIF split 61/39% VISA/MasterCard.

Key Issues/Findings

I provided an overview of GNS' strategy and the general form of the deals available. Phil asked if we would consider allowing an equity interest in our acquiring business in the US, noting their JV with FDC. I said that that was currently off strategy for the US.

Phil noted that Wachovia's card strategy was to try to focus on attracting borrowers with low interest loans, not so much transactors. Their average outstandings/account were \$2,700. Their average spend per account was around \$3,600 and \$1,400/CIF, though he did not know how the business segmented. He expressed concern that their strategy would not be in line with our objectives targeting the upper 50% of the market, but promised to look further into the components of their portfolio.

His call was engendered by an expressed belief that the DOJ actions would soon permit banks to work with AMEX, and he wanted to explore the opportunity such an alliance might present. I suggested that we could consider striking an issuance deal for the US and prepare the

implementation so that upon release from the by-law restrictions Wachovia could issue promptly.

Phil indicated an interest in considering this idea further. He noted that Wachovia does their

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Wachovia Bank

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processing in-house. He asked if FDR was implemented in the US, noting that it was common practice for banks to park acquired portfolios there or at Total Systems until the bank was ready to integrate the portfolio into their in-house systems. He also noted that both FDR and Total Systems seemed heavily over-committed at this point.

Next Steps

Phil wanted to digest our discussion, and discuss it within the Bank.

I offered to visit him at his offices to review our presentation with him and other decision makers at Wachovia, but he suggested a meeting in NYC instead citing "issues with Visa and MasterCard".

He promised to set such a meeting up within the next month.

I will inquire with Jon Linen if we have any senior level contacts at Wachovia through which we might follow up.