



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

March 31, 2000

Conditional Approval #382
April 2000

Mr. Edward L. Larsen
The Talbots, Inc.
175 Beal Street
Hingham, Massachusetts 02043

Re: Application by The Talbots, Inc. to charter a national CEBA credit card bank with the title of Talbots Classics National Bank and located in Lincoln, Rhode Island
Application Control Number: 1999-NE-01-0032

Dear Mr. Larsen:

The Office of the Comptroller of the Currency (OCC) has reviewed your application to establish a new national CEBA credit card bank with the title of Talbots Classics National Bank. On March 31, 2000, after a thorough evaluation of all data available to the OCC, we found that your proposal met the requirements for preliminary conditional approval.

This approval is granted based on a thorough review of all information available, including representations and commitments made in the application and by the proposed bank's representatives. We also made our decision to grant preliminary conditional approval with the understanding that the proposed national bank will apply for membership in the Federal Reserve System and will be FDIC-insured.

This approval is subject to the condition that the bank shall provide the Assistant Deputy Comptroller for Credit Card Banks - East, located in the OCC's Midwestern District Office, at least thirty (30) days prior notice of any significant deviations or changes from the proposed operating plan during the first three years of operations. This condition is enforceable under 12 USC § 1818. The bank must also provide a copy of such notice to the FDIC's Boston Regional Office.

Please note that all relevant financial documents should reflect the bank as a stand-alone entity. Receivables, both donated and purchased, must be reflected on the bank's financial statements at fair value. Additionally, with respect to dual employee supervisory personnel, bank financials must reflect the personnel costs associated with time devoted by these employees to bank matters.

Please refer to the "Corporate Organization" booklet of the *Comptroller's Corporate Manual* (enclosed) for the instructions on organizing your bank. The booklet contains all of the steps you must take to receive your charter. As detailed in the booklet, you may establish the corporate existence of and begin organizing the bank as soon as you adopt and forward acceptable Articles of Association and the Organization Certificate to the OCC's Northeastern District Licensing unit. As a "body corporate" or legal entity, you may begin taking those steps necessary for obtaining final approval, but you may not begin the business of banking until you fulfill all requirements for a bank in organization and you are granted final approval by the OCC.

Enclosed are OCC's Standard Requirements, and our Minimum Policies and Procedures. The applicable standard requirements must be satisfied before the bank will be allowed to commence business. Also, management must ensure that the applicable policies and procedures are established and adopted by the board of directors before the bank begins operations.

The OCC poses no objection to the following persons serving as executive officers and directors of the bank:

Arnold B. Zetcher	President/CEO/Chairman
Edward L. Larsen	CFO/Treasurer/Cashier/Director
George J. Danis	Chief Lending Officer/Director
Carol Gordon Stone	Director
Charles C. Richardson	Director
Richard T. O'Connell, Jr.	Director
John L. Florio	Director

In not objecting to the above persons, we note that not all background checks requested by the OCC have been received yet. Although we have decided not to delay action pending receipt of those responses, the OCC may consider remedies available to us if adverse or previously withheld information is received.

You are reminded that additional executive officers and directors are subject to the OCC's *prior* review and clearance. Also, for a period of two years after the bank has opened for business, the OCC must review and have no objection to any new executive officer or director *prior* to that person assuming such position.

The OCC also granted your waiver request of the residency requirements of 12 U.S.C. § 72 for Messrs. Richard T. O'Connell, Jr. and John L. Florio. This waiver is granted based upon a review of all available information, including the filing and the bank's representation that this waiver will not affect the board's responsibility to direct the bank's operations in a safe, sound and legal manner. Please understand that the OCC reserves the right to withdraw or modify this waiver and, at its discretion, to request additional information at any time in the future.

Your request that the proposed bank be designated a limited purpose institution with regard to the Community Reinvestment Act also was approved on March 31, 2000. The limited purpose designation will be effective the date the bank opens for business. A separate letter approving your request is enclosed. Your CRA plan will be reviewed during the preopening examination.

Based on OCC No-Objection Letter 93-01, the OCC concludes that Talbots Classics National Bank is not a depository institution for the purpose of the Depository Institutions Management Interlocks Act (DIMIA), 12 U.S.C. §§ 3201 - 3208, as long as it does not accept deposits from the public. Should the operations of the bank change to include accepting deposits from the public, the bank would be subject to DIMIA prohibitions.

The OCC will send to you under separate cover an appropriate set of OCC handbooks, manuals, issuances, and selected other publications.

You should direct any questions concerning this preliminary conditional approval to Senior Corporate Analyst Sandya Reddy or Licensing Manager Mike Tiscia in the Northeast District Office at (212) 790-4055, or to me at (202) 874-5060.

Sincerely,

-signed-

Robert A. Sihler
Licensing Expert/National Bank Examiner
Bank Organization and Structure

Enclosures: Limited Purpose Designation Approval Letter
"Corporate Organization" Booklet
Standard Requirements
Minimum Policies and Procedures