

MERCHANT ADVISORY
ON PROPOSED SETTLEMENT OF UNITED STATES' CLAIM
ON THE SETTLEMENT FUND

New York City, January 3, 2007

Dear Merchants,

Constantine Cannon, Lead Counsel for United States merchants in the *Visa Check/MasterMoney Antitrust Litigation*, CV 96-5238 (EDNY), today advised Class Members as follows:

A proposed settlement has been reached in a dispute among the Class, the United States and Visa and MasterCard (the "U.S. Dispute"). The U.S. Dispute arose in January 2006, when the United States, which is not a Class Member, made a monetary claim against the Settlement Fund on behalf of its agencies and instrumentalities that accepted Visa and MasterCard payment cards. In March 2006, the U.S. filed a brief in support of this application, asserting certain legal and equitable arguments. On behalf of the Class, Lead Counsel opposed the United States' claim, arguing that the U.S., while not a Class Member, had a right to sue Visa and MasterCard directly concerning the same practices at issue in the Visa Check/MasterMoney litigation, but could not claim against the Settlement Fund. Visa and MasterCard asserted that if the U.S. sued them directly, they would then assert a claim against the Settlement Fund for any recovery the United States achieved against Visa and MasterCard. This dispute was fully briefed and argued and any Class Member can review the briefs and transcript of the argument on the official case website, www.InReVisaCheckMasterMoneyAntitrustLitigation.com, by selecting the "Court and Settlement Documents" link on the sidebar.

Judge John Gleeson appointed a Special Master to mediate this dispute and this mediation resulted in the following proposed settlement. The United States'

claim against the Settlement Fund, which is approximately \$10.916 million, will be paid as follows. Visa and MasterCard will pay \$3.5 million of this amount. The Settlement Fund will pay approximately \$3.711 million, and the United States will forego approximately \$3.705 million of its claim. The amount being paid from the Settlement Fund includes 34% of approximately \$1.065 million that represents the estimated payment that a typical Class Member with a claim in the amount of the U.S. claim might expect to receive for damages based upon their acceptance of PIN debit. The U.S. will receive this portion of the \$3.711 million when the PIN debit distribution is made to the Class. Under the terms of the Court-Approved Plan of Allocation, when all Class Members have received payment for all their claims, any money remaining in the Settlement Fund will be distributed on a pro-rata basis to Class Members who have already made claims and received payments under the claims process. At such time, the U.S. will receive a pro-rata payment from the Settlement Fund which will be the full amount that an actual Class Member would receive with a claim in the amount of the U.S. claim. This means that the U.S. will receive a pro-rata residual payment based upon its initial unreduced claim of approximately \$10.916 million. The actual amount of any such payment is not known at this time, because it depends upon the existence and amount of any remaining funds after initial claims have been paid.

A copy of the agreement containing the full proposed settlement of the U.S. Dispute can be reviewed on the case website:
www.InReVisaCheckMasterMoneyAntitrustLitigation.com.

Any Class Member that objects to the terms of the proposed settlement of the U.S. Dispute may do so by writing to The Honorable John Gleeson, c/o The Clerk of the Court, United States District Court for the Eastern District of New York, Federal Courthouse, 225 Cadman Plaza East, Brooklyn, New York 11201,

postmarked no later than February 1, 2007, with a copy to be sent to Lead Counsel for Plaintiffs, Constantine Cannon, 450 Lexington Avenue, New York, New York 10017. Any written objection must state the basis of the objection and provide the name, address, telephone number and e-mail address of the Class Member filing the objection.

Sincerely,
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