



Comparison: Cards from Top Issuers vs. Union Plus Credit Card

Feature/Practice	Other Cards (as of Nov. 17, 2008)	Union Plus (starting Jan. 27, 2009)
Retail Rate Cap	No cap on rates	Rate capped at 22.99%
Default Pricing	<ul style="list-style-type: none"> - As high as 30.99%; industry average 28.49% - Triggers: Most use SINGLE late payment, overlimit or returned check - Most offer no right to cure (Exceptions: AmEx and Cap One: earn back rate after 12 months on-time payments) 	<ul style="list-style-type: none"> - Capped at 24.99% - Triggers: Twice 3+ days late; twice overlimit; once 3+ days late and once overlimit; or late twice and overlimit once in 12 months - Right to cure: Member can earn back original rate with 6 months of on-time payments
Special Protections	None	<ul style="list-style-type: none"> • New Job Loss Grants • New Hospital Care Grants • New Free debt management plans, bankruptcy counseling • Grants to cardholders out of work due to recent disability • Free credit counseling • Layoff Helpline • Disaster Relief Fund • Skip Payments • Secured Credit Card • Full-time Union Member Advocate, OPEIU employee
Grace Period	20 days	25 days
Mandatory Arbitration	Yes, forces consumer to waive their right to a court trial	No mandatory arbitration clause
Raise Rates Any Time	Claim the right to change terms for any reason	Terms can change only if Union Privilege reviews and agrees
All Calls Answered In United States	No	Yes
Education Assistance	None	<ul style="list-style-type: none"> • Scholarships • New Saving For College Grants
Supports Labor Movement	No	Yes
Union Messages	No	Yes, monthly union message inserts



Credit Card Change in Terms Overview

November 21, 2008

Overview: The Union Plus Credit Card Program, like all other credit card issuers, is suffering. HSBC, the issuing bank, will lose \$100 million in 2009 on the Union Plus program. HSBC is not meeting its contractually agreed upon income targets and under the program's contract is entitled to make changes in the program to meet these targets.

Changes have been negotiated that will: (1) improve the program's financial picture, (2) have the least possible negative impact on our members, and (3) maintain the Union Plus card's position as better than the competition. There are four changes being implemented:

1. The retail APR cap on the card increases to 22.99% from 19.99%. Currently Union Plus cardholders with a 19.99% rate pay 4 percentage points less than people with similar credit ratings with other cards. Among the major issuers, nearly 20% of cardholders have a retail APR above the new Union Plus rate cap of 22.99%. Union Plus remains the only credit card with a retail rate cap.
2. There is an average of 1.9 percentage point rate increase in the retail APR for all cardholders. Promotional rates will not change. Cardholders whose accounts have a fixed rate APR will move to a variable APR at the new higher rate.
3. The default rate increases to 24.99% from 19.99%. The industry average default rate is currently 28.49% (variable, based on the Prime rate). Default rates for other credit cards are likely to increase as the Prime rate increases. The Union Plus default rate is a fixed rate and thus won't rise. Plus, union cardholders can earn back their original member rate with 6 months of on-time payments. Union Plus does not have universal default. Only the cardholder's performance with the Union Plus card will trigger the default rate.
4. Union Plus cardholders who are no longer union members will not be eligible for member rates and benefits. Non-members will be repriced to industry standard rates and terms. Non-members are those who are under 62 years of age and who have had the card for four years and do not appear on the union member lists.



January 2009 Credit Card Change In Terms FAQ

Q. What credit card terms are changing?

A. The following terms will change:

- The variable member APR (the retail rate cardholders pay when they use their card for purchases or use non-promotional credit card checks) for all cardholders will increase by an average of 1.9 percentage points. Promotional rates will not change. Cardholders whose accounts have a fixed rate APR will move to a variable APR at the new higher rate.
- The member APR rate cap is increasing to 22.99% from 19.99%.
- Default pricing for cardholders who pay late or go over limit is increasing to 24.99% from 19.99%.
- Non-members who carry the card will no longer be eligible for member rates and benefits. Non-members will receive pricing and terms at industry rates.
- The 10 percent of cardholders who do not have a grace period (a group that dates from the early 1990s) will receive a 25-day grace period on new credit card purchases.

Q. How much will the increase in the member APR cost the average cardholder?

A. The rate increase will cost the average cardholder \$3.75 per month (or \$45 per year). For 60% of cardholders, the increase will be less than \$2 per month (or \$24 per year).

Q. Are other credit cards raising their rates?

A. Yes. American Express has announced a broad-based rate increase of 2 to 3 percentage points. Citigroup has also announced a rate increase of up to 3 percentage points for many cardholders. Other banks are reported to be readying similar changes before year's end.

Q. Is the Union Plus Credit Card the only credit card with an APR rate cap?

A. Yes. The Union Plus Credit Card remains the only credit card with a rate cap. Among the major issuers, nearly 20% of cardholders have a retail APR above the new Union Plus rate cap of 22.99%.

Q. How does the Union Plus Credit Card's default pricing compare to the industry?

A. The Union Plus card's default pricing remains the fairest in the industry with a much lower rate than the current industry average of 28.49% variable (some default rates are as high as 31%). In addition, default rates for other credit cards are likely to increase as the Prime rate increases. The Union Plus default rate is a fixed rate and thus won't rise. Plus, union cardholders can earn back their original member rate with 6 months of on-time payments.

Q. Are there any changes to how the default APR is triggered?

A. No. The current triggers are not changing – and continue to be the fairest system of behavior-based pricing in the industry. The member APR will increase to the default APR of 24.99% if the cardholder:

- Pays their bill 3 or more days late twice in a rolling 12 month period
- Exceeds their credit limit twice in a rolling 12 month period
- Pays their bill 3 or more days late once and exceeds their credit limit once in a rolling 12 month period
- Exceeds their credit limit once and pays their bill late twice in a rolling 12 month period

Q. Is there a way for cardholders who receive the default APR to get their rates lowered back to their regular member APR?

A. Yes. Cardholders can return to their prior member APR if they pay their bill on time and stay within their credit limit for 6 consecutive billing cycles and none of the above circumstances reoccur.

Q. What are the changes for non-members?

A. Union Plus programs, including the Credit Card program, are designed exclusively for union members, retirees and their families. Therefore, Union Plus cardholders who are identified as non-members will receive new, higher pricing at industry rates and they will not be eligible for member savings and benefits. The changes for non-members are:

- Increasing the non-member APR by 5 percentage points
- Raising the non-member cash APR to industry standard (currently Prime + 18.99% or 23.49%)
- Raising the non-member default rate to industry standard (currently Prime + 23.99% or 28.49%)
- No eligibility for union member safety net benefits including disability grants, disaster grants, layoff hotline, etc.

Q. What happens if a union member receives a notification saying they are a non-member?

A. We have been careful in trying to make sure that only those individuals who are not union members receive the non-member notice. But, in case of error, we have worked with HSBC to make it simple for members and retirees to verify their membership status. There are 3 easy ways for members to correct misclassifications:

1. By phone. Members can call customer care at 1-800-622-2580 and use code UPP0851.
2. By mail. Members can simply sign the pre-filled form and return in the postage paid envelope found in their change in terms notification.
3. Online. Members can log into their account at www.unionpluscard.com, indicate their status through online Customer Service/Customer Assistance, and use the code UPP0851.

Q. When will the new terms for cardholders take effect?

A. The new terms take effect January 27, 2009, for nearly all cardholders.

Terms for other cardholders will change on either April 1, 2009, or October 1, 2009, depending on when the cardholder received their card. The letter to be sent to cardholders will include the date their changes take effect.

Q. When will cardholders be notified?

A. A notice of change in terms will be mailed to cardholders November 24 - 26, 2008.

Q. Will you notify local leaders about the changes?

A. Yes. We will notify local leaders of the changes in early December.

Q. Can cardholders opt-out of the change in terms?

A. Yes. Cardholders do not have to accept the changes and can opt-out by calling or writing the bank within 45 days of receiving their notice. They will no longer be able to make new purchases, but their existing balance can be repaid under their current terms.

To opt out cardholders can 1) call customer care at 1-800-622-2580, or 2) send their name, address and account number to: HSBC Card Services, Attention: Opt-Out Dept., P.O. Box 80056, Salinas, CA 93912-0056.

Q. Who can cardholders call if they have more questions?

A. Members can call Customer Care at 1-800-622-2580 to speak to a U.S.-based representative, available 24 hours a day.

Answers To Member Questions About the Change In Terms**Q. Do I have to agree to these new terms?**

A. No, as long as you notify the bank within 45 days that you do not accept the changes. You will no longer be able to make new purchases, but your existing balance can be repaid under your current terms. If your account has a rewards program, you will have six months from the date your account is closed to redeem rewards.

To opt out, 1) call customer service at 1-800-622-2580 or 2) send your name, address and account number to: HSBC Card Services, Attention: Opt-Out Dept., P.O. Box 80056, Salinas, CA 93912-0056.

Q. Will the bank ever increase my rate because I paid late on another credit card or other bill?

A. No. Your APR will only be impacted by your payment history on the Union Plus Credit Card. The program does not engage in the practice known as universal default where your APR is increased because you make a late payment to another lender – or increase your APR due to credit report changes.

Q. What can I do to prevent my APR increasing to the default rate?

A. The most important thing is to pay your bill on time and stay within your credit limit. The Union Plus Credit Card offers a number of services that can help. You can go online to www.UnionPlusCard.com to:

- Sign up for recurring payments that will automatically pay your bill each month.
- Request Payment Due Email Alerts that will let you know when your next payment is due. It also links you to the free Online Bill Pay service.
- Track spending on your accounts so that you know when you are near your credit limit.

Q. What can I do if I know I'll be late making a payment?

A. You may qualify for a skip payment, which is offered to you on your billing statement in two different months each year (specific months vary by union and periodic finance charges continue to apply). If you would like to skip a payment in a different month, you may do so by calling 1-800-622-2580 and talking to a U.S.-based customer service representative before your payment is due.

Q. What can I do if I'm just not able to make my payments?

A. If you have temporary or long-term financial difficulties that prevent you from making payments, you may be eligible for various cardholder assistance programs. For more information, call 1-800-622-2580. Union Plus also offers consumer credit counseling to help union members take positive steps towards controlling their financial lives. You can get a free credit counseling session by calling 1-877-833-1745.

Additionally, the Union Plus Credit Card offers special safety net programs for cardholders experiencing financial hardship including:

- Lifeline Trust for members facing financial hardship due to a recent long-term illness or disability.
- Disaster relief fund for those impacted by a natural disaster.
- Layoff helpline for members laid off from their jobs.
- Strike skip payments for long-term union sanctioned strikes.

Even if you've applied for assistance, it's important that you continue to make payments.

For more information on these programs, go to www.UnionPlus.org or call 1-800-622-2580.

Q. Who can I call if I have more questions about the Change in Terms?

A. Call 1-800-622-2580 to speak to a U.S.-based Customer Care representative, available 24 hours a day, 7 days a week.