

JCB / Discover Alliance

JCB and Discover Financial Services Announce Strategic Alliance: Reciprocal Card Acceptance in Japan and the US

Riverwoods, Illinois and Tokyo, Japan - 23 August 2006 - JCB, Japan's largest credit card company and international payment brand, its subsidiary JCB International Co., Ltd. Discover Financial Services, and its ATM/debit network business network, PULSE EFT Association, today announced the signing of a strategic alliance for reciprocal card acceptance in Japan and the United States.

In the United States, Discover Network merchants will begin accepting the JCB card in the fall of 2007. Acceptance at Discover merchants will be phased in over three years period and is scheduled to be complete in 2010.

In Japan, the agreement will lead to Discover brand card acceptance on the JCB merchant network, Japan's largest. Starting in the spring of 2008, acceptance will be phased in on a prioritized basis, and is scheduled to be complete for all JCB merchants equipped with online terminals in 2011. Also in the spring of 2008, JCB will provide access to cash advance service by Discover brand cards, and cash withdrawal service by cards bearing the PULSE network mark through the JCB ATM network in Japan.

An independent international brand and Japan's largest card company, JCB also has solid experience in foreign-brand acceptance, making it the perfect partner for the Discover brand in Japan. For JCB, Discover offers the opportunity to dramatically increase JCB card usability in the US, as well as to create new sales opportunities for JCB merchants in Japan.

The agreement with Discover will significantly increase the number of merchants in the US accepting the JCB card, and will also open new merchant markets to support business travelers and JCB cardmembers residing in the United States in addition to Japanese tourists, through acceptance at gas stations, supermarkets, fast food restaurants and other mainstays of daily life, and in secondary metropolitan and non-urban areas where many Japanese manufacturers have sited their USA operations.

As the US is a major destination for the growing JCB cardmember base throughout Asia, improved acceptance is also expected to contribute to JCB issuing programs in Asian countries outside of Japan as well. Other benefits for JCB include improved operational efficiency and new merchant acquiring through Discover's advantage of scale in the US. At the same time, JCB merchants in Japan will be able to expect increased sales opportunity without the burden of extra red tape usually involved in accepting a new brand.

Discover and PULSE will benefit by expanded international acceptance in Japan, a major destination for travelers from the US, and can also expect a positive contribution to Discover Network issued cards. Access to cash advance service for Discover brand cards

and to cash withdrawal service for PULSE network cards not only improves functionality for Discover cardmembers, but also serves as extra incentive for Discover Network cards issued by other financial institutions.

JCB card generated sales at Discover merchants in the US are an additional benefit, serving to differentiate the Discover network from the competition.

JCB, JCB International, Discover Financial Services, and PULSE EFT Association are looking forward to working together to implement this alliance for reciprocal card acceptance to provide additional value for JCB, Discover and PULSE cardmembers and improve service to their merchants in Japan and the US.

JCB Cardmembers

- Reciprocal acceptance at merchants
- Discover/PULSE Cardmembers

Japan:

- JCB cardmembers: 57.7 million (53.1 million in Japan, 4.6 million outside Japan)
- JCB merchants: 5.8 million in Japan
- JCB-owned and JCB-affiliated ATMs: 32,500
- All figures as of 31 March 2006
- Discover acceptance at JCB merchants in Japan starts in the spring of 2008
- Discover and PULSE access to JCB network ATMs starts in the spring of 2008

US:

- Discover cardmembers: over 50 million
- PULSE cardmembers: over 90 million
- Discover merchants: over 4 million
- All figures as of 2006
- JCB acceptance at Discover merchants in the US starts in the fall of 2007

About Discover Financial Services:

Discover Financial Services LLC, a business unit of Morgan Stanley (NYSE: MS), operates the Discover® Card, with more than 50 million loyal cardmembers who wield a combined \$300 billion in spending power, and the Discover® Network, with more than 4 million merchant and cash access locations. The Company also operates the PULSE ATM/debit network, which serves over 4,200 financial institutions and includes nearly 250,000 ATMs and approximately 3.4 million point-of-sale terminals, and offers a wide array of consumer financial products and services through Discover Bank. Established in 1986, Discover began expanding internationally in 2005 as an independent brand.

About PULSE EFT Association:

Established in 1980, PULSE EFT Association LP, a Discover Financial Services company, is a fast-growing ATM/debit network currently serving more than 4,200 financial institutions and connecting cardholders with nearly 250,000 branded ATMs and

approximately 3.4 million point-of-sale terminals in all 50 states. Discover Financial Services acquired PULSE EFT Association in January 2005.

About JCB and JCB International:

Established in 1961, JCB and its wholly-owned subsidiary JCB International have leveraged Japan's largest merchant network to create new business opportunities including existing merchant acquiring relationships with other international payment brands.