

RATES & FEES. SAVINGS.

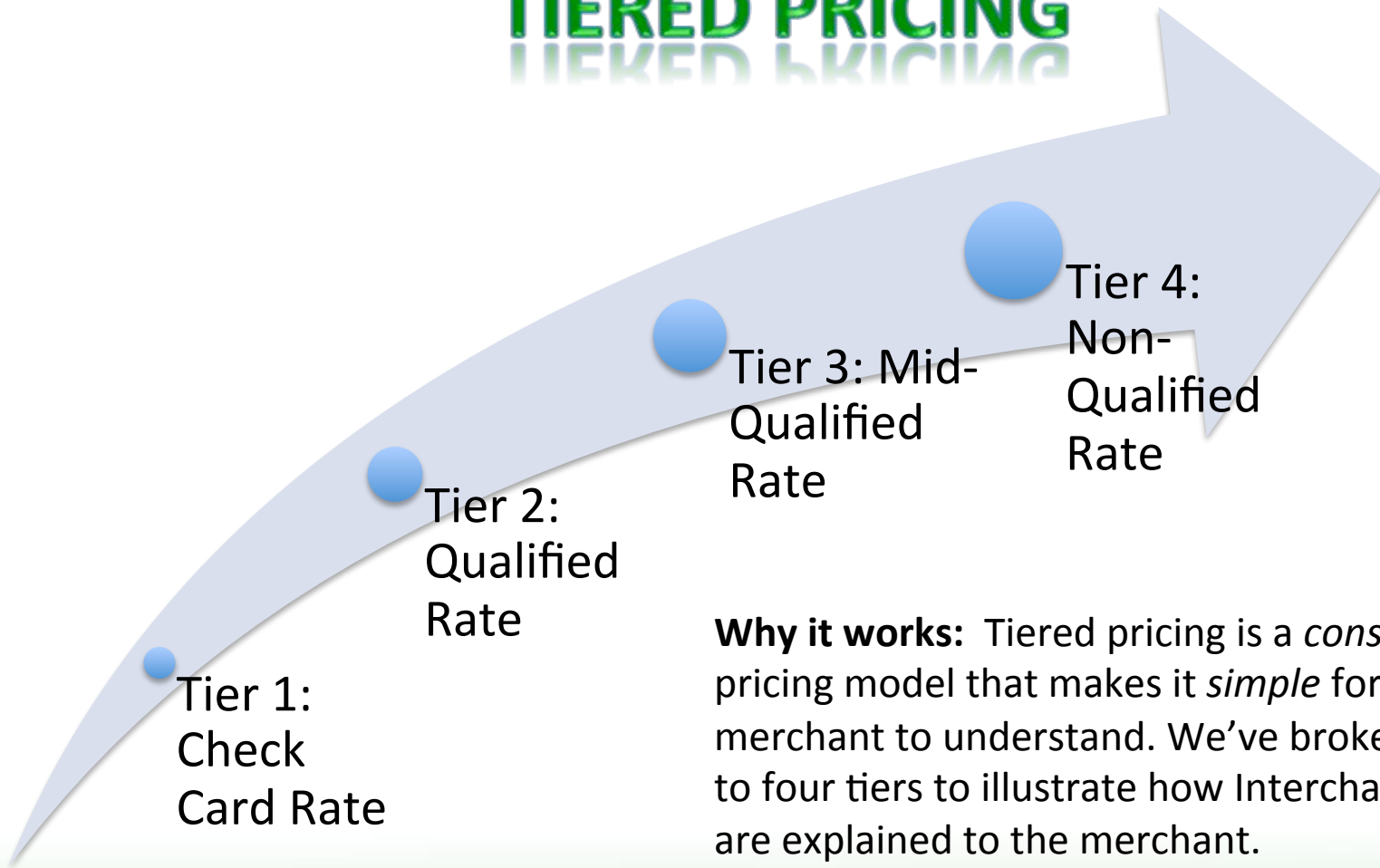


BASIC PRICING

The pricing in this business is simple. Business owners are charged different rates for processing different types of cards and also different ways of processing those cards. It is similar to the difference between calling your next-door neighbor vs. calling to Singapore, or sending a text message vs. checking your email on your phone. There are also fees associated with using the different services we provide.

Many business owners have the misconception that they are being charged only one rate, our job is to bring the reality of what they are getting charged to light by providing a “statement analysis”. There is flexibility in the pricing and we will beat any competitor. Do not believe everything that business owners tell you in terms of pricing; many do not understand how to read their bill. Focus on understanding the difference, and the selling points with these rates, not memorizing the numbers.

TIERED PRICING



Tier 1:
Check
Card Rate

Tier 2:
Qualified
Rate

Tier 3: Mid-
Qualified
Rate

Tier 4:
Non-
Qualified
Rate

Why it works: Tiered pricing is a *consolidated* pricing model that makes it *simple* for a merchant to understand. We've broken it down to four tiers to illustrate how Interchange fees are explained to the merchant.

TIERED PRICING – CHECK CARD RATE

Tier 1: Check Card Rate - .89% + 22 cents/transaction

Any offline Debit cards that are issued a Visa, MasterCard, or Discover logo are accepted under the Check Card Rate. In today's marketplace these are the most common types of Debit cards that are issued. The cards are referenced as "offline" to process the transaction. A PIN number is not required to be online with the various Debit Networks.

Simply: Debit card transactions that do not require a PIN Number during the Transaction fall under the Check Card Rate.

TIERED PRICING – QUALIFIED RATE

Tier 2: Qualified Rate - 1.65% + 22 cents/transaction

Transactions processed with ideal conditions fall under the Qualified Rate. This means that the cards are:

- Present during the swiped-card transaction and the magnetic strip of the card was read with a credit card terminal
- Authorized successfully and the transaction was settled within 24 hours
- General cards—meaning a non-reward or non-corporate card

Simply: The transaction was received correctly and efficiently; and the card was a general card.

TIERED PRICING – MID-QUALIFIED RATE

Tier 3: Mid-Qualified Rate - 1.59% in addition to the qualified rate

Cards that fall under the Mid-Qualified Rate must meet the conditions of the Qualified Rate. The only exception to this is Reward cards.

What are Reward cards?

Rewards cards are credit cards with built-in incentives for the Cardholder. Typically Reward cards have a loyalty based program where the incentives are points driven.

Simply: To fall under the mid-qualified rate, the card must meet the rate's specific conditions. Reward cards are the exception; they offer extra bonuses to the cardholder in the form of incentives.

TIERED PRICING – NON-QUALIFIED RATE

Tier 4: Non-Qualified Rate - 1.89% in addition to the qualified rate

Cards that fall under the Non-Qualified Rate adhere to certain conditions:

1) how the card was ran and 2) what types of cards they are.

Cards “downgrade” to the Non-Qualified Rate when:

- The card was key-entered
- The card was a Business, Corporate, Government, or International card
- The authorization was not settled within the first 24 hours

Simply: Special details and situations specific to the card had to be considered before the transaction was successfully completed

UNDERSTANDING INTERCHANGE

What is Interchange Pass Through Pricing?

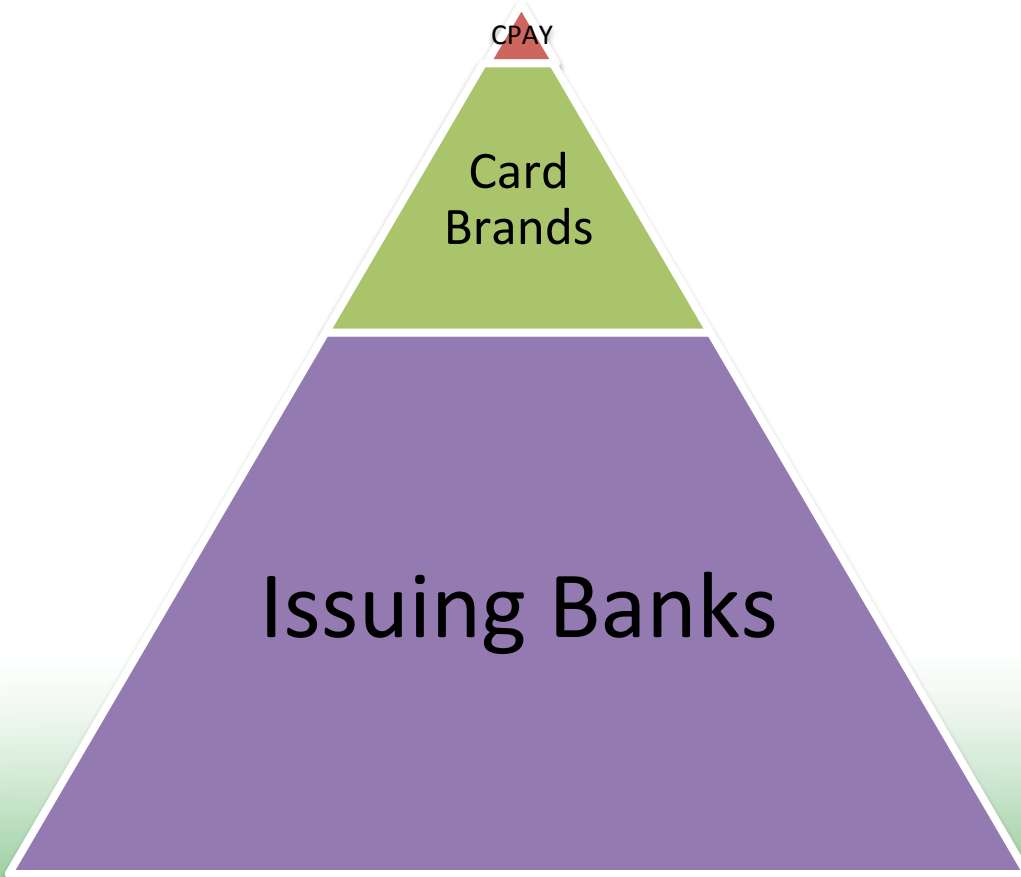
Interchange Pass Through pricing is different from Tiered pricing programs because as opposed to the consolidated format of tiered pricing, Interchange Pass Through pricing shows the costs based on each individual interchange charge.

All Merchant Service Provider base their Pass-Through pricing from the Card brands. The card brand and the issuing banks both determine the exact cost of each interchange charge.

An easy way to understand Interchange Pass-Through pricing is to see interchange as wholesale cost. Central Payment adds margins on to the wholesale cost.

INTERCHANGE BREAKDOWN

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This triangle represents the cost breakdown behind Interchange Pass Through pricing program. The bulk of the cost goes to the card brands and the issuing bank and Central Payment has a small markup.

Interchange Pass-Through pricing programs are usually reserved for merchants who are already on similar pricing programs with their current service provider.

UNDERSTANDING INTERCHANGE



Why so many Interchange fee categories?

With over 1.5 billion cards in circulation worldwide!—and with the increase in new card types and brands—the credit card issuers have had to factor in the specific situations and requirements that come with each unique card's transaction.

INTERCHANGE FEE FACTORS

Card issuers have to take into consideration:

- **Risk.** Risk levels are accounted for in each Interchange Category. For example, the Risk level differs dramatically with the CPS Retail Debit Interchange Category at 0.95% + \$0.20 compared to the Signature Preferred Standard Interchange Category at 2.95% + \$0.10.
- **Business Type & Processing Behavior.** Over the years, the card brands have created numerous Interchange Categories to accommodate specific business types, and at times, the processing methods specific to each business.
- **Card Types.** The extensive variety of cards issued by the card issuing banks strongly factor into how Interchange Fees are determined. Fees are assigned according to the specificities of each card. For example, a card that offers incentives to the cardholder will be assessed different fees than a card that does not offer incentives.

OTHER FEES ASSOCIATED WITH INTERCHANGE PASS-THROUGH PRICING

What is the Assessment fee?

Visa, MasterCard & Discover Assessment fees are set at 0.11% of the merchant's gross processing volume. Merchants with Interchange Pass-Through Pricing will see their Assessment fees—per each card type and brand—as a separate charge on their statement (whereas merchants on Tiered Price plans will not see it as a separate charge).

Besides the Assessment fee all merchants pay various Interchange fees such as NABU, APF, Cross Border Fee, Auth Misuse fee, etc.

AVERAGE TICKETS: THE KEY TO PRICING

What are Average Tickets?

'Average Tickets' references what the 'average' transaction amount will be for the merchant. Simply, an Average Ticket is the merchant's average sale amount. The merchant's Average Ticket will determine the weight of the discount rate or the transaction fee. Without knowing the Average Ticket, there is no reference point to see what fees to apply to the merchant.

Average Tickets & Rates. How it works:

The following tables show how Average Tickets relate to the Check Card Rate and the Qualified Rate. What is the cost of each transaction to the merchant? And at what Average Ticket amount does the merchant break even?