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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark one)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended February 3, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to .

Commission file number 1-6140

DILLARD'S, INC.

(Exact name of registrant as specified in its charter)

Delaware	**71-0388071**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)

1600 Cantrell Road, Little Rock, Arkansas 72201
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(501) 376-5200**
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock	DDS	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Smaller reporting company	☐
Non-accelerated filer	☐			Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of July 29, 2023 was $2,680,990,001.

Indicate the number of shares outstanding of each of the registrant's classes of common stock as of March 2, 2024:

CLASS A COMMON STOCK, $0.01 par value	12,243,845
CLASS B COMMON STOCK, $0.01 par value	3,986,233

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the Annual Meeting of Stockholders to be held May 18, 2024 (the "Proxy Statement") are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS.

Dillard's, Inc. ("Dillard's", the "Company", "we", "us", "our" or "Registrant") ranks among the nation's largest fashion apparel, cosmetics and home furnishing retailers. The Company, originally founded in 1938 by William T. Dillard, was incorporated in Delaware in 1964. As of February 3, 2024, we operated 273 Dillard's stores, including 28 clearance centers, and an Internet store at dillards.com offering a wide selection of merchandise including fashion apparel for women, men and children, accessories, cosmetics, home furnishings and other consumer goods. The Company also operates a general contracting construction company, CDI Contractors, LLC ("CDI"), a portion of whose business includes constructing and remodeling stores for the Company.

The following table summarizes the percentage of net sales by segment and major product line:

	Percentage of Net Sales		
	Fiscal 2023	Fiscal 2022	Fiscal 2021
Retail operations segment:			
Cosmetics	16 %	15 %	14 %
Ladies' apparel	20	21	21
Ladies' accessories and lingerie	14	14	15
Juniors' and children's apparel	9	9	10
Men's apparel and accessories	19	20	19
Shoes	14	15	15
Home and furniture	4	4	4
	96	98	98
Construction segment	4	2	2
Total	100 %	100 %	100 %

Additional information regarding our business, results of operations and financial condition, including information pertaining to our reporting segments, can be found in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 hereof and in Note 2 in the "Notes to Consolidated Financial Statements" in Item 8 hereof.

Customers may visit us in person at any of our retail stores located primarily in shopping malls and open-air centers throughout the southwest, southeast and midwest regions of the United States. Our customers may also visit us online at our e-Commerce site, dillards.com, gaining company-wide access to in-store merchandise selections across 30 states as well as in our fulfillment and distribution centers. Customers also have the option to buy online and pickup in store or have their orders shipped directly to their desired location. Dillards.com also serves as a key customer engagement tool with continually updated style and trend content to both educate and inspire our customers.

Our retail merchandise business is conducted under highly competitive conditions. Although we are a large regional department store, we have numerous competitors at the national and local level that compete with our individual stores, including specialty, off-price, discount and Internet retailers. Competition is characterized by many factors including location, reputation, merchandise assortment, advertising, price, quality, operating efficiency, service and credit availability. We believe that our stores are in a strong competitive position with regard to each of these factors. Other retailers may compete for customers on some or all of these factors, or on other factors, and may be perceived by some potential customers as being better aligned with their particular preferences.

Our merchandise selections include, but are not limited to, our lines of exclusive brand merchandise such as Antonio Melani, Gianni Bini, GB, Roundtree & Yorke and Daniel Cremieux. Our exclusive brands/private label merchandise program provides benefits for Dillard's and our customers. Our customers receive fashionable, higher quality product often at a savings compared to national brands. Our private label merchandise program allows us to ensure the Company's high standards are achieved, while minimizing costs and differentiating our merchandise offerings from other retailers.

We have made a significant investment in our trademark and license portfolio, in terms of design function, advertising, quality control and quick response to market trends in a quality manufacturing environment. Dillard's trademark registrations are maintained for as long as Dillard's holds the exclusive right to use the trademarks on the listed products.

Our merchandising, sales promotion and store operating support functions are conducted primarily at our corporate headquarters. Our back office sales support functions, such as accounting, product development, store planning and information technology, are also centralized.

We have developed a knowledge of each of our trade areas and customer bases for our stores. This knowledge is enhanced through regular store visits by senior management and merchandising personnel and through the use of online merchandise information and is supported by our regional merchandising offices. We will continue to use existing technology and research to edit merchandise assortments by store to meet the specific preference, taste and size requirements of each local operating area.

Wells Fargo Bank, N.A. ("Wells Fargo") owns and manages Dillard's private label credit cards, including credit cards co-branded with American Express (collectively "private label cards") under a long-term marketing and servicing alliance ("Wells Fargo Alliance"). Under the Wells Fargo Alliance, Wells Fargo establishes and owns private label card accounts for our customers, retains the benefits and risks associated with the ownership of the accounts, provides key customer service functions, including new account openings, transaction authorization, billing adjustments and customer inquiries, receives the finance charge income and incurs the bad debts associated with those accounts. Pursuant to the Wells Fargo Alliance, we receive on-going cash compensation from Wells Fargo based upon the portfolio's earnings. The compensation received from the portfolio is determined monthly and has no recourse provisions. We participate in the marketing of the private label cards, which includes the cost of customer reward programs.

We seek to expand the number and use of the private label cards by, among other things, providing incentives to sales associates to open new credit accounts, which generally can be opened while a customer is visiting one of our stores or online. Customers who open accounts are rewarded with discounts on future purchases. Private label card customers are sometimes offered advance notice of sale events. Wells Fargo administers the loyalty program that rewards customers for private label card usage.

In January 2024, the Company announced that it entered into a new agreement with Citibank, N.A. ("Citi") to provide a credit card program for Dillard's customers, replacing the existing Wells Fargo Alliance. The Dillard's credit card program offered by Citi will include a new co-branded Mastercard Incorporated card ("Mastercard") as well as a private label credit card. The new co-branded Mastercard will replace the existing co-branded card. Additionally, Citi will provide customer service functions and support certain Dillard's marketing and loyalty program activities related to the new program. The companies expect to launch the new program in late summer 2024 for new Dillard's credit applicants. The transfer of existing accounts to Citi is expected in the fall of 2024. The term of the agreement is 10 years with automatic extensions for successive two-year terms unless the agreement is terminated by a party in accordance with the terms and conditions of the agreement.

Our earnings depend to a significant extent on the results of operations for the last quarter of our fiscal year. Due to holiday buying patterns, sales for that period average approximately one-third of annual sales. Additionally, working capital requirements fluctuate during the year, increasing during the second half of the year in anticipation of the holiday season.

We purchase merchandise from many sources and do not believe that we are dependent on any one supplier. We have no long-term purchase commitments or arrangements with any of our suppliers, but we consider our relationships to be strong and mutually beneficial.

Our fiscal year ends on the Saturday nearest January 31 of each year. Fiscal year 2023 ended on February 3, 2024 and contained 53 weeks, and fiscal years 2022 and 2021 ended on January 28, 2023 and January 29, 2022, respectively, and each contained 52 weeks.

Human Capital

As of December 25, 2023, the Company employed approximately 29,600 associates. Approximately 20,200 were full-time associates (greater than 35 hours per week), 7,100 were part-time associates (20-35 hours per week) and 2,300 were limited status associates (less than 20 hours per week).[1] None of our associates are represented by a union.

As a department store chain, the Company employs a wide range of associates, including sales associates, management professionals, maintenance professionals, call center associates, distribution center associates, buyers, advertising and back office personnel. Given the breadth of our employee base, we tailor our human capital management efforts with a view to specific associate populations.

Of the Company's full-time associates, approximately 86% work in the retail stores. We focus on attracting and retaining excellent associates at the store level by providing compensation and benefits packages that are competitive within the applicable market.

Training and talent development. The Company develops talent by investing in both formalized classroom training, specialized training for our sales management team, ongoing mentorship programs and on-the-job experience. We seek to create an engaged workforce through open door policies and promotion opportunities. The Company's philosophy is to develop talent and promote from within our organization, thus providing a better customer service model due to a deeper understanding of the overall business and our customers' expectations. Career paths and opportunities for promotion are discussed with associates from the first day of training and on an ongoing basis. As of December 25, 2023, approximately 73% of the salaried managers at our stores were promoted from hourly store positions.

Diversity and inclusion. The Company has a diverse customer base and seeks to achieve that same diversity in its workforce. As of December 25, 2023, approximately 74% of our store associates were women, and approximately 55% of our store associates were non-white.

In its efforts to promote diversity within our store positions, the Company has developed and made available to store level hiring managers a Diversity and Inclusion training curriculum. In addition, in order to ensure that all qualified candidates are aware of store promotion opportunities, each store posts promotion opportunities for supervisory positions.

Available Information

The information contained on our website is not incorporated by reference into this Annual Report on Form 10-K (this "Annual Report") and should not be considered to be a part of this Annual Report. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, statements of changes in beneficial ownership of securities on Form 4 and Form 5 and amendments to those reports filed or furnished with the SEC pursuant to Sections 13(a), 15(d) or 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as applicable, are available free of charge (as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC) on the Dillard's, Inc. investor relations website: investor.dillards.com. Copies may also be obtained through the SEC's EDGAR website: sec.gov.

We have adopted a Code of Conduct and Corporate Governance Guidelines, as required by the listing standards of the New York Stock Exchange and the rules of the SEC. We have posted on our investor relations website our Code of Conduct, Corporate Governance Guidelines, Social Accountability Policy, our most recent Social Accountability Report, our most recent report on climate change mitigation efforts and committee charters for the Audit Committee of the Board of Directors and the Stock Option and Executive Compensation Committee of the Board of Directors.

Our corporate offices are located at 1600 Cantrell Road, Little Rock, Arkansas 72201, telephone: 501-376-5200.

[1] For purposes of this section, all figures are based on calendar year 2023.

ITEM 1A. RISK FACTORS.

The risks described in this Item 1A, Risk Factors, of this Annual Report could materially and adversely affect our business, financial condition and results of operations.

The Company cautions that forward-looking statements, as such term is defined in the Private Securities Litigation Reform Act of 1995, contained in this Annual Report are based on estimates, projections, beliefs and assumptions of management at the time of such statements and are not guarantees of future performance. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise. Forward-looking statements of the Company involve risks and uncertainties and are subject to change based on various important factors. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions.

Risks Related to Retail Operations

The retail merchandise business is highly competitive, and that competition could lower our revenues, margins and market share.

We conduct our retail merchandise business under highly competitive conditions. Competition is characterized by many factors including location, reputation, fashion, merchandise assortment, advertising, operating efficiency, price, quality, customer service and credit availability. We have numerous competitors nationally, locally and on the Internet, including conventional department stores, specialty retailers, off-price and discount stores, boutiques, mass merchants, and Internet and mail-order retailers. Although we are a large regional department store, some of our competitors are larger than us with greater financial resources and, as a result, may be able to devote greater resources to sourcing, promoting and selling their products. Additionally, we compete in certain markets with a substantial number of retailers that specialize in one or more types of merchandise that we sell. Also, online retail shopping continues to rapidly evolve, and we continue to expect competition in the e-commerce market to intensify in the future as the Internet facilitates competitive entry and comparison shopping. We anticipate that intense competition will continue from both existing competitors and new entrants. If we are unable to maintain our competitive position, we could experience downward pressure on prices, lower demand for products, reduced margins, the inability to take advantage of new business opportunities and the loss of market share.

Our business is seasonal, and fluctuations in our revenues during the last quarter of our fiscal year can have a disproportionate effect on our results of operations.

Our business, like many other retailers, is subject to seasonal influences, with a significant portion of sales and income typically realized during the last quarter of our fiscal year due to the holiday season. Our fiscal fourth-quarter results may fluctuate significantly, based on many factors, including holiday spending patterns and weather conditions, and any such fluctuation could have a disproportionate effect on our results of operations for the entire fiscal year. Because of the seasonality of our business, our operating results vary considerably from quarter to quarter, and results from any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

A shutdown of, or disruption in, any of the Company's distribution or fulfillment centers would have an adverse effect on the Company's business and operations.

Our business depends on the orderly operation of the process of receiving and distributing merchandise, which relies on adherence to shipping schedules and effective management of distribution or fulfillment centers. Although we believe that our receiving and distribution process is efficient and that we have appropriate contingency plans, unforeseen disruptions in operations due to fire, severe weather conditions, natural disasters or other catastrophic events, labor disagreements or other shipping problems may result in the loss of inventory and/or delays in the delivery of merchandise to our stores and customers.

Current store locations may become less desirable, and desirable new locations may not be available for a reasonable price, if at all, either of which could adversely affect our results of operations.

In order to generate customer traffic and for convenience of our customers, we attempt to locate our stores in desirable locations within shopping malls and open air centers. Our stores benefit from the abilities that our Company, other anchor tenants and other area attractions have to generate consumer traffic. Adverse changes in the development of new shopping malls in the United States, the availability or cost of appropriate locations within existing or new shopping malls, competition with other retailers for prominent locations, the success of individual shopping malls and the success or failure of other anchor tenants, the continued proper management and development of existing malls, or the continued popularity of shopping malls may continue to impact our ability to maintain or grow our sales in our existing stores, as well as our ability to open new stores, which could have an adverse effect on our financial condition or results of operations.

Ownership and leasing of significant amounts of real estate exposes us to possible liabilities and losses.

We own the land and building, or lease the land and/or the building, for all of our stores. Accordingly, we are subject to all of the risks associated with owning and leasing real estate. In particular, the value of our real estate assets could decrease, and their operating costs could increase, because of changes in the investment climate for real estate, demographic trends and supply or demand for the use of the store, which may result from competition from similar stores in the area. Additionally, we are subject to potential liability for environmental conditions on the property that we own or lease.

Furthermore, we are subject to risks related to poor management of shopping malls, including those malls that may be in financial distress or are currently under receivership. Some malls may be unable or unwilling to refinance debt maturities in the current credit market, leading to further risks related to temporary or new management by financial institutions or others. Such successors may be unable to effectively manage the shopping malls in which we operate.

If an existing owned store is not profitable, and we decide to close it, we may be required to record an impairment charge and/or exit costs associated with the disposal of the store. We generally cannot cancel our leases. If an existing or future store is not profitable, and we decide to close it, we may be committed to perform certain obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. In addition, as each of the leases expires, we may be unable to negotiate renewals, either on commercially acceptable terms or at all, which could cause us to close stores in desirable locations. We may not be able to close an unprofitable owned store due to an existing operating covenant which may cause us to operate the location at a loss and prevent us from finding a more desirable location. We have approximately 71 stores along the Gulf and Atlantic coasts that are covered by third-party insurance but are self-insured for property and merchandise losses related to “named storms.” As a result, the repair and replacement costs will be borne by us for damage to any of these stores from “named storms,” which could have an adverse effect on our financial condition or results of operations.

Variations in the amount of vendor allowances received could adversely impact our operating results.

We receive vendor allowances for advertising, payroll and margin maintenance that are a strategic part of our operations. A reduction in the amount of cooperative advertising allowances would likely cause us to consider other methods of advertising as well as the volume and frequency of our product advertising, which could increase/decrease our expenditures and/or revenue. Decreased payroll reimbursements would either cause payroll costs to rise, negatively impacting operating income, or cause us to reduce the number of employees, which may cause a decline in sales. A decline in the amount of margin maintenance allowances would either increase cost of sales, which would negatively impact gross margin and operating income, or cause us to reduce merchandise purchases, which may cause a decline in sales.

A decrease in cash flows from our operations and constraints to accessing other financing sources could limit our ability to fund our operations, capital projects, interest and debt repayments, stock repurchases and dividends.

Our business depends upon our operations to generate strong cash flow and to some extent upon the availability of financing sources to supply capital to fund our general operating activities, capital projects, interest and debt repayments, stock repurchases and dividends. Our inability to continue to generate sufficient cash flows to support these activities or the lack of available financing in adequate amounts and on appropriate terms when needed could adversely affect our financial performance including our earnings per share.

Our profitability may be adversely impacted by weather conditions.

Our merchandise assortments reflect assumptions regarding expected weather patterns and our profitability depends on our ability to timely deliver seasonally appropriate inventory. Unexpected or unseasonable weather conditions could render a portion of our inventory incompatible with consumer needs. For example, extended periods of unseasonably warm temperatures during the winter season or cool weather during the summer season could render a portion of the Company's inventory incompatible with those unseasonable conditions. Additionally, extreme weather or natural disasters, particularly in the areas in which our stores are located, could also severely hinder our ability to timely deliver seasonally appropriate merchandise. For example, frequent or unusually heavy snowfall, ice storms, rainstorms, hurricanes or other extreme weather conditions over a prolonged period could make it difficult for the Company's customers to travel to its stores and thereby reduce the Company's sales and profitability. A reduction in the demand for or supply of our seasonal merchandise or reduced sales due to reduced customer traffic in our stores could have an adverse effect on our inventory levels, gross margins and results of operations.

Natural disasters, climate change, war, acts of violence, acts of terrorism, other armed conflicts, and public health issues may adversely impact our business.

The occurrence of, or threat of, a natural disaster, climate change, war (including the ongoing conflict in Ukraine and the resulting sanctions imposed on Russia by the U.S. and other countries as well as other conflicts in the Middle East), acts of violence, acts of terrorism, other armed conflicts, and public health issues could disrupt our operations, disrupt international trade and supply chain efficiencies, suppliers or customers, or result in political or economic instability. If commercial transportation is curtailed or substantially delayed, our business may be adversely impacted, as we may have difficulty shipping merchandise to our distribution centers, fulfillment centers, stores or directly to customers. In addition, concern about climate change and greenhouse gases may result in new or additional legal, legislative and/or regulatory requirements to reduce or mitigate the effects of climate change on the environment. Any such new requirements could increase our operating costs for things like energy or packaging, as well as our product supply chain and distribution costs.

As a result of the occurrence of, or threat of, a natural disaster, climate change, war, acts of violence or acts of terrorism, other armed conflicts, and public health issues in the United States, we may be required to suspend operations in some or all of our stores, which could have a material adverse impact on our business, financial condition and results of operations.

Risks Related to Consumer Demand

Changes in economic, financial and political conditions, and the resulting impact on consumer confidence and consumer spending, could have an adverse effect on our business and results of operations.

The retail merchandise business is highly sensitive to changes in overall economic and political conditions that impact consumer confidence and spending. Various economic conditions affect the level of disposable income consumers have available to spend on the merchandise we offer, including unemployment rates, inflation, interest rates, taxation, energy costs, the availability of consumer credit, the price of gasoline, consumer confidence in future economic conditions and general business conditions. Due to the Company's concentration of stores in energy producing regions, volatile conditions in these regions could adversely affect the Company's sales. Consumer purchases of discretionary items and other retail products generally decline during recessionary periods, and also may decline at other times when

changes in consumer spending patterns affect us unfavorably. In addition, any significant decreases in shopping mall traffic could also have an adverse effect on our results of operations.

Our business is dependent upon our ability to accurately predict rapidly changing fashion trends, customer preferences and other fashion-related factors.

Our sales and operating results depend in part on our ability to effectively predict and quickly respond to changes in fashion trends and customer preferences. We continuously assess emerging styles and trends and focus on developing a merchandise assortment to meet customer preferences at competitive prices. Even with these efforts, we cannot be certain that we will be able to successfully meet constantly changing fashion trends and customer preferences. If we are unable to successfully predict or respond to changing styles or preferences, we may be faced with lower sales, increased inventories, additional markdowns or promotional sales to dispose of excess or slow-moving inventory and lower gross margins, all of which would have an adverse effect on our business, financial condition and results of operations.

Risks Related to our Brand and Product Offerings

Our failure to protect our reputation could have an adverse effect on our business.

We offer our customers quality products at competitive prices and a high level of customer service, resulting in a well-recognized brand and customer loyalty. As discussed in the immediately preceding risk factor, our brand and customer loyalty depend, in part, on our ability to predict or respond to changes in fashion trends and consumer preferences in a timely manner. Failure to respond rapidly to changing trends could diminish brand and customer loyalty and impact our reputation with customers.

Additionally, the value of our reputation is based, in part, on subjective perceptions of the quality of our merchandise selections. Isolated incidents involving us or persons currently or formerly associated with us (including employees, celebrities, social media influencers, brand affiliates and partners or others who speak publicly about our brand or our products, whether authorized or not) or our merchandise that erode trust or confidence could adversely affect our reputation and our business, particularly if the incidents result in significant adverse publicity or governmental investigation or inquiry. Similarly, information posted about us, including our lines of exclusive brand merchandise, on the Internet, including social media platforms that allow individuals access to a wide audience of consumers and other interested persons, may adversely affect our reputation, even if the information is inaccurate.

Any significant damage to our brand or reputation could negatively impact sales, diminish customer trust and generate negative sentiment, any of which would harm our business and results of operation.

Risks associated with our private label merchandise program could adversely affect our business.

Our merchandise selections include our lines of exclusive brand merchandise, such as Antonio Melani, Gianni Bini, GB, Roundtree & Yorke and Daniel Cremieux. We expect to grow our private label merchandise program and have invested in our development and procurement resources and marketing efforts related to these exclusive brand offerings. The expansion of our private label merchandise subjects us to certain additional risks. These include, among others, risks related to: our failure to comply with government and industry safety standards; our ability to successfully protect our trademark and license portfolio and our other proprietary rights in our exclusive brands/private label merchandise program; and risks associated with overseas sourcing and manufacturing. In addition, damage to the reputation of our private label trade names may generate negative customer sentiment. Our failure to adequately address some or all of these risks could have a material adverse effect on our business, results of operations and financial condition.

Risks Related to Material Sourcing and Supply

Fluctuations in the price of merchandise, raw materials, fuel and labor or their reduced availability could increase our cost of goods and negatively impact our financial results.

Fluctuations in the price and availability of fuel, labor and raw materials as a result of inflation and other factors, combined with the inability to mitigate or to pass cost increases on to our customers or to change our merchandise mix as a result of such cost increases, could have an adverse impact on our profitability. Vendors and other suppliers of the Company may experience similar fluctuations, which may subject us to the effects of their price increases. For example, we have experienced significant inflation causing increases in fuel, materials and shipping costs. We may or may not be able to pass such costs along to our customers. Even when successful, attempts to pass such costs along to our customers might cause a decline in our sales volume. Additionally, any decrease in the availability of raw materials could impair our ability and the ability of our branded vendors to meet purchasing requirements in a timely manner. A decrease in domestic transportation capacity could impair our ability and the ability of our branded vendors to timely deliver merchandise to our distribution centers and stores. Both the increased cost and lower availability of merchandise, raw materials, fuel and labor may also have an adverse impact on our cash and working capital needs.

Third party suppliers on whom we rely to obtain materials and provide production facilities and other third parties with whom we do business may experience financial difficulties due to current and future economic conditions, which may subject them to insolvency risk or may result in their inability or unwillingness to perform the obligations they owe us.

Our suppliers may experience financial difficulties due to a downturn in the industry or in other macroeconomic environments. Our suppliers' cash and working capital needs can be adversely impacted by the increased cost and lower availability of merchandise, raw materials, fuel and labor as a result of inflation and other factors. Current and future economic conditions may prevent our suppliers from obtaining financing on favorable terms, which could impact their ability to supply us with merchandise on a timely basis.

We are also party to contractual and business relationships with various other parties, including vendors and service providers, pursuant to which such parties owe performance, payment and other obligations to us. In some cases, we depend upon such third parties to provide essential products, services or other benefits, such as advertising, software development and support, logistics and other goods and services necessary to operate our business. Economic, industry and market conditions could result in increased risks to us associated with the potential financial distress of such third parties.

If any of the third parties with which we do business become subject to insolvency, bankruptcy, receivership or similar proceedings, our rights and benefits in relation to, contractual and business relationships with such third parties could be terminated, modified in a manner adverse to us or otherwise materially impaired. There can be no assurances that we would be able to arrange for alternate or replacement contractual or business relationships on terms as favorable as our existing ones, if at all. Any inability on our part to do so could negatively affect our cash flows, financial condition and results of operations.

The Company and third-party suppliers on whom we rely source a significant portion of the merchandise we sell from foreign countries, which exposes us to certain risks that include political and economic conditions and supply chain disruptions.

Political discourse in the United States continues to focus on ways to discourage corporations in the United States from outsourcing manufacturing and production activities to foreign jurisdictions. Since 2018, the United States has imposed additional tariffs on certain items sourced from foreign countries, including China, and has modified, withdrawn from and renegotiated some of its trade agreements with foreign countries. While recent tariffs and modifications to trade agreements have not resulted in a material impact on our cash flows, financial condition and results of operations, any additional actions, if ultimately enacted, could negatively impact our ability and the ability of our third-party vendors and suppliers to source products from foreign jurisdictions and could lead to an increase in the cost of goods and adversely affect our profitability.

Other trade restrictions imposed by the United States Government, including increased tariffs or quotas, embargoes, safeguards, and customs restrictions against apparel items, as well as United States or foreign labor strikes, work stoppages, or boycotts, could increase the cost or reduce the supply of merchandise available to us or may require us to modify our current business practices, any of which could adversely affect our profitability. For example, beginning in fiscal 2020, the United States Government took significant steps to address the forced labor concerns in the Xinjiang Uyghur Autonomous Region of China ("Xinjiang Region"), including withhold release orders ("WROs") issued by United States Customs and Border Protection ("CBP"). The WROs allow CBP to detain and deny entry of imports suspected of containing cotton from Xinjiang, regardless of the origin of the finished products. This affected global supply chains, including our own supply chains for cotton-containing products. In late fiscal 2021, the United States Government enacted the Uyghur Forced Labor Prevention Act ("UFLPA"), which presumes goods produced in the Xinjiang Region, or with labor linked to specified Chinese government-sponsored labor programs, were produced using forced labor and prohibits importation of such goods into the United States absent clear and convincing evidence proving otherwise. Compliance with UFLPA could lead to an increase in the cost of goods and adversely affect our profitability.

Our timely receipt of merchandise in the United States is dependent on an efficient global supply chain. Disruptions in the supply chain could adversely impact our ability to obtain adequate inventory on a timely basis and result in lost sales, increased costs and an overall decrease in our profits. For example, many disruptions in the global transportation network have occurred recently, including attacks on shipping vessels in the Red Sea and Suez Canal, drought conditions which have lowered the water levels of the Panama Canal, increased shipping costs resulting from increased demand for shipping capacity and the increased cost of fuel. In addition, the potential for strikes related to labor negotiations at the East Coast and Gulf Coast ports may cause additional supply chain disruptions in 2024. The California ports of Los Angeles and Long Beach, which together have handled a significant portion of United States merchandise imports, have experienced delays in processing imported merchandise, thereby resulting in untimely deliveries of merchandise and additional freight costs.

Moreover, our third-party suppliers in foreign jurisdictions are subject to political and economic uncertainty. As a result, we are subject to risks and uncertainties associated with changing economic and political conditions in foreign countries where our suppliers are located, including increased import duties, tariffs, trade restrictions and quotas; human rights concerns; working conditions and other labor rights and conditions; the environmental impact in foreign countries where merchandise is produced and raw materials or products are sourced; adverse foreign government regulations; wars, fears of war, terrorist attacks and organizing activities; inflation and adverse fluctuations of foreign currencies; and political unrest. We cannot predict when, or the extent to which, the countries in which our products are manufactured will experience any of the foregoing events. Any event causing a disruption or delay of imports from foreign locations would likely increase the cost or reduce the supply of merchandise available to us and would adversely affect our operating results.

Failure by third party suppliers to comply with our supplier compliance programs or applicable laws could have a material adverse effect on our business.

All of our suppliers must comply with our supplier compliance programs and applicable laws, including consumer and product safety laws, but we do not control our vendors or their labor and business practices. The violation of labor or other laws by one or more of our vendors could have an adverse effect on our business. Additionally, although we diversify our sourcing and production, the failure of any supplier to produce and deliver our goods on time, to meet our quality standards and adhere to our product safety requirements or to meet the requirements of our supplier compliance program or applicable laws, could impact our ability to flow merchandise to our stores or directly to consumers in the right quantities at the right time, which could adversely affect our profitability and could result in damage to our reputation and translate into sales losses.

Risks Related to our Long-Term Marketing and Servicing Alliance

Reductions in the income and cash flow from our long-term marketing and servicing alliance related to the private label credit cards could impact operating results and cash flows.

Wells Fargo currently owns and manages the private label credit cards under the Wells Fargo Alliance. The Wells Fargo Alliance provides for certain payments to be made by Wells Fargo to the Company, including the Company's share of earnings under this alliance. The income and cash flow that the Company receives from the Wells Fargo Alliance is dependent upon a number of factors including the level of sales on Wells Fargo accounts, the level of balances carried on the Wells Fargo accounts by Wells Fargo customers, payment rates on Wells Fargo accounts, finance charge rates and other fees on Wells Fargo accounts, the level of credit losses for the Wells Fargo accounts, Wells Fargo's ability to extend credit to our customers as well as the cost of customer rewards programs, all of which can vary based on changes in federal and state banking and consumer protection laws and from a variety of economic, legal, social and other factors that we cannot control. If the income or cash flow that the Company receives from the Wells Fargo Alliance or from the new agreement with Citi (discussed below) decreases, our operating results and cash flows could be adversely affected.

Credit card operations are subject to numerous federal and state laws that impose disclosure and other requirements upon the origination, servicing, and enforcement of credit accounts, and limitations on the amount of finance charges and fees that may be charged by a credit card provider, such as the Consumer Financial Protection Bureau's recent amendment to Regulation Z to limit the dollar amounts credit card companies can charge for late fees, which we expect could have a material adverse effect on the income and cash flows from our private label credit card program. Wells Fargo and Citi may be subject to regulations that may adversely impact its operation of the private label credit card. To the extent that such limitations or regulations materially limit the availability of credit or increase the cost of credit to the cardholders or negatively impact provisions which affect our earnings associated with the private label credit card, our results of operations could be adversely affected. In addition, changes in credit card use, payment patterns, or default rates could be affected by a variety of economic, legal, social, or other factors over which we have no control and cannot predict with certainty. Such changes could also negatively impact Wells Fargo's ability to facilitate consumer credit or increase the cost of credit to the cardholders.

In January 2024, the Company announced that it entered into a new agreement with Citi to provide a credit card program for Dillard's customers, replacing the existing Wells Fargo Alliance. The Dillard's credit card program offered by Citi will include a new co-branded Mastercard as well as a private label credit card. The new co-branded Mastercard will replace the existing co-branded card. Additionally, Citi will provide customer service functions and support certain Dillard's marketing and loyalty program activities related to the new program. The companies expect to launch the new program in late summer 2024 for new Dillard's credit applicants. The transfer of existing accounts to Citi is expected in the fall of 2024. The term of the agreement is 10 years with automatic extensions for successive two-year terms unless the agreement is terminated by a party in accordance with the terms and conditions of the agreement.

While future cash flows under the new program are difficult to predict, the Company expects income from the new program to initially be less than historical earnings from the Wells Fargo Alliance. The extent to which future cash flows will vary over the term of the new program from historical cash flows cannot be reasonably estimated at this time. The income and cash flow that the Company will receive from the new program with Citi will depend on the same factors that impact the Wells Fargo Alliance as discussed above. Any material decrease could adversely affect our operating results and cash flows.

We are subject to customer payment-related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and potentially disrupt our business operations.

We accept payments using a variety of methods, including cash, checks, debit cards, credit cards (including the private label credit cards), gift cards and other alternative payment channels. As a result, we are subject to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. The

payment methods that we offer also subject us to potential fraud and theft by persons who seek to obtain unauthorized access to or exploit any weaknesses that may exist in the payment systems.

The regulatory environment related to information security and privacy is increasingly rigorous, with new and constantly changing requirements applicable to our business, and compliance with those requirements could result in additional costs or accelerate these costs. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which could increase over time and raise our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and other forms of electronic payment. If these companies become unable to provide these services to us, or if their systems are compromised, it could disrupt our business.

Risks Related to Information Technology and Information Security Risks

A significant disruption in our information technology systems and network and our inability to adequately maintain and update those systems could materially adversely affect our operations and financial condition.

Our operations are largely dependent upon the integrity, security and consistent operation of various systems and data centers, including the point-of-sale systems in the stores, our Internet website, data centers that process transactions, communication systems and various software applications used throughout our Company to order merchandise, track inventory flow, process transactions and generate performance and financial reports.

Our information technology systems are also subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, cyberattacks and ransomware attacks, usage errors by our employees and other items discussed previously in Item 1A, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes and acts of war or terrorism. We rely on third-party service providers to provide hardware, software and services necessary to operate our information technology systems. Outages, failures, viruses, attacks, catastrophic events, acts of war or terrorism, and usage errors by third-party service providers (or their vendors) could also affect our information technology systems. If our information technology systems are damaged or cease to function properly, we may have to make a significant investment to repair or replace them, and we may suffer loss of critical data and interruptions or delays in our operations in the interim, which could adversely affect our business and operating results.

Additionally, to keep pace with changing technology, we must continuously provide for the design and implementation of new information technology systems and enhancements of our existing systems. We could encounter difficulties in developing new systems or maintaining and upgrading existing systems. Such difficulties could lead to significant expenses or to losses due to disruption in our business.

Any failure to maintain the security of the information related to our Company, customers, employees and vendors or the information technology systems on which we rely for our operations could adversely affect our operations, damage our reputation, result in litigation or other legal actions against us, increase our operating costs and materially adversely affect our business and operating results.

We receive and store certain personal information about our employees and our customers, including information permitting cashless payments, both in our stores and through our online operations at dillards.com. In addition, our operations depend upon the secure transmission of confidential information over public networks. Further, our ability to supply merchandise to and operate our stores, process transactions and generate performance and financial reports are largely dependent on the security and integrity of our information technology network.

We, like other companies, face a risk of unauthorized access to devices and technology assets, as well as computer viruses, worms, bot attacks, ransomware and other destructive or disruptive software and attempts to misappropriate customer or employee information and cause system failures and disruptions. Such events can result in theft, alteration, deletion or encryption of data, or disruption of services provided by the devices and assets, as well as demands to pay a third party to regain access to encrypted files and prevent publication of stolen data. In addition, employee error, malfeasance or security lapses could result in exposure of confidential information or otherwise adversely disrupt or affect our operations. We rely on third-party service providers to provide hardware, software and services necessary to

operate our information technology systems, and the same issues could occur at those third parties and have an effect on our operational technology or data. Such attacks, if successful, have the potential for creating a loss of sales, business disruption, reputational impact, litigation, liability to consumers, regulatory investigations, or otherwise adversely affect our ability to operate our business.

We have a longstanding Information Security program committed to regular risk assessment and risk mitigation practices surrounding the protection of confidential data and our information technology systems and network. Our security controls include network segmentation, firewalls, identity and access controls, endpoint protection solutions, as well as specific measures like point-to-point encryption and tokenization solutions for payment card data. We also maintain data breach preparedness plans, conduct exercises to test response plans, and employ other methods to protect our data and networks, and promote security awareness. Our Senior Management and Board of Directors exercise oversight of our security measures through various methods, including participation in response preparedness discussions and discussions regarding assessments, expenditures related to security and security controls.

It is possible that unauthorized persons might defeat our security measures, those of third-party service providers or vendors, and obtain personal information of customers, employees or others, or compromise our information technology systems. A breach, whether in our information technology systems or those of our third-party service providers or vendors, resulting in personal information being obtained by or exposed to unauthorized persons, could adversely affect our operations, results of operations, financial condition and liquidity, and could result in litigation against us or the imposition of penalties. Our reputation and our ability to attract new customers could be adversely impacted if we fail, or are perceived to have failed, to properly prevent and respond to these incidents. In addition, a security breach could require that we expend significant additional resources related to our information security systems and could result in a disruption of our operations, particularly our online sales operations. A ransomware attack may also result in exposure to business interruption and lost sales, ransom payments, costs associated with recovery of data and replacement of systems, exposure to customer and employee litigation from disclosure of confidential information, fines and penalties.

A security breach also could result in a violation attributable to the Company of applicable privacy and other laws, and subject us to litigation by private customers, business partners, or securities litigation and regulatory investigations and proceedings, any of which could result in our exposure to civil or criminal liability. The regulatory environment surrounding information security, cybersecurity, and privacy is increasingly demanding, with new and changing requirements, such as the California Consumer Privacy Act. Security breaches, cyber incidents or allegations that we used personal information in violation of applicable privacy and other laws could result in significant legal and financial exposure.

Legal and Compliance Risks

Litigation with customers, employees and others could harm our reputation and impact operating results.

In the ordinary course of business, we may be involved in lawsuits and regulatory actions. We are impacted by trends in litigation, including, but not limited to, class-action allegations brought under various consumer protection, employment and privacy and information security laws. Additionally, we may be subject to employment-related claims alleging discrimination, harassment, wrongful termination and wage issues, including those relating to overtime compensation. We are susceptible to claims filed by customers alleging responsibility for injury suffered during a visit to a store or from product defects and to lawsuits filed by patent holders alleging patent infringement. We are also subject to claims filed under our employee stock ownership plan alleging failure to properly manage the plan. These types of claims, as well as other types of lawsuits to which we are subject from time to time, can distract management’s attention from core business operations and impact operating results, particularly if a lawsuit results in an unfavorable outcome.

Risks Related to Construction Operations

The cost-to-cost method of accounting that we use to recognize contract revenues for our construction segment may result in material adjustments, which could result in a credit or a charge against our earnings.

Our construction segment recognizes contract revenues based on the cost-to-cost method. Under this method, estimated contract revenues are measured based on the ratio of costs incurred to total estimated contract costs. Estimated contract losses are recognized in full when determined. Total contract revenues and cost estimates are reviewed and revised at a minimum on a quarterly basis as the work progresses and as change orders are approved. Adjustments are reflected in contract revenues in the period when these estimates are revised. To the extent that these adjustments result in an increase, a reduction or an elimination of previously reported contract profit, we are required to recognize a credit or a charge against current earnings, which could be material.

Risks Related to Employees

The Company depends on its ability to attract and retain quality employees, and failure to do so could adversely affect our ability to execute our business strategy and our operating results.

The Company's business is dependent upon attracting and retaining quality employees. The Company has a large number of employees, many of whom are in positions with historically high rates of turnover. The Company's ability to meet its labor needs while controlling the costs associated with hiring and training new employees is subject to external factors such as unemployment levels, changing demographics, prevailing wage rates and current or future minimum wage and healthcare reform legislation. In addition, as a complex enterprise operating in a highly competitive and challenging business environment, the Company is highly dependent upon management personnel to develop and effectively execute successful business strategies and tactics. Any circumstances that adversely impact the Company's ability to attract, train, develop and retain quality employees throughout the organization could adversely affect the Company's business and results of operations.

Increases in employee wages and the cost of employee benefits could impact the Company's financial results and cash flows.

The Company's expenses relating to employee wages and health benefits are significant. Increases in employee wages, including the minimum wage, or unfavorable changes in the cost of healthcare benefits could impact the Company's financial results and cash flows. Healthcare costs have risen significantly in recent years, and recent legislative and private sector initiatives regarding healthcare reform have resulted and could continue to result in significant changes to the U.S. healthcare system. Due to the breadth and complexity of the U.S. healthcare system, and uncertainty regarding legislative or regulatory changes, the Company is not able to fully determine the impact that future healthcare reform will have on our company sponsored medical plans.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 1C. CYBERSECURITY.

Risk Management and Strategy. The Company has developed an information security program to assess, identify, and manage material risks from cybersecurity threats. The program includes policies and procedures that identify how security measures and controls are developed, implemented, and maintained. An internal cyber risk assessment is conducted annually. The risk assessment is used by management to consider implementing and augmenting cybersecurity controls where feasible and appropriate with the intent of mitigating cybersecurity risk exposure. The Company employs a broad array of cybersecurity tools and controls to manage exposure to cybersecurity risks.

In addition, the Company retains third-party security firms in different capacities to provide some of these controls or monitor cybersecurity threats to our technology systems. For example, third parties are used to conduct independent

assessments, such as vulnerability scans and penetration testing, and to confirm PCI DSS compliance. Additionally, third parties are also used to monitor security alert systems.

The Company engages with a number of service providers in connection with normal business operations. The Company uses a variety of processes to address cybersecurity threats related to third-party service providers, including, where appropriate, pre-acquisition diligence, and imposition of contractual data security and privacy obligations. In addition, the Company is a member of an industry cybersecurity intelligence and risk sharing organization and participates in other information sharing groups and trade organizations to stay abreast of ongoing cyber risks, cyber incidents, and newly disclosed vulnerabilities and attack vectors.

The Company utilizes multiple training methodologies to ensure associate awareness of cybersecurity risks and practices. Associates are required to undergo security awareness training when hired and annually thereafter. In addition, the Company conducts tabletop exercises and other readiness exercises to enhance incident response preparedness. Disaster recovery plans have been put in place, and are tested, to prepare for potential disruptions in technology on which we rely.

The Company has an Information Technology Governance, Risk, and Compliance function to address information technology risks, including cybersecurity risks. Additionally, a working committee of management meets periodically to review, assess, and manage material risks from cybersecurity threats.

The Company has written cybersecurity incident response plans that are reviewed, and updated if necessary, at least annually. The plans identify cross-functional incident response teams which are comprised of representatives from management, including the Chief Information Security Officer (CISO) and General Counsel. The plans provide for notification to the Executive Committee of the Board of Directors and the full Board of Directors, as appropriate, of any actual or suspected significant cybersecurity incidents and require regular updates to these parties during the investigation of such incidents.

The Company is unaware of any risks from cybersecurity threats, including those from publicly disclosed incidents with respect to other companies, that have materially affected, or are reasonably likely to materially affect the Company, including strategies, results of operations, or financial condition.

Governance. The CISO, who reports to the Chief Information Officer (CIO), is the management position with primary responsibility for the development, operation, and maintenance of our information security program. The CISO has been with the Company for 40 years, is a certified CISSP, CRISC, and CIPM and oversees a team of experienced individuals.

In addition to the working committee meetings described above, the CISO and CIO meet regularly with the Company's President and with other members of senior management to review the current state of the cybersecurity program and emerging threats to the Company.

Oversight of the information security program sits with the Company's President and ultimately with the full Board of Directors. The full Board of Directors is briefed as appropriate but not less than annually on cybersecurity risks and the Company's efforts to mitigate exposure from those risks.

Cyber threats are constantly evolving, and those threats and the means for obtaining access to information systems are becoming increasingly sophisticated. Cyber threats can come from unauthorized access, computer hackers, computer viruses, malicious code, ransomware, phishing, organized cyber-attacks and other security problems and system disruptions. The Company faces numerous attempts to access the information stored in its information systems. If successful, cyber incidents could expose the Company to loss or misuse of confidential information, including customer information, or disruptions of business operations. In addition, third-party service providers can experience breaches of their systems and products that impact the security of the Company's information technology systems and proprietary or confidential information. The Company (or third parties it relies on) may not be able to fully, continuously, and effectively implement security controls as intended. We utilize a risk-based approach and judgment to determine the security controls to implement and it is possible we may not implement appropriate controls if we do not recognize or

underestimate exposure to a particular cybersecurity risk, or if the control is not feasible or may have an adverse impact on operations. In addition, cybersecurity controls, no matter how well designed or implemented, may only mitigate and not fully eliminate risks. Events, when detected by security tools or third parties, may not always be immediately understood or acted upon.

ITEM 2. PROPERTIES.

All of our stores are owned by us or leased from third parties. At February 3, 2024, we operated 273 stores in 29 states totaling approximately 46.7 million square feet of which we owned approximately 43.0 million square feet. Our third-party store leases typically provide for rental payments based on a percentage of net sales with a guaranteed minimum annual rent. In general, the Company pays the cost of insurance, maintenance and real estate taxes related to the leases.

The following table summarizes by state of operation the number of retail stores we operate and the corresponding owned and leased footprint at February 3, 2024:

Location	Number of Stores	Owned Stores	Leased Stores	Owned Building on Leased Land	Partially Owned and Partially Leased
Alabama	9	9	—	—	—
Arkansas	8	8	—	—	—
Arizona	14	13	—	1	—
California	3	3	—	—	—
Colorado	8	8	—	—	—
Florida	40	37	1	2	—
Georgia	12	9	3	—	—
Iowa	3	3	—	—	—
Idaho	2	2	—	—	—
Illinois	3	3	—	—	—
Indiana	3	3	—	—	—
Kansas	5	3	—	2	—
Kentucky	6	5	1	—	—
Louisiana	14	13	1	—	—
Missouri	8	6	1	1	—
Mississippi	6	4	1	1	—
Montana	2	2	—	—	—
North Carolina	13	13	—	—	—
Nebraska	2	2	—	—	—
New Mexico	5	3	2	—	—
Nevada	5	5	—	—	—
Ohio	12	10	2	—	—
Oklahoma	7	6	1	—	—
South Carolina	7	7	—	—	—
Tennessee	10	9	1	—	—
Texas	55	49	5	—	1
Utah	5	5	—	—	—
Virginia	5	5	—	—	—
Wyoming	1	1	—	—	—
Total	273	246	19	7	1

At February 3, 2024, we operated the following additional facilities:

Facility	Location	Square Feet	Owned / Leased
Distribution Centers:	Mabelvale, Arkansas	400,000	Owned
	Gilbert, Arizona	295,000	Owned
	Valdosta, Georgia	370,000	Owned
	Olathe, Kansas	500,000	Owned
	Salisbury, North Carolina	355,000	Owned
	Ft. Worth, Texas	700,000	Owned
Internet Fulfillment Center	Maumelle, Arkansas	850,000	Owned
Dillard's Executive Offices	Little Rock, Arkansas	333,000	Owned
CDI Contractors, LLC Executive Office	Little Rock, Arkansas	25,000	Owned
CDI Storage Facilities	Maumelle, Arkansas	66,000	Owned
Total		3,894,000	

Additional property information is contained in Notes 1, 12, 13 and 14 in the “Notes to Consolidated Financial Statements,” in Item 8 hereof.

ITEM 3. LEGAL PROCEEDINGS.

From time to time, the Company is involved in litigation relating to claims arising out of the Company’s operations in the normal course of business. This may include litigation with customers, employment related lawsuits, class action lawsuits, purported class action lawsuits and actions brought by governmental authorities. As of March 29, 2024, neither the Company nor any of its subsidiaries is a party to, nor is any of their property the subject of, any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table lists the names and ages of all executive officers of the Company, the nature of any family relationship between them and the Company's CEO and all positions and offices with the Company presently held by each person named. Each is elected to serve a one-year term. There are no other persons chosen to become executive officers.

Name	Age	Position & Office	Held Present Office Since	Family Relationship to CEO
William Dillard, II	79	Director; Chief Executive Officer	1998	Not applicable
Alex Dillard	74	Director; President	1998	Brother of William Dillard, II
Mike Dillard	72	Director; Executive Vice President	1984	Brother of William Dillard, II
Drue Matheny	77	Director; Executive Vice President	1998	Sister of William Dillard, II
William Dillard, III	53	Director; Senior Vice President	2015	Son of William Dillard, II
Denise Mahaffy	66	Director; Senior Vice President	2015	Sister of William Dillard, II
Chris B. Johnson	52	Senior Vice President; Co-Principal Financial Officer	2015	None
Phillip R. Watts	61	Senior Vice President; Co-Principal Financial Officer and Principal Accounting Officer	2015	None
Tony Bolte [(1)]	65	Senior Vice President	2021	None
Dean L. Worley	58	Vice President; General Counsel	2012	None
Brant Musgrave	51	Vice President	2014	None
Mike Litchford	58	Vice President	2016	None
Tom Bolin	61	Vice President	2016	None
Annemarie Jazic	40	Vice President	2017	Niece of William Dillard, II
Alexandra Lucie	40	Vice President	2017	Niece of William Dillard, II
James D. Stockman	67	Vice President	2017	None

(1) Mr. Bolte served as Vice President of Logistics from 2007 to 2017. In 2017, he was promoted to Vice President of Information Technology and Logistics. In 2021, he was promoted to Senior Vice President of Information Technology and Logistics.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Market and Dividend Information for Common Stock

The Company's Class A Common Stock trades on the New York Stock Exchange under the Ticker Symbol "DDS". No public market currently exists for the Company's Class B Common Stock.

While the Company currently expects to continue paying quarterly cash dividends during fiscal 2024, all prospective dividends are subject to and conditional upon the review and approval of and declaration by the Board of Directors.

Stockholders

As of March 2, 2024, there were 2,157 holders of record of the Company's Class A Common Stock and 4 holders of record of the Company's Class B Common Stock.

Repurchase of Common Stock

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
October 29, 2023 through November 25, 2023	52,042	$ 310.55	52,042	$ 393,996,507
November 26, 2023 through December 30, 2023	—	—	—	393,996,507
December 31, 2023 through February 3, 2024	—	—	—	393,996,507
Total	52,042	$ 310.55	52,042	$ 393,996,507

In May 2023, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock under an open-ended plan ("May 2023 Stock Plan").

The May 2023 Stock Plan permits the Company to repurchase its Class A Common Stock in the open market, pursuant to preset trading plans meeting the requirements of Rule 10b5-1 under the Exchange Act or through privately negotiated transactions. The May 2023 Stock Plan has no expiration date.

All repurchases of the Company's Class A Common Stock in fiscal 2023 were made at the market price at the trade date, and all amounts paid to reacquire these shares were allocated to treasury stock. As of February 3, 2024, $394.0 million of authorization remained under the May 2023 Stock Plan.

Reference is made to the discussion in Note 9 in the "Notes to Consolidated Financial Statements" in Item 8 of this Annual Report, which information is incorporated by reference herein.

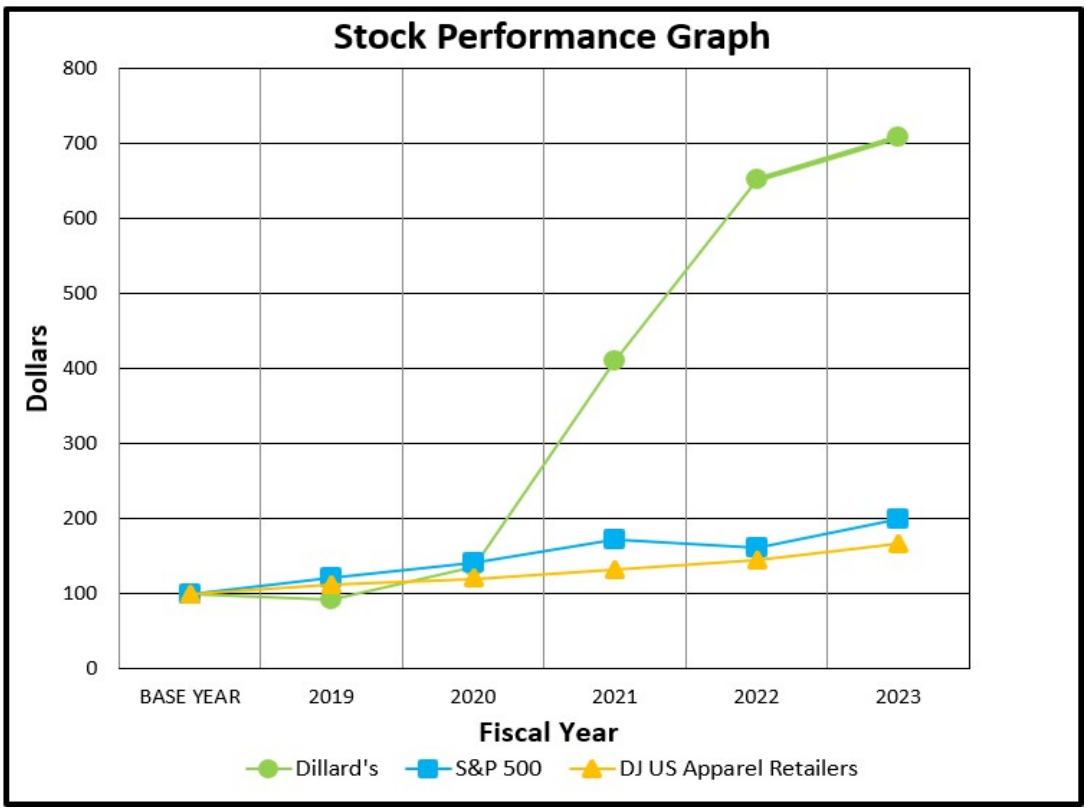
Securities Authorized for Issuance under Equity Compensation Plans

The information concerning the Company's equity compensation plans is incorporated herein by reference from Item 12 of this Annual Report under the heading "Equity Compensation Plan Information".

Company Performance

The graph below compares the cumulative total returns on the Company's Class A Common Stock, the Standard & Poor's 500 Index and the Dow Jones U.S. Apparel Retailers Index for each of the last five fiscal years. The cumulative total return assumes $100 invested in the Company's Class A Common Stock and each of the indices at market close on February 1, 2019 (the last trading day prior to the start of fiscal 2019) and assumes reinvestment of dividends.

The table below the graph shows the dollar value of the respective $100 investments, with the assumptions noted above, in each of the Company's Class A Common Stock, the Standard & Poor's 500 Index and the Dow Jones U.S. Apparel Retailers Index as of the last day of each of the Company's last five fiscal years.



	2019	2020	2021	2022	2023
Dillard's, Inc.	$ 93.24	$ 137.03	$ 410.71	$ 652.70	$ 709.75
S&P 500	121.56	142.53	172.46	161.03	199.42
DJ US Apparel Retailers	112.99	120.80	132.11	145.96	167.94

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

At February 3, 2024, Dillard's, Inc. operates 273 retail department stores spanning 29 states and an Internet store at dillards.com. The Company also operates a general contracting construction company, CDI, a portion of whose business includes constructing and remodeling stores for the Company, which is a reportable segment separate from our retail operations.

In accordance with the National Retail Federation fiscal reporting calendar and our bylaws, the fiscal 2023 reporting period presented and discussed below ended February 3, 2024 and contained 53 weeks. The fiscal 2022 and 2021 reporting periods presented and discussed below ended January 28, 2023 and January 29, 2022, respectively, and each contained 52 weeks. For comparability purposes, where noted, some of the information discussed below is based upon comparison of the 52 weeks ended January 27, 2024 to the 52 weeks ended January 28, 2023.

A discussion regarding results of operations and analysis of financial condition for the year ended January 28, 2023 as compared to the year ended January 29, 2022 is included in Item 7 of Part II, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for the year ended January 28, 2023.

EXECUTIVE OVERVIEW

Fiscal 2023

We achieved respectable results in fiscal 2023 considering the weak consumer environment. We ended the year in a strong financial position with $956.3 million of cash and cash equivalents and short-term investments after returning $620.0 million to stockholders through dividends and share repurchases. We continued to focus on inventory control during fiscal 2023, and we ended the year with an inventory decrease of 2% compared to fiscal 2022.

Total retail sales for the 53 weeks ended February 3, 2024 and 52 weeks ended January 28, 2023 were $6.480 billion and $6.702 billion, respectively. Total retail sales decreased 5% for the 52-week period ended January 27, 2024 compared to the 52-week period ended January 28, 2023. Sales in comparable stores for the same period decreased 4%.

Consolidated gross margin for fiscal 2023 was 40.3% of sales compared to 42.0% of sales for fiscal 2022. Retail gross margin for fiscal 2023 was 41.8% of sales compared to 43.0% of sales for fiscal 2022.

Consolidated selling, general and administrative expenses ("operating expenses") for fiscal 2023 were $1,717.4 million (25.4% of sales) compared to $1,674.3 million (24.4% of sales) for fiscal 2022. The increase in operating expenses is primarily due to increased payroll and payroll-related expenses and the additional week of operations in the 2023 fiscal year.

We reported net income for fiscal 2023 of $738.8 million, or $44.73 per share, compared to $891.6 million, or $50.81 per share, for fiscal 2022. Included in net income for fiscal 2023 is a pretax gain of $6.1 million ($4.7 million after tax or $0.28 per share) primarily related to the sale of two store properties. Also included in net income for fiscal 2023 are two tax-related benefits:

- a federal income tax benefit of $21.1 million ($1.28 per share) due to a deduction related to that portion of the special dividend of $20.00 per share that was paid to the Dillard's, Inc. Investment and Employee Stock Ownership Plan during the year, and
- a net $9.8 million ($0.59 per share) income tax benefit due to the release of valuation allowances primarily related to state net operating loss carryforwards.

Included in net income for the prior year (fiscal 2022) is a pretax gain of $21.0 million ($16.4 million after tax or $0.94 per share) primarily related to the sale of three store properties. Also included in net income for fiscal 2022 are two tax-related benefits:

- a federal income tax benefit of $16.3 million ($0.93 per share) due to a deduction related to that portion of the special dividend of $15.00 per share that was paid to the Dillard's, Inc. Investment and Employee Stock Ownership Plan during the year, and
- a net $13.7 million ($0.78 per share) income tax benefit due to the release of valuation allowances primarily related to state net operating loss carryforwards.

Cash flow from operations was $883.6 million for fiscal 2023 and $948.4 million for fiscal 2022. During fiscal 2023, we returned $620.0 million of cash to stockholders in the form of dividends ($338.6 million) and share repurchases ($281.4 million). At February 3, 2024, authorization of $394.0 million remained under the share repurchase program.

At February 3, 2024, we had working capital of $1,380.5 million (including cash and cash equivalents and short-term investments totaling $956.3 million) and total debt outstanding of $521.5 million excluding operating lease liabilities.

Key Performance Indicators

We use a number of key indicators of financial condition and operating performance to evaluate our business, including the following:

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net sales (in millions)	$ 6,752.1	$ 6,871.1	$ 6,493.0
Gross margin (in millions)	$ 2,720.9	$ 2,887.5	$ 2,745.3
Gross margin as a percentage of net sales	40.3 %	42.0 %	42.3 %
Retail gross margin as a percentage of retail net sales	41.8 %	43.0 %	42.9 %
Selling, general and administrative expenses as a percentage of net sales	25.4 %	24.4 %	23.7 %
Cash flow provided by operations (in millions)	$ 883.6	$ 948.4	$ 1,280.0
Total retail store count at end of period	273	277	280
Retail sales per square foot	$ 143	$ 146	$ 138
Retail stores sales trend	(5)% **	5 %	53 %
Comparable retail store sales trend	(4)% **	5 %	*
Retail store inventory trend	(2)%	4 %	(1)%
Retail merchandise inventory turnover	2.8	2.9	2.9

* The Company reported no comparable store sales data for the fiscal year due to the temporary COVID-19-related closures of its brick-and-mortar stores during the first and second quarters of fiscal 2020 as well as the interdependence between in-store and online sales.

** Based upon the 52 weeks ended January 27, 2024 and the 52 weeks ended January 28, 2023.

Trends and Uncertainties

Fluctuations in the following key trends and uncertainties may have a material effect on our operating results.

- Cash flow—Cash from operating activities is a primary source of our liquidity that is adversely affected when the retail industry faces economic challenges. Furthermore, operating cash flow can be negatively affected by competitive factors.

- Pricing—If our customers do not purchase our merchandise offerings in sufficient quantities, we respond by taking markdowns. If we have to reduce our retail selling prices, the gross margin on our consolidated statement of operations will correspondingly decrease, thus reducing our net income and cash flow.

- Success of brand—The success of our exclusive brand merchandise as well as merchandise we source from national vendors is dependent upon customer fashion preferences and how well we can predict and anticipate trends.

- Sourcing—Our store merchandise selection is dependent upon our ability to acquire appealing products from a number of sources. Our ability to attract and retain compelling vendors as well as in-house design talent, the adequacy and stable availability of materials and production facilities from which we source our merchandise and the speed at which we can respond to customer trends and preferences all have a significant impact on our merchandise mix and, thus, our ability to sell merchandise at profitable prices.

- Store growth—Our ability to open new stores is dependent upon a number of factors, such as the identification of suitable markets and locations and the availability of shopping developments, especially in a weak economic environment. Store growth can be further hindered by mall attrition and subsequent closure of underperforming properties.

At present, a number of economic and geopolitical factors are affecting the U.S. and world economies (including countries from which we source some of our merchandise): inflation and interest rate increases, fluctuating gas prices, uncertainty around shipping costs and shipping capacity and increased U.S. wages in a tight labor market. The extent to which our business will be affected by these factors depends on our customer's continuing ability and willingness to accept price increases. Accordingly, the related financial impact to fiscal 2024 from these factors cannot be reasonably estimated at this time.

Seasonality and Inflation

Our business, like many other retailers, is subject to seasonal influences, with a significant portion of sales and income typically realized during the last quarter of our fiscal year due to the holiday season. Because of the seasonality of our business, results from any quarter are not necessarily indicative of the results that may be achieved for a full fiscal year.

The Company was affected by inflation during fiscal 2023 and 2022. Our business will likely be affected by inflation in fiscal 2024, the extent of which depends on our customers' continuing ability and willingness to accept price increases.

2024 Guidance

A summary of management's estimates of certain financial measures for fiscal 2024 is shown below:

(in millions of dollars)	Fiscal 2024 Estimated	Fiscal 2023 Actual
Depreciation and amortization	$ 185	$ 180
Rentals	22	22
Interest and debt (income) expense, net	(8)	(5)
Capital expenditures	125	133

General

Net sales. Net sales includes merchandise sales of comparable and non-comparable stores and revenue recognized on contracts of CDI Contractors, LLC ("CDI"), the Company's general contracting construction company. Comparable store sales includes sales for those stores which were in operation for a full period in both the most recently completed quarter and the corresponding quarter for the prior fiscal year, including our internet store. Comparable store sales excludes changes in the allowance for sales returns. Non-comparable store sales includes: sales in the current fiscal year from stores opened during the previous fiscal year before they are considered comparable stores; sales from new stores opened during the current fiscal year; sales in the previous fiscal year for stores closed during the current or previous

fiscal year that are no longer considered comparable stores; sales in clearance centers; and changes in the allowance for sales returns.

Sales occur as a result of interaction with customers across multiple points of contact, creating an interdependence between in-store and online sales. Online orders are fulfilled from both fulfillment centers and retail stores. Additionally, online customers have the ability to buy online and pick up in-store. Retail in-store customers have the ability to purchase items that may be ordered and fulfilled from either a fulfillment center or another retail store location. Online customers may return orders via mail, or customers may return orders placed online to retail store locations. Customers who earn reward points under the private label credit card program may earn and redeem rewards through in-store or online purchases.

Service charges and other income. Service charges and other income includes income generated through the marketing and servicing alliance with Wells Fargo Bank, N.A. ("Wells Fargo Alliance"). Other income includes rental income, shipping and handling fees and gift card breakage.

Cost of sales. Cost of sales includes the cost of merchandise sold (net of purchase discounts, non-specific margin maintenance allowances and merchandise margin maintenance allowances), bankcard fees, freight to the distribution centers, employee and promotional discounts, shipping to customers and direct payroll for salon personnel. Cost of sales also includes CDI contract costs, which comprise all direct material and labor costs, subcontract costs and those indirect costs related to contract performance, such as indirect labor, employee benefits and insurance program costs.

Selling, general and administrative expenses. Selling, general and administrative expenses include buying, occupancy, selling, distribution, warehousing, store and corporate expenses (including payroll and employee benefits), insurance, employment taxes, advertising, management information systems, legal and other corporate level expenses. Buying expenses consist of payroll, employee benefits and travel for design, buying and merchandising personnel.

Depreciation and amortization. Depreciation and amortization expenses include depreciation and amortization on property and equipment.

Rentals. Rentals includes expenses for store leases, including contingent rent, data processing and other equipment rentals and office space leases.

Interest and debt (income) expense, net. Interest and debt (income) expense includes interest, net of interest income from demand deposits and short-term investments and capitalized interest, relating to the Company's unsecured notes, subordinated debentures and commitment fees and borrowings, if any, under the Company's credit agreement. Interest and debt expense also includes the amortization of financing costs and interest on finance lease obligations, if any.

Other expense. Other expense includes the interest cost and net actuarial loss components of net periodic benefit costs related to the Company's unfunded, nonqualified defined benefit plan and charges related to the write off of certain deferred financing fees in connection with the amendment and extension of the Company's secured revolving credit facility, if any.

Gain on disposal of assets. Gain on disposal of assets includes the net gain or loss on the sale or disposal of property and equipment, as well as gains from insurance proceeds in excess of the cost basis of insured assets, if any.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are also described in Note 1 in the "Notes to Consolidated Financial Statements" in Item 8 hereof. As disclosed in that note, the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company evaluates its estimates and judgments on an ongoing basis and predicates those estimates and judgments on historical experience and on various other factors that are believed to be reasonable under

the circumstances. Since future events and their effects cannot be determined with absolute certainty, actual results could differ from those estimates.

Management of the Company believes the following critical accounting policies, among others, affect its more significant judgments and estimates used in preparation of the Company's consolidated financial statements.

Merchandise inventory. All of the Company's inventories are valued at the lower of cost or market using the last-in, first-out ("LIFO") inventory method. Approximately 96% of the Company's inventories are valued using the LIFO retail inventory method. Under the retail inventory method, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost to retail ratio to the retail value of inventories. The retail inventory method is an averaging method that is widely used in the retail industry due to its practicality. Inherent in the retail inventory method calculation are certain significant management judgments including, among others, merchandise markon, markups and markdowns, which significantly impact the ending inventory valuation at cost as well as the resulting gross margins. During periods of deflation, inventory values on the first-in, first-out ("FIFO") retail inventory method may be lower than the LIFO retail inventory method. Additionally, inventory values at LIFO cost may be in excess of net realizable value. At February 3, 2024 and January 28, 2023, merchandise inventories valued at LIFO, including adjustments as necessary to record inventory at the lower of cost or market, approximated the cost of such inventories using the FIFO retail inventory method. The application of the LIFO retail inventory method did not result in the recognition of any LIFO charges or credits affecting cost of sales for fiscal 2023, 2022 or 2021. A 1% change in the dollar amount of markdowns would have impacted net income by approximately $8 million for fiscal 2023.

The Company regularly records a provision for estimated shrinkage, thereby reducing the carrying value of merchandise inventory. Complete physical inventories of the Company's stores and warehouses are generally performed no less frequently than annually, with the recorded amount of merchandise inventory being adjusted to coincide with these physical counts. The differences between the estimated amounts of shrinkage and the actual amounts realized during the past three years have not been material.

Revenue recognition. The Company's retail operations segment recognizes revenue upon the sale of merchandise to its customers, net of anticipated returns of merchandise. The asset and liability for sales returns are based on historical evidence of our return rate. We recorded an allowance for sales returns of $21.9 million and $23.1 million and return assets of $12.8 million and $13.3 million as of February 3, 2024 and January 28, 2023, respectively. The return asset and the allowance for sales returns are recorded in the consolidated balance sheets in other current assets and trade accounts payable and accrued expenses, respectively. Adjustments to earnings resulting from revisions to estimates on our sales return provision were not material for fiscal 2023, 2022 and 2021.

The Company's share of income under the Wells Fargo Alliance involving the Dillard's branded private label credit cards is included as a component of service charges and other income. The Company recognized income of $67.2 million, $67.8 million and $74.8 million from the alliance in fiscal 2023, 2022 and 2021, respectively. The Company participates in the marketing of the private label credit cards, which includes the cost of customer reward programs. Through the reward programs, customers earn points that are redeemable for discounts on future purchases. The Company defers a portion of its net sales upon the sale of merchandise to its customer reward program members that is recognized in net sales when the reward is redeemed or expired at a future date.

Revenues from CDI construction contracts are generally measured based on the ratio of costs incurred to total estimated contract costs (the "cost-to-cost method"). Some of our contracts with customers contain multiple performance obligations. For these contracts, we account for individual performance obligations separately if they are distinct. The transaction price is allocated to the separate performance obligations based on stand-alone selling prices. Construction contracts are often modified to account for changes in contract specifications and requirements. We consider contract modifications to exist when the modification either creates new or changes the existing enforceable rights and obligations. Most of our contract modifications are for goods and services that are not distinct from the existing contracts; therefore, the modifications are accounted for as if they were part of the existing contract. The effect of a contract modification on the transaction price and our measure of progress for the performance obligation for which it relates, is recognized as an adjustment to revenue on a cumulative catch-up basis. The length of each contract varies but is typically nine to eighteen months. The progress towards completion is determined by relating the actual costs of work

performed to date to the current estimated total costs of the respective contracts. Estimated contract losses are recognized in full when determined.

Construction contracts give rise to accounts receivable, contract assets and contract liabilities. We record accounts receivable based on amounts billed to customers. We also record costs and estimated earnings in excess of billings on uncompleted contracts (contract assets) and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) in other current assets and trade accounts payable and accrued expenses, respectively, on the consolidated balance sheets.

Vendor allowances. The Company receives concessions from vendors through a variety of programs and arrangements, including cooperative advertising, payroll reimbursements and margin maintenance programs.

Cooperative advertising allowances are reported as a reduction of advertising expense in the period in which the advertising occurred. If vendor advertising allowances were substantially reduced or eliminated, the Company would likely consider other methods of advertising as well as the volume and frequency of our product advertising, which could increase or decrease our expenditures. We are not able to assess the impact of vendor advertising allowances on creating additional revenues, as such allowances do not directly generate revenues for our stores.

Payroll reimbursements are reported as a reduction of payroll expense in the period in which the reimbursement occurred.

Amounts of margin maintenance allowances are recorded only when an agreement has been reached with the vendor and the collection of the concession is deemed probable. All such merchandise margin maintenance allowances are recognized as a reduction of cost purchases. Under the retail inventory method, a portion of these allowances reduces cost of goods sold and a portion reduces the carrying value of merchandise inventory.

Insurance accruals. The Company's consolidated balance sheets include liabilities with respect to claims for self-insured workers' compensation (with a self-insured retention of $4 million per claim) and general liability (with a self-insured retention of $2 million per claim). The Company's retentions are insured through a wholly-owned captive insurance subsidiary. The Company estimates the required liability of such claims, utilizing an actuarial method, based upon various assumptions, which include, but are not limited to, our historical loss experience, projected loss development factors, actual payroll and other data. The required liability is also subject to adjustment in the future based upon the changes in claims experience, including changes in the number of incidents (frequency) and changes in the ultimate cost per incident (severity). As of February 3, 2024 and January 28, 2023, insurance accruals of $41.0 million and $42.5 million, respectively, were recorded in trade accounts payable and accrued expenses and other liabilities. A 10% change in our self-insurance reserve would have affected net income by approximately $3 million for fiscal 2023.

Long-lived assets. The Company's judgment regarding the existence of impairment indicators is based on market and operational performance. We assess the impairment of long-lived assets, primarily fixed assets and operating lease assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors we consider important which could trigger an impairment review include the following:

- Significant changes in the manner of our use of assets or the strategy for the overall business;
- Significant negative industry or economic trends;
- A current-period operating or cash flow loss combined with a history of operating or cash flow losses; and
- Store closings.

The Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. If the carrying value of the related asset exceeds the fair value, the carrying value is reduced to its fair value. Various factors including future sales growth, profit margins and real estate values are included in this analysis. To the

extent these future projections, the Company's strategies or market conditions change, the conclusion regarding impairment may differ from the current estimates.

Income taxes. Temporary differences arising from differing treatment of income and expense items for tax and financial reporting purposes result in deferred tax assets and liabilities that are recorded on the balance sheet. These balances, as well as income tax expense, are determined through management's estimations, interpretation of tax law for multiple jurisdictions and tax planning. If the Company's actual results differ from estimated results due to changes in tax laws, changes in store locations, settlements of tax audits or tax planning, the Company's effective tax rate and tax balances could be affected.

As such, these estimates may require adjustment in the future as additional information becomes available or as circumstances change. Changes in the Company's assumptions and judgments can materially affect amounts recognized in the consolidated balance sheets and statements of operations.

The total amount of unrecognized tax benefits as of February 3, 2024 was $8.1 million, of which, $6.0 million would, if recognized, affect the Company's effective tax rate. The total amount of unrecognized tax benefits as of January 28, 2023 was $7.0 million, of which $5.3 million would, if recognized, affect the Company's effective tax rate. The Company does not expect a significant change in unrecognized tax benefits in the next twelve months. The Company classifies accrued interest expense and penalties relating to income tax in the consolidated financial statements as income tax expense. The total amounts of interest and penalties were not material.

The fiscal tax years that remain subject to examination for the federal tax jurisdiction are 2015, 2016 and 2019 and forward. At this time, the Company does not expect the results from any income tax audit to have a material impact on the Company's consolidated financial statements.

Pension obligations. The discount rate that the Company utilizes for determining future pension obligations is based on the FTSE Above Median Pension yield curve on its annual measurement date as of the end of each fiscal year and is matched to the future expected cash flows of the benefit plans by semi-annual periods. The discount rate increased to 5.1% as of February 3, 2024 from 4.8% as of January 28, 2023. We believe that these assumptions have been appropriate and that, based on these assumptions, the pension liability of $316.5 million is appropriately stated as of February 3, 2024; however, actual results may differ materially from those estimated and could have a material impact on our consolidated financial statements. A further 50 basis point change in the discount rate would increase or decrease the pension liability by approximately $16 million. The Company expects to make a contribution to the pension plan of approximately $7.1 million in fiscal 2024. The Company expects pension expense to be approximately $31.0 million in fiscal 2024.

RESULTS OF OPERATIONS

The following table sets forth the results of operations and percentage of net sales, for the periods indicated (percentages may not foot due to rounding):

	For the years ended					
	February 3, 2024		January 28, 2023		January 29, 2022	
	Amount	% of Net Sales	Amount	% of Net Sales	Amount	% of Net Sales
Net sales	$ 6,752,053	100.0 %	$ 6,871,081	100.0 %	$ 6,492,993	100.0 %
Service charges and other income	122,367	1.8	125,134	1.8	131,274	2.0
	6,874,420	101.8	6,996,215	101.8	6,624,267	102.0
Cost of sales	4,031,108	59.7	3,983,598	58.0	3,747,665	57.7
Selling, general and administrative expenses	1,717,415	25.4	1,674,317	24.4	1,536,554	23.7
Depreciation and amortization	179,573	2.7	188,440	2.7	199,321	3.1
Rentals	21,569	0.3	23,169	0.3	22,594	0.3
Interest and debt (income) expense, net	(4,600)	(0.1)	30,527	0.4	43,092	0.7
Other expense	18,791	0.3	7,744	0.1	11,366	0.2
Gain on disposal of assets	(6,053)	(0.1)	(21,047)	(0.3)	(24,688)	(0.4)
Income before income taxes	916,617	13.6	1,109,467	16.1	1,088,363	16.8
Income taxes	177,770	2.6	217,830	3.2	225,890	3.5
Net income	$ 738,847	10.9 %	$ 891,637	13.0 %	$ 862,473	13.3 %

Sales

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net sales:			
Retail operations segment	$ 6,479,580	$ 6,701,972	$ 6,374,753
Construction segment	272,473	169,109	118,240
Total net sales	$ 6,752,053	$ 6,871,081	$ 6,492,993

The percent change by segment and product category in the Company's sales for the past two years is as follows:

	Percent Change		
	Fiscal 2023 - 2022	Fiscal 2023 - 2022*	Fiscal 2022 - 2021
Retail operations segment			
Cosmetics	4.3 %	3.0 %	7.5 %
Ladies' apparel	(4.1)	(5.6)	5.7
Ladies' accessories and lingerie	(6.4)	(7.7)	(0.8)
Juniors' and children's apparel	(7.3)	(8.7)	3.0
Men's apparel and accessories	(4.4)	(5.8)	9.7
Shoes	(3.4)	(4.6)	5.0
Home and furniture	(1.0)	(2.4)	(0.8)
Construction segment	61.1	61.1	43.0

* Based upon the 52 weeks ended January 27, 2024 and 52 weeks ended January 28, 2023.

2023 Compared to 2022

Net sales from the retail operations segment decreased $222.4 million during the 53-week period ended February 3, 2024 compared to the 52-week period ended January 28, 2023, decreasing 3% in total store sales. Sales in comparable stores decreased 4% for the 52-week period ended January 27, 2024 compared to the 52-week period ended January 28, 2023. During the same 52-week periods, sales of juniors' and children's apparel, ladies' accessories and lingerie, men's apparel and accessories, ladies' apparel and shoes decreased significantly, while sales of home and furniture decreased moderately. Sales of cosmetics increased moderately.

The number of sales transactions during the 53-week period ended February 3, 2024 decreased 6% over the 52-week period ended January 28, 2023, while the average dollars per sales transaction increased 3%.

Net sales from the construction segment increased $103.4 million or 61% during fiscal 2023 compared to fiscal 2022 due to an increase in construction activity. The remaining performance obligations related to executed construction contracts totaled $163.7 million, decreasing approximately 13% from January 28, 2023.

Exclusive Brand Merchandise

Sales penetration of exclusive brand merchandise for fiscal 2023, 2022 and 2021 was 23.5%, 23.8% and 22.7% of total net sales, respectively.

Service Charges and Other Income

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Service charges and other income:			
Retail operations segment			
Income from Wells Fargo Alliance	$ 67,227	$ 67,768	$ 74,780
Shipping and handling income	40,134	42,505	41,850
Other	14,719	14,553	13,923
	122,080	124,826	130,553
Construction segment	287	308	721
Total service charges and other income	$ 122,367	$ 125,134	$ 131,274

Service charges and other income is composed primarily of income from the Wells Fargo Alliance. In January 2024, the Company announced that it entered into a new agreement with Citi to provide a credit card program for Dillard's customers, replacing the existing Wells Fargo Alliance. While future cash flows under this new program are difficult to predict, the Company expects income from the new program to initially be less than historical earnings from the Wells Fargo Alliance. The extent to which future cash flows will vary over the term of the new program from historical cash flows cannot be reasonably estimated at this time.

Gross Margin

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Gross margin:			
Retail operations segment	$ 2,709,071	$ 2,878,910	$ 2,736,762
Construction segment	11,874	8,573	8,566
Total gross margin	$ 2,720,945	$ 2,887,483	$ 2,745,328
Gross margin as a percentage of segment net sales:			
Retail operations segment	41.8 %	43.0 %	42.9 %
Construction segment	4.4	5.1	7.2
Total gross margin as a percentage of net sales	40.3	42.0	42.3

2023 Compared to 2022

Gross margin as a percentage of net sales decreased 170 basis points of sales during fiscal 2023 compared to fiscal 2022. Gross margin from retail operations decreased 120 basis points of segment net sales during the same periods. During fiscal 2023, gross margin decreased moderately in men's apparel and accessories and juniors' and children's apparel, while decreasing slightly in shoes. Gross margin was essentially flat in ladies' apparel, ladies' accessories and lingerie and cosmetics. Gross margin increased moderately in home and furniture. Retail store inventory decreased 2% at February 3, 2024 compared to January 28, 2023.

Inflation and rising interest costs, and the related impact on consumer sentiment, continue to be a concern for management. The extent to which our business will be affected by inflation and rising interest costs depends on our customers' continuing ability and willingness to accept price increases.

Gross margin from the construction segment decreased 70 basis points of segment net sales during fiscal 2023 compared to fiscal 2022.

Selling, General and Administrative Expenses ("SG&A")

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
SG&A:			
Retail operations segment	$ 1,707,793	$ 1,666,492	$ 1,529,787
Construction segment	9,622	7,825	6,767
Total SG&A	$ 1,717,415	$ 1,674,317	$ 1,536,554
SG&A as a percentage of segment net sales:			
Retail operations segment	26.4 %	24.9 %	24.0 %
Construction segment	3.5	4.6	5.7
Total SG&A as a percentage of net sales	25.4	24.4	23.7

2023 Compared to 2022

SG&A increased $43.1 million and 100 basis points of sales during the 53 weeks ended February 3, 2024 compared to the 52 weeks ended January 28, 2023. The increase in operating expenses is primarily due to increased payroll and payroll-related expenses and the additional week of operations in the 2023 fiscal year.

Payroll and payroll-related expenses for fiscal 2023 were $1,217.3 million compared to $1,172.7 million for fiscal 2022, an increase of 3.8%. The Company remains focused on hiring, developing and retaining talented associates within the existing tight labor market.

Depreciation and Amortization

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Depreciation and amortization:			
Retail operations segment	$ 179,315	$ 188,227	$ 199,061
Construction segment	258	213	260
Total depreciation and amortization	$ 179,573	$ 188,440	$ 199,321

2023 Compared to 2022

Depreciation and amortization expense decreased $8.9 million during fiscal 2023 compared to fiscal 2022, primarily due to the timing and composition of capital expenditures.

Interest and Debt (Income) Expense, Net

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Interest and debt (income) expense, net:			
Retail operations segment	$ (3,927)	$ 30,614	$ 43,131
Construction segment	(673)	(87)	(39)
Total interest and debt (income) expense, net	$ (4,600)	$ 30,527	$ 43,092

2023 Compared to 2022

Net interest and debt (income) expense improved $35.1 million in fiscal 2023 compared to fiscal 2022 primarily due to an increase in interest income. Total weighted average debt outstanding during fiscal 2023 decreased $41.4 million compared to fiscal 2022 primarily due to a note maturity at the end of fiscal 2022.

Other Expense

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Other expense:			
Retail operations segment	$ 18,791	$ 7,744	$ 11,366
Construction segment	—	—	—
Total other expense	$ 18,791	$ 7,744	$ 11,366

2023 Compared to 2022

Other expense increased $11.0 million in fiscal 2023 compared to fiscal 2022 primarily due to an increase in the interest cost and the amortization of the net actuarial loss related to the Company's pension plan.

Gain on Disposal of Assets

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Gain on disposal of assets:			
Retail operations segment	$ (6,030)	$ (21,046)	$ (24,682)
Construction segment	(23)	(1)	(6)
Total gain on disposal of assets	$ (6,053)	$ (21,047)	$ (24,688)

Fiscal 2023

During fiscal 2023, the Company received proceeds of $6.3 million primarily from the sale of two store properties, resulting in a gain of $6.1 million that was recorded in gain on disposal of assets.

Fiscal 2022

During fiscal 2022, the Company received proceeds of $25.1 million primarily from the sale of three store properties, resulting in a gain of $21.0 million that was recorded in gain on disposal of assets.

Income Taxes

The Company's estimated federal and state effective income tax rate was 19.4% in fiscal 2023, 19.6% in fiscal 2022 and 20.8% in fiscal 2021. The Company expects the fiscal 2024 federal and state effective income tax rate to approximate 23%.

Fiscal 2023

During fiscal 2023, income taxes included federal and state tax benefits of $27.2 million due to the deduction related to that portion of the Company's dividends that were paid to the Dillard's, Inc. Investment and Employee Stock Ownership Plan, including the special dividend of $20.00 per share paid on January 8, 2024. Income taxes also included a net $9.8 million income tax benefit due to the release of valuation allowances primarily related to increases in the expected future utilization of state net operating loss carryforwards.

On August 16, 2022, the Inflation Reduction Act of 2022 ("the Act") was signed into law. The Act includes, among other provisions, a new 15% corporate alternative minimum tax ("CAMT"), effective January 1, 2023, which has no impact on the Company's consolidated financial results for the year ended February 3, 2024.

Fiscal 2022

During fiscal 2022, income taxes included federal and state tax benefits of $19.3 million due to the deduction related to that portion of the Company's dividends that were paid to the Dillard's, Inc. Investment and Employee Stock Ownership Plan, including the special dividend of $15.00 per share paid on January 9, 2023. Income taxes also included a net $13.7 million income tax benefit due to the release of valuation allowances primarily related to increases in the expected future utilization of state net operating loss carryforwards.

LIQUIDITY AND CAPITAL RESOURCES

The Company's current non-operating priorities for its use of cash are strategic investments to enhance the value of existing properties, stock repurchases and dividend payments to stockholders.

Cash flows for the Company's most recent three fiscal years were as follows:

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021	Percent Change 2023 - 2022	Percent Change 2022 - 2021
Operating activities	$ 883,590	$ 948,391	$ 1,280,020	(6.8)%	(25.9)%
Investing activities	(115,594)	(235,853)	(69,788)	(51.0)	(238.0)
Financing activities	(620,040)	(768,966)	(853,812)	19.4	9.9
Total cash provided (used)	$ 147,956	$ (56,428)	$ 356,420		

Operating Activities

The primary source of the Company's liquidity is, and historically has been, cash flows from operations. Due to the seasonality of the Company's business, we have historically realized a significant portion of the cash flows from operating activities during the second half of the fiscal year. Retail operations sales are the key operating cash component, providing 94.3%, 95.8% and 96.2% of total revenues in fiscal 2023, 2022 and 2021, respectively.

Net cash flows from operations decreased $64.8 million during fiscal 2023 compared to fiscal 2022 primarily due to reduced sales and lower margins.

Operating cash inflows also include the Company's income and reimbursements from the Wells Fargo Alliance and cash distributions from joint ventures (excluding returns of investments), if any. Operating cash outflows include payments to vendors for inventory, services and supplies, payments to employees and payments of interest and taxes.

Wells Fargo owns and manages the Dillard's private label cards under the Wells Fargo Alliance. Under the Wells Fargo Alliance, Wells Fargo establishes and owns private label card accounts for our customers, retains the benefits and risks associated with the ownership of the accounts, provides key customer service functions, including new account openings, transaction authorization, billing adjustments and customer inquiries, receives the finance charge income and incurs the bad debts associated with those accounts.

Pursuant to the Wells Fargo Alliance, we receive on-going cash compensation from Wells Fargo based upon the portfolio's earnings. The compensation received from the portfolio is determined monthly and has no recourse provisions. The amount the Company receives is dependent on the level of sales on Wells Fargo accounts, the level of balances carried on Wells Fargo accounts by Wells Fargo customers, payment rates on Wells Fargo accounts, finance charge rates and other fees on Wells Fargo accounts, the level of credit losses for the Wells Fargo accounts as well as Wells Fargo's ability to extend credit to our customers. We participate in the marketing of the private label cards, which includes the cost of customer reward programs.

The Company recognized income of $67.2 million, $67.8 million and $74.8 million from the Wells Fargo Alliance during fiscal 2023, 2022 and 2021, respectively.

In January 2024, the Company announced that it entered into a new agreement with Citi to provide a credit card program for Dillard's customers, replacing the existing Wells Fargo Alliance. The Dillard's credit card program offered by Citi will include a new co-branded Mastercard as well as a private label credit card. The new co-branded Mastercard will replace the existing co-branded card. Additionally, Citi will provide customer service functions and support certain Dillard's marketing and loyalty program activities related to the new program. The companies expect to launch the new program in late summer 2024 for new Dillard's credit applicants. The transfer of existing accounts to Citi is expected in the fall of 2024. The term of the agreement is 10 years with automatic extensions for successive two-year terms unless the agreement is terminated by a party in accordance with the terms and conditions of the agreement.

While future cash flows under the new program are difficult to predict, the Company expects income from the new program to initially be less than historical earnings from the Wells Fargo Alliance. The extent to which future cash flows will vary over the term of the new program from historical cash flows cannot be reasonably estimated at this time. The income and cash flow that the Company will receive from the new program with Citi will depend on the same factors that impact the Wells Fargo Alliance as discussed above. Any material decrease could adversely affect our operating results and cash flows.

At February 3, 2024, the Company had purchase obligations of $1,227.1 million outstanding for merchandise and store construction commitments, all of which are expected to be paid during fiscal 2024.

Investing Activities

Cash inflows from investing activities generally include proceeds from sales of property and equipment and maturities of short-term investments. Cash outflows from investing activities generally include payments for capital expenditures such as property and equipment and purchases of short-term investments.

Cash used in investing activities decreased $120.3 million during fiscal 2023 compared to fiscal 2022 primarily due to the increase in proceeds from the maturities of certain short-term investments.

Capital expenditures increased $12.8 million for fiscal 2023 compared to fiscal 2022. During fiscal 2023, the Company opened a 100,000 square foot expansion at Gateway Mall in Lincoln, Nebraska. In March 2024, the Company opened a new 140,000 square foot location at The Empire Mall in Sioux Falls, South Dakota, which marked the Company's 30th state of operation. During fiscal 2022, the Company opened: (1) a new store at University Place in Orem, Utah (160,000 square feet), which replaced a store at Provo Towne Centre (200,000 square feet) in the same market and (2) a newly remodeled owned facility at Westgate Mall in Amarillo, Texas, which replaced a leased building at that same location where the Company operates a dual-anchor format.

During fiscal 2023, the Company received cash proceeds of $6.3 million and recorded a related gain of $6.1 million, primarily from the sale of two store properties: (1) an 85,000 square foot location at Sunland Park Mall in El Paso, Texas and (2) a 240,000 square foot location at MacArthur Center in Norfolk, Virginia.

During fiscal 2023, the Company also closed (1) an owned location at Santa Rosa Mall in Mary Esther, Florida (115,000 square feet), (2) a leased location at Conestoga Mall in Grand Island, Nebraska (80,000 square feet) and (3) an owned clearance center at Metrocenter Mall in Phoenix, Arizona (90,000 square feet). There were no material costs associated or expected with any of these store closures. We remain committed to closing under-performing stores where appropriate and may incur future closing costs related to such stores when they close.

During fiscal 2022, the Company received cash proceeds of $25.1 million and recorded a related gain of $21.0 million, primarily from the sale of three store properties: (1) a 200,000 square foot location at Provo Towne Centre in Provo, Utah; (2) a 75,000 square foot non-operating store property at Frontier Mall in Cheyenne, Wyoming and (3) a 90,000 square foot clearance center at Metrocenter Mall in Phoenix, Arizona.

During fiscal 2022, the Company also closed (1) a leased clearance center at University Square Mall in Tampa, Florida (80,000 square feet), (2) an owned clearance center at East Hills Mall in St. Joseph, Missouri (100,000 square feet) and (3) a leased location at Sikes Senter in Wichita Falls, Texas (150,000 square feet).

During fiscal 2022, the Company received proceeds from insurance of $0.5 million for a claim filed for building losses related to storm damage incurred at one store.

During fiscal 2023, the Company received proceeds from life insurance of $4.5 million related to two policies. During fiscal 2022, the Company received proceeds from life insurance of $4.4 million related to one policy.

During fiscal 2023 and 2022, the Company purchased certain treasury bills for $295.4 million and $245.7 million, respectively, that are classified as short-term investments. During fiscal 2023 and 2022, the Company received proceeds of $301.9 million and $100.0 million, respectively, related to maturities of its short-term investments.

Financing Activities

Our primary source of cash inflows from financing activities is generally borrowings from our $800 million senior secured revolving credit facility. Financing cash outflows generally include the repayment of borrowings under the revolving credit facility, the repayment of long-term debt, finance lease obligations, the payment of dividends and the purchase of treasury stock.

Cash used in financing activities decreased to $620.0 million in fiscal 2023 from $769.0 million in fiscal 2022, primarily due to decreases in treasury stock purchases during 2023.

Stock Repurchase. In March 2018, the Company's Board of Directors authorized the Company to repurchase up to $500 million of the Company's Class A Common Stock under an open-ended plan ("March 2018 Stock Plan"). In May 2021, the Company's Board of Directors authorized the Company to repurchase up to $500 million of the Company's Class A Common Stock under an open-ended plan ("May 2021 Stock Plan"). In February 2022, the Company's Board of Directors authorized the Company to repurchase up to $500 million of the Company's Class A Common Stock under an open-ended plan ("February 2022 Stock Plan"). In May 2023, the Company's Board of Directors authorized the Company to repurchase up to $500 million of the Company's Class A Common Stock under an open-ended plan ("May 2023 Stock Plan"). As of February 3, 2024, the Company had completed the authorized purchases under the March 2018 Stock Plan, the May 2021 Stock Plan, the February 2022 Stock Plan and $394.0 million of authorization remained under the May 2023 Stock Plan.

During fiscal 2023, the Company repurchased 0.9 million shares of Class A Common Stock for $281.4 million at an average price of $306.66 per share. During fiscal 2022, the Company repurchased 1.7 million shares of Class A Common Stock for $436.6 million at an average price of $255.49 per share, and the Company paid $16.2 million for share repurchases that had not yet settled but were accrued at January 29, 2022. The ultimate disposition of the repurchased stock has not been determined.

On August 16, 2022, the Inflation Reduction Act of 2022 ("the Act") was signed into law. Under the Act share repurchases after December 31, 2022 are subject to a 1% excise tax. At February 3, 2024, the Company had accrued $2.8 million of excise tax related to its share repurchase program.

Revolving Credit Agreement. The Company maintains a revolving credit facility ("credit agreement") for general corporate purposes including, among other uses, working capital financing, the issuance of letters of credit, capital expenditures and, subject to certain restrictions, the repayment of existing indebtedness and share repurchases. The credit agreement is secured by certain deposit accounts of the Company and certain inventory of certain subsidiaries and provides a borrowing capacity of $800 million, subject to certain limitations as outlined in the credit agreement, with a $200 million expansion option.

Effective July 1, 2023, the Company amended the credit agreement (the "2023 amendment") to reflect the changes necessary for the phaseout of LIBOR. Pursuant to the 2023 amendment, the Company pays a variable rate of interest on borrowings under the credit agreement and a commitment fee to the participating banks. The rate of interest on borrowings is Adjusted Daily Simple SOFR, as defined in the 2023 amendment, plus 1.75% if average quarterly availability is less than 50% of the total commitment, as defined in the 2023 amendment ("total commitment"), and the rate of interest on borrowings is Adjusted Daily Simple SOFR plus 1.50% if average quarterly availability is greater than or equal to 50% of the total commitment. The commitment fee for unused borrowings is 0.30% per annum if average borrowings are less than 35% of the total commitment and 0.25% if average borrowings are greater than or equal to 35% of the total commitment. As long as availability exceeds $80 million and certain events of default have not occurred and are not continuing, there are no financial covenant requirements under the credit agreement. The credit agreement, as amended by the 2023 amendment, matures on April 28, 2026.

No borrowings were outstanding at February 3, 2024. Letters of credit totaling $19.3 million were issued under the credit agreement leaving unutilized availability under the facility of $734.7 million at February 3, 2024. The Company had no borrowings during fiscal 2023, 2022 and 2021.

Long-term Debt. At February 3, 2024, the Company had $321.5 million of long-term debt, comprised of unsecured notes. The unsecured notes bear interest at rates ranging from 7.000% to 7.750% with due dates from fiscal 2026 through fiscal 2028.

Long-term debt maturities over the next five years are (in millions):

Fiscal Year	Long-Term Debt Maturities
2024	$ —
2025	—
2026	96.0
2027	80.0
2028	145.8

During fiscal 2022, the Company decreased its net level of outstanding debt by $44.8 million related to the maturity of 7.875% Notes.

During fiscal 2024, the Company expects to accrue interest expense of $23.8 million on its long-term debt.

Subordinated Debentures. As of February 3, 2024, the Company had $200 million outstanding of its 7.5% subordinated debentures due August 1, 2038. All of these subordinated debentures were held by Dillard's Capital Trust I, a 100% owned, unconsolidated finance subsidiary of the Company. The Company has the right to defer the payment of interest on the subordinated debentures at any time for a period not to exceed 20 consecutive quarters; however, the Company has no present intention of exercising this right to defer interest payments.

During fiscal 2024, the Company expects to accrue interest expense of $15.0 million on its subordinated debentures.

Dividends. During fiscal 2023 and 2022, in addition to our typical quarterly dividends, the Board of Directors declared a special dividend of $20.00 per share and $15.00 per share, respectively, that was paid on the Class A Common Stock and Class B Common Stock of the Company.

Fiscal 2024 Outlook

The Company expects to finance its operations during fiscal 2024 from cash on hand, cash flows generated from operations and, if necessary, utilization of our revolving credit facility. Depending upon our actual and anticipated sources and uses of liquidity, the Company will from time to time consider other possible financing transactions, the proceeds of which could be used to fund working capital or for other corporate purposes.

LIBOR

On March 5, 2021, the U.K. Financial Conduct Authority, which regulates LIBOR, announced that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (a) immediately after December 31, 2021, in the case of the 1-week and 2-month U.S. dollar settings; and (b) immediately after June 30, 2023, in the case of the remaining U.S. dollar settings.

During fiscal 2023, the Company amended its revolving credit agreement and its credit card program agreement to replace LIBOR with Secured Overnight Financing Rates (SOFR). For additional information, see Note 3 in the "Notes to Consolidated Financial Statements" in Item 8 hereof.

OFF-BALANCE-SHEET ARRANGEMENTS

The Company has not created, and is not party to, any special-purpose entities or off-balance-sheet arrangements for the purpose of raising capital, incurring debt or operating the Company's business. The Company does not have any off-balance-sheet arrangements or relationships that are reasonably likely to materially affect the Company's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or the availability of capital resources.

COMMERCIAL COMMITMENTS

AMOUNT OF COMMITMENT EXPIRATION PER PERIOD

(in thousands of dollars) Other Commercial Commitments	Total Amounts Committed	Within 1 year	2 - 3 years	4 - 5 years	After 5 years
$800 million line of credit, none outstanding [1]	$ —	$ —	$ —	$ —	$ —
Standby letters of credit	19,333	19,033	300	—	—
Import letters of credit	—	—	—	—	—
Total commercial commitments	$ 19,333	$ 19,033	$ 300	$ —	$ —

(1) At February 3, 2024, letters of credit totaling $19.3 million were issued under the credit agreement.

NEW ACCOUNTING PRONOUNCEMENTS

For information with respect to new accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 1 in the "Notes to Consolidated Financial Statements" in Item 8 hereof.

FORWARD-LOOKING INFORMATION

This report contains certain forward-looking statements. The following are or may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995: (a) statements including words such as "may," "will," "could," "should," "believe," "expect," "future," "potential," "anticipate," "intend," "plan," "estimate," "continue," or the negative or other variations thereof; (b) statements regarding matters that are not historical facts; and (c) statements about the Company's future occurrences, plans and objectives, including those statements included under the headings "2024 Guidance" and "Fiscal 2024 Outlook" included in this Management's Discussion and Analysis and other statements regarding management's expectations and forecasts for the remainder of fiscal 2024 and beyond, statements regarding the launch of our new credit program and transfer of existing accounts to Citi, statements concerning the opening of new stores or the closing of existing stores, statements regarding our competitive position, statements concerning capital expenditures and sources of liquidity, statements concerning share repurchases, statements concerning pension contributions, statements concerning changes in loss trends, settlements and other costs related to our self-insurance programs, statements concerning expectations regarding the payment of dividends, statements regarding the impacts of inflation and rising interest rates in fiscal 2024 and statements concerning estimated taxes. The Company cautions that forward-looking statements contained in this report are based on estimates, projections, beliefs and assumptions of management and information available to management at the time of such statements and are not guarantees of future performance. The Company disclaims any obligation to update or revise any forward-looking statements based on the occurrence of future events, the receipt of new information, or otherwise. Forward-looking statements of the Company involve risks and uncertainties and are subject to change based on various important factors. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements made by the Company and its management as a result of a number of risks, uncertainties and assumptions. Representative examples of those factors include (without limitation) general retail industry conditions and macro-economic conditions including inflation, rising interest rates, a potential U.S. Federal government shutdown, economic recession and changes in traffic at malls and shopping centers; economic and weather conditions for regions in which the Company's stores are located and the effect of these factors on the buying patterns of the Company's customers, including the effect of changes in prices and availability of oil and natural gas; the availability of and interest rates on consumer credit; the impact of competitive pressures in the department store industry and other retail channels including

specialty, off-price, discount and Internet retailers; changes in the Company's ability to meet labor needs amid nationwide labor shortages and an intense competition for talent; changes in consumer spending patterns, debt levels and their ability to meet credit obligations; high levels of unemployment; changes in tax legislation (including the Inflation Reduction Act of 2022); changes in legislation and government regulations, affecting such matters as the cost of employee benefits or credit card income, such as the Consumer Financial Protection Bureau's recent amendment to Regulation Z to limit the dollar amounts credit card companies can charge for late fees; adequate and stable availability and pricing of materials, production facilities and labor from which the Company sources its merchandise; changes in operating expenses, including employee wages, commission structures and related benefits; system failures or data security breaches; possible future acquisitions of store properties from other department store operators; the continued availability of financing in amounts and at the terms necessary to support the Company's future business; fluctuations in SOFR and other base borrowing rates; potential disruption from terrorist activity and the effect on ongoing consumer confidence; other epidemic, pandemic or public health issues and their effects on public health, our supply chain, the health and well-being of our employees and customers and the retail industry in general; potential disruption of international trade and supply chain efficiencies; global conflicts (including the ongoing conflicts in the Middle East and Ukraine) and the possible impact on consumer spending patterns and other economic and demographic changes of similar or dissimilar nature, and other risks and uncertainties, including those detailed from time to time in our periodic reports filed with the SEC, particularly those set forth under the caption "Item 1A, Risk Factors" in this Annual Report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The table below provides information about the Company's obligations that are sensitive to changes in interest rates. The table presents maturities of the Company's long-term debt and subordinated debentures along with the related weighted-average interest rates by expected maturity dates.

	Expected Maturity Date (fiscal year)							
(in thousands of dollars)	2024	2025	2026	2027	2028	Thereafter	Total	Fair Value
Long-term debt	$ —	$ —	$ 96,000	$ 80,000	$ 145,825	$ —	$ 321,825	$ 339,394
Average fixed interest rate	— %	— %	7.8 %	7.8 %	7.0 %	— %	7.4 %	
Subordinated debentures	$ —	$ —	$ —	$ —	$ —	$ 200,000	$ 200,000	$ 205,440
Average interest rate	—	—	—	—	—	7.5 %	7.5 %	

The Company is exposed to market risk from changes in the interest rates under its $800 million revolving credit agreement, which is secured by certain deposit accounts of the Company and certain inventory of certain subsidiaries. The credit agreement provides a borrowing capacity of $800 million, subject to certain limitations as outlined in the credit agreement, with a $200 million expansion option. The rate of interest on borrowings under the credit agreement is Adjusted Daily Simple SOFR, as defined in the 2023 amendment, plus 1.75% if average quarterly availability is less than 50% of the total commitment and the rate of interest on borrowings is Adjusted Daily Simple SOFR plus 1.50% if average quarterly availability is greater than or equal to 50% of the total commitment. The commitment fee for unused borrowings is 0.30% per annum if average borrowings are less than 35% of the total commitment and 0.25% if average borrowings are greater than or equal to 35% of the total commitment. The Company had no weighted average borrowings under this facility during fiscal 2023.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

The consolidated financial statements of the Company and notes thereto required by this item are included in this report beginning on page F-1, which immediately follows the signature page to this report, and are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

The Company has established and maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). The Company's management, with the participation of our Principal Executive Officer and Co-Principal Financial Officers, has evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the fiscal year covered by this annual report, and based on that evaluation, the Company's Principal Executive Officer and Co-Principal Financial Officers have concluded that these disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Principal Executive Officer and Co-Principal Financial Officers, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *2013 Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *2013 Internal Control - Integrated Framework*, our management concluded that our internal control over financial reporting was effective as of February 3, 2024.

Our independent registered public accounting firm, KPMG LLP ("KPMG"), has audited our consolidated financial statements included in this Annual Report and has issued a report on the effectiveness of our internal control over financial reporting as of February 3, 2024. Please refer to KPMG's "Report of Independent Registered Public Accounting Firm" on page F-2 of this Annual Report.

Changes in Internal Controls

There were no changes in our internal control over financial reporting that occurred during the three months ended February 3, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

(b) During the three months ended February 3, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Securities Exchange Act of 1934) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE.

A. Directors of the Company

The information called for by this item regarding directors of the Company is incorporated herein by reference from the information under the headings “Proposal No. 1. Election of Directors”, “Audit Committee Report”, “Information Regarding the Board and Its Committees” and “Delinquent Section 16(a) Reports” in the Proxy Statement.

B. Executive Officers of the Company

Information regarding executive officers of the Company is included in Part I of this report under the heading “Information About Our Executive Officers.” Reference additionally is made to the information under the heading “Delinquent Section 16(a) Reports” in the Proxy Statement, which information is incorporated herein by reference.

The Company’s Board of Directors (“Board”) has adopted a Code of Conduct that applies to all Company employees, including the Company’s executive officers, and, when appropriate, the members of the Board. As stated in the Code of Conduct, there are certain limited situations in which the Company may waive application of the Code of Conduct to employees or members of the Board. For example, since non-employee members of the Board rarely, if ever, deal financially with vendors and other suppliers of the Company on the Company’s behalf, it may not be appropriate to seek to apply the Code of Conduct to their dealings with these vendors and suppliers on behalf of other organizations which have no relationship to the Company. To the extent that any such waiver applies to an executive officer or a member of the Board, the waiver requires the express approval of the Board, and the Company intends to satisfy the disclosure requirements of Form 8-K regarding any such waiver from, or an amendment to, any provision of the Code of Conduct, by posting such waiver or amendment on the Company’s website. The current version of the Code of Conduct is available free of charge on the Company’s investor relations website, investor.dillards.com, and is available in print to any stockholder who requests copies by contacting Julie J. Guymon, Director of Investor Relations, at the Company’s corporate executive offices at 1600 Cantrell Road, Little Rock, AR 72201.

ITEM 11. EXECUTIVE COMPENSATION.

The information called for by this item is incorporated herein by reference from the information under the headings “2023 Director Compensation”, “Compensation Discussion and Analysis”, “Compensation Committee Report” and “Executive Compensation” in the Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise prices of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by stockholders*	—	$ —	8,212,875
Equity compensation plans not approved by stockholders	—	—	—
Total	—	$ —	8,212,875

* Included in this category are the following equity compensation plans, which have been approved by the Company's stockholders:

Equity compensation plan	Number of securities available for future issuance
1990 Incentive and Nonqualified Stock Option Plan	5,125,417
1998 Incentive and Nonqualified Stock Option Plan	1,760,905
2000 Incentive and Nonqualified Stock Option Plan	382,705
Dillard's, Inc. Stock Bonus Plan	683,951
Dillard's, Inc. Stock Purchase Plan	139,211
Dillard's, Inc. 2005 Non-Employee Director Restricted Stock Plan	120,686
	8,212,875

There are no non-stockholder approved plans. Balances presented in the table above are as of February 3, 2024.

Additional information called for by this item is incorporated herein by reference from the information under the headings "Security Ownership of Certain Beneficial Holders" and "Security Ownership of Management" in the Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

The information called for by this item is incorporated herein by reference from the information under the headings "Certain Relationships and Transactions" and "Information Regarding the Board and Its Committees" in the Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The information called for by this item is incorporated herein by reference from the information under the heading "Independent Accountant Fees" in the Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a)(1) and (2) *Financial Statements*

An "Index of Financial Statements" has been filed as a part of this report beginning on page F-1 hereof.

(a)(3) *Exhibits and Management Compensatory Plans*

The "Exhibit Index" beginning on page 42 hereof identifies exhibits incorporated herein by reference or filed with this report.

Exhibit Index

Number	Description
*3(a)	Restated Certificate of Incorporation (Exhibit 3 to Form 10-Q for the quarter ended August 1, 1992, File No. 1-6140, as amended by Exhibit 3 to Form 10-Q for the quarter ended May 3, 1997, File No. 1-6140).
*3(b)	By-Laws of Dillard's, Inc., as amended (Exhibit 3 to Form 8-K dated as of August 20, 2013, File No. 1-6140).
*4(a)	Indenture between Registrant and Chemical Bank, Trustee, dated as of May 15, 1988, as supplemented (Exhibit 4 to Registration Statement File No. 33-21671, Exhibit 4.2 to Registration Statement File No. 33-25114, Exhibit 4(c) to Form 8-K dated September 26, 1990, File No. 1-6140 and Exhibit 4-q to Registration Statement File No. 333-59183).
4(b)	Description of Securities.
*+10(a)	1990 Incentive and Nonqualified Stock Option Plan (Exhibit 10(b) to Form 10-K for the fiscal year ended January 30, 1993, File No. 1-6140).
*+10(b)	Senior Management Cash Bonus Plan (Exhibit 10(d) to Form 10-K for the fiscal year ended January 28, 1995, File No. 1-6140).
*+10(c)	1998 Incentive and Nonqualified Stock Option Plan (Exhibit 10(b) to Form 10-K for the fiscal year ended January 30, 1999, File No. 1-6140).
*+10(d)	2000 Incentive and Nonqualified Stock Option Plan (Exhibit 10(e) to Form 10-K for the fiscal year ended February 3, 2001, File No. 1-6140).
*+10(e)	Dillard's, Inc. Stock Bonus Plan, as amended (Exhibit 10(e) to Form 10-K for the fiscal year ended January 30, 2016, File No. 1-6140).
*+10(f)	Dillard's, Inc. Stock Purchase Plan (Exhibit 10.2 to Form 10-Q for the quarter ended April 30, 2005, File No. 1-6140).
*+10(g)	Dillard's, Inc. 2005 Non-Employee Director Restricted Stock Plan, as amended (Exhibit 10 to Form 10-Q for the fiscal quarter ended April 29, 2017, File No. 1-6140).
*+10(h)	Amended and Restated Dillard's Corporate Officers Non-Qualified Pension Plan (Exhibit 10.1 to Form 8-K dated as of November 21, 2007, File No. 1-6140).
*10(i)	Credit Card Program Agreement by and among Dillard's, Inc., Wells Fargo Bank, N.A. and for the limited purposes stated therein, Dillard Investment Co., Inc. (Exhibit 10 to Form 10-Q for the quarter ended May 3, 2014, File No. 1-6140).
*10(j)	Amendment to the Credit Card Program Agreement by and between Dillard's, Inc. and Wells Fargo Bank, N.A. (Exhibit 10.1 to Form 10-Q for the quarter ended July 29, 2023, File No. 1-6140).
#10(k)	Credit Card Program Agreement by and between Dillard's, Inc., Citibank, N.A., and for the limited purposes stated therein, Dillard Investment Co. Inc.
*10(l)	Five-Year Credit Agreement between Dillard's, Inc., Dillard Store Services, Inc. and JPMorgan Chase Bank, N.A. as agent for a syndicate of lenders (Exhibit 10.1 to Form 8-K filed on May 15, 2015, File No. 1-6140).
*10(m)	Amendment No. 1 to Five-Year Credit Agreement between Dillard's, Inc., Dillard Store Services, Inc. and JPMorgan Chase Bank, N.A. as agent for a syndicate of lenders (Exhibit 10.1 to Form 8-K dated as of August 11, 2017, File No. 1-6140).

Number	Description
*10(n)	Amendment No. 2 to Five-Year Credit Agreement between Dillard's, Inc., Dillard Store Services, Inc. and JPMorgan Chase Bank, N.A. as agent for a syndicate of lenders (Exhibit 10.1 to Form 8-K dated as of May 4, 2020, File No. 1-6140).
*10(o)	Amendment No. 3 to Five-Year Credit Agreement between Dillard's, Inc., Dillard Store Services, Inc. and JPMorgan Chase Bank, N.A. as agent for a syndicate of lenders (Exhibit 10.1 to Form 8-K dated as of May 3, 2021, File No. 1-6140).
*10(p)	Amendment No. 4 to Five-Year Credit Agreement between Dillard's, Inc., Dillard Store Services, Inc. and JPMorgan Chase Bank, N.A. as agent for a syndicate of lenders (Exhibit 10.2 to Form 10-Q for the quarter ended July 29, 2023, File No. 1-6140).
21	Subsidiaries of Registrant.
23	Consent of Independent Registered Public Accounting Firm.
31(a)	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(b)	Certification of Co-Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(c)	Certification of Co-Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(a)	Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32(b)	Certification of Co-Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
32(c)	Certification of Co-Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).
97	Dillard's, Inc. Policy for the Recovery of Erroneously Awarded Compensation.
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Incorporated by reference as indicated.

\+ A management contract or compensatory plan or arrangement.

\# Certain portions of this exhibit have been omitted because such portions are both not material and is the type the registrant customarily and actually treats as private or confidential.

ITEM 16. FORM 10-K SUMMARY.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dillard's, Inc.

By: /s/ Phillip R. Watts
Phillip R. Watts
Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer

By: /s/ Chris B. Johnson
Chris B. Johnson
Senior Vice President and Co-Principal Financial Officer

Date: March 29, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ William Dillard, II
William Dillard, II
Chairman of the Board and Chief Executive Officer (Principal Executive Officer)

/s/ Chris B. Johnson
Chris B. Johnson
Senior Vice President and Co-Principal Financial Officer

/s/ Alex Dillard
Alex Dillard
President and Director

/s/ Phillip R. Watts
Phillip R. Watts
Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer

/s/ Mike Dillard
Mike Dillard
Executive Vice President and Director

/s/ Drue Matheny
Drue Matheny
Executive Vice President and Director

/s/ Denise Mahaffy
Denise Mahaffy
Senior Vice President and Director

/s/ William Dillard, III
William Dillard, III
Senior Vice President and Director

/s/ Robert C. Connor
Robert C. Connor
Director

/s/ William E. Connor, II
William E. Connor, II
Director

/s/ James I. Freeman
James I. Freeman
Director

/s/ H. Lee Hastings, III
H. Lee Hastings, III
Director

/s/ Rob C. Holmes
Rob C. Holmes
Director

/s/ Reynie Rutledge
Reynie Rutledge
Director

/s/ Warren A. Stephens
Warren A. Stephens
Director

/s/ J. C. Watts, Jr.
J. C. Watts, Jr.
Director

/s/ Nick White
Nick White
Director

Date: March 29, 2024

INDEX OF FINANCIAL STATEMENTS

DILLARD'S, INC. AND SUBSIDIARIES

Year Ended February 3, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors
Dillard's, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Dillard's, Inc. and subsidiaries (the Company) as of February 3, 2024 and January 28, 2023, the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows for each of the years in the three-year period ended February 3, 2024, and the related notes (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of February 3, 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of February 3, 2024 and January 28, 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended February 3, 2024, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 3, 2024 based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying internal control over financial reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately

and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Pension Plan projected benefit obligation

As discussed in Notes 1 and 8 to the consolidated financial statements, the Company had an unfunded, non-qualified defined benefit plan (Pension Plan) with a projected benefit obligation of $316.5 million as of February 3, 2024. The Pension Plan's costs are accounted for using actuarial valuations. The discount rate that the Company utilizes for determining the projected benefit obligation is based on the FTSE Above Median Pension yield curve as of the end of each fiscal year.

We identified the evaluation of the Company's measurement of the Pension Plan projected benefit obligation as a critical audit matter. Subjective auditor judgment was required to evaluate the discount rate used to determine the projected benefit obligation, as minor changes in the rate could have a significant impact on the projected benefit obligation. Additionally, the assessment of the discount rate required specialized actuarial skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's benefit obligation process, including a control related to the actuarial determination of the discount rate used in the measurement of the projected benefit obligation. Additionally, we involved an actuarial professional with specialized skills and knowledge, who assisted in the evaluation of the Company's discount rate by:

- assessing changes in the discount rate from the prior year against changes in published indices
- evaluating management's methodology for determining the discount rate that reflects the maturity and duration of the benefit payments and is used to measure the projected benefit obligation
- evaluating the selected yield curve and its consistency with the prior year and spot rate.

/s/ KPMG LLP

We have served as the Company's auditor since 2011.

Dallas, Texas
March 29, 2024

Consolidated Balance Sheets

Dollars in Thousands

	February 3, 2024	January 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 808,287	$ 650,336
Restricted cash	—	9,995
Accounts receivable	60,547	56,952
Short-term investments	148,036	148,902
Merchandise inventories	1,093,999	1,120,208
Other current assets	97,341	85,453
Total current assets	2,208,210	2,071,846
Property and equipment:		
Land and land improvements	47,183	47,619
Buildings and leasehold improvements	3,063,322	3,065,504
Furniture, fixtures and equipment	547,150	563,265
Buildings under construction	54,816	26,699
Less accumulated depreciation and amortization	(2,638,167)	(2,584,708)
	1,074,304	1,118,379
Operating lease assets	42,681	33,821
Deferred income taxes	63,951	42,278
Other assets	59,760	62,826
Total assets	$ 3,448,906	$ 3,329,150
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable and accrued expenses	$ 782,545	$ 828,484
Current portion of operating lease liabilities	11,252	9,702
Federal and state income taxes	33,959	20,775
Total current liabilities	827,756	858,961
Long-term debt	321,461	321,354
Operating lease liabilities	31,728	24,164
Other liabilities	370,893	326,033
Subordinated debentures	200,000	200,000
Commitments and contingencies		
Stockholders' equity:		
Common stock, Class A— 120,066,708 and 120,053.954 shares issued; 12,243,845 and 13,148.743 shares outstanding	1,200	1,200
Common stock, Class B (convertible)— 3,986,233 and 3,986,233 shares issued and outstanding	40	40
Additional paid-in capital	967,348	962,839
Accumulated other comprehensive loss	(87,208)	(65,722)
Retained earnings	6,048,288	5,648,700
Less treasury stock, at cost, Class A— 107,822.863 and 106,905,211 shares	(5,232,600)	(4,948,419)
Total stockholders' equity	1,697,068	1,598,638
Total liabilities and stockholders' equity	$ 3,448,906	$ 3,329,150

See notes to consolidated financial statements.

Consolidated Statements of Income

Dollars in Thousands, Except Per Share Data

	Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net sales	$ 6,752,053	$ 6,871,081	$ 6,492,993
Service charges and other income	122,367	125,134	131,274
	6,874,420	6,996,215	6,624,267
Cost of sales	4,031,108	3,983,598	3,747,665
Selling, general and administrative expenses	1,717,415	1,674,317	1,536,554
Depreciation and amortization	179,573	188,440	199,321
Rentals	21,569	23,169	22,594
Interest and debt (income) expense, net	(4,600)	30,527	43,092
Other expense	18,791	7,744	11,366
Gain on disposal of assets	(6,053)	(21,047)	(24,688)
Income before income taxes	916,617	1,109,467	1,088,363
Income taxes	177,770	217,830	225,890
Net income	$ 738,847	$ 891,637	$ 862,473
Earnings per share:			
Basic	$ 44.73	$ 50.81	$ 41.88
Diluted	44.73	50.81	41.88

See notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Dollars in Thousands

	Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Net income	$ 738,847	$ 891,637	$ 862,473
Other comprehensive income:			
Amortization of retirement plan and other retiree benefit adjustments (net of tax of $(5,003), $1,560 and $3,867, respectively)	(21,486)	(42,924)	12,137
Comprehensive income	$ 717,361	$ 848,713	$ 874,610

See notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Dollars in Thousands, Except Share and Per Share Data

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock	Total
	Class A	Class B					
Balance, January 30, 2021	$ 1,200	$ 40	$ 954,131	$ (34,935)	$ 4,471,269	$ (3,950,697)	$ 1,441,008
Net income	—	—	—	—	862,473	—	862,473
Other comprehensive income	—	—	—	12,137	—	—	12,137
Issuance of 14,806 shares under equity plans	—	—	2,522	—	—	—	2,522
Purchase of 3,205,213 shares of treasury stock	—	—	—	—	—	(561,102)	(561,102)
Cash dividends declared:							
Common stock, $15.70 per share	—	—	—	—	(305,820)	—	(305,820)
Balance, January 29, 2022	1,200	40	956,653	(22,798)	5,027,922	(4,511,799)	1,451,218
Net income	—	—	—	—	891,637	—	891,637
Other comprehensive loss	—	—	—	(42,924)	—	—	(42,924)
Issuance of 19,062 shares under equity plans	—	—	6,186	—	—	—	6,186
Purchase of 1,708,918 shares of treasury stock	—	—	—	—	—	(436,620)	(436,620)
Cash dividends declared:							
Common stock, $15.80 per share	—	—	—	—	(270,859)	—	(270,859)
Balance, January 28, 2023	1,200	40	962,839	(65,722)	5,648,700	(4,948,419)	1,598,638
Net income	—	—	—	—	738,847	—	738,847
Other comprehensive loss	—	—	—	(21,486)	—	—	(21,486)
Issuance of 12,754 shares under equity plans	—	—	4,509	—	—	—	4,509
Purchase of 917,652 shares of treasury stock (including excise tax)	—	—	—	—	—	(284,181)	(284,181)
Cash dividends declared:							
Common stock, $20.90 per share	—	—	—	—	(339,259)	—	(339,259)
Balance, February 3, 2024	$ 1,200	$ 40	$ 967,348	$ (87,208)	$ 6,048,288	$ (5,232,600)	$ 1,697,068

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Dollars in Thousands

	Years Ended		
	February 3, 2024	January 28, 2023	January 29, 2022
Operating activities:			
Net income	$ 738,847	$ 891,637	$ 862,473
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and other deferred costs	181,182	190,030	201,435
Deferred income taxes	(17,724)	(15,299)	(7,448)
Gain on disposal of assets	(6,053)	(21,047)	(24,688)
Proceeds from insurance	—	—	2,902
Gain from insurance proceeds	—	(160)	—
Loss on early extinguishment of debt	—	—	2,830
Accrued interest on short-term investments	(5,679)	(3,206)	—
Changes in operating assets and liabilities:			
Increase in accounts receivable	(3,595)	(17,175)	(3,084)
Decrease (increase) in merchandise inventories	26,209	(40,030)	7,585
Increase in other current assets	(7,819)	(5,359)	(23,769)
Increase in other assets	(4,678)	(1,161)	(3,832)
(Decrease) increase in trade accounts payable and accrued expenses and other liabilities	(22,492)	(28,582)	122,607
Increase (decrease) in income taxes payable	5,392	(1,257)	143,009
Net cash provided by operating activities	883,590	948,391	1,280,020
Investing activities:			
Purchase of property and equipment and capitalized software	(132,944)	(120,105)	(104,360)
Proceeds from disposal of assets	6,328	25,062	29,296
Proceeds from insurance	4,477	4,886	3,801
Purchase of short-term investments	(295,354)	(245,696)	—
Proceeds from maturities of short-term investments	301,899	100,000	—
Distribution from joint venture	—	—	1,475
Net cash used in investing activities	(115,594)	(235,853)	(69,788)
Financing activities:			
Principal payments on long-term debt and finance lease liabilities	—	(44,800)	(695)
Cash dividends paid	(338,629)	(271,313)	(305,240)
Purchase of treasury stock	(281,411)	(452,853)	(544,868)
Issuance cost of line of credit	—	—	(3,009)
Net cash used in financing activities	(620,040)	(768,966)	(853,812)
Increase (decrease) in cash and cash equivalents and restricted cash	147,956	(56,428)	356,420
Cash and cash equivalents and restricted cash, beginning of period	660,331	716,759	360,339
Cash and cash equivalents and restricted cash, end of period	$ 808,287	$ 660,331	$ 716,759
Non-cash transactions:			
Accrued capital expenditures	$ 6,219	$ 5,155	$ 5,901
Stock awards	4,509	6,186	2,522
Accrued purchases of treasury stock and excise taxes	2,770	—	16,234
Lease assets obtained in exchange for new operating lease liabilities	20,477	3,660	9,627

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. Description of Business and Summary of Significant Accounting Policies

Description of Business—Dillard's, Inc. ("Dillard's" or the "Company") operates retail department stores, located primarily in the southeastern, southwestern and midwestern areas of the United States, and a general contracting construction company based in Little Rock, Arkansas. The Company's fiscal year ends on the Saturday nearest January 31 of each year. Fiscal year 2023 ended on February 3, 2024 and included 53 weeks. Fiscal years 2022 and 2021 ended on January 28, 2023 and January 29, 2022, respectively, and each included 52 weeks.

Consolidation—The accompanying consolidated financial statements include the accounts of Dillard's, Inc. and its wholly owned subsidiaries (excluding Dillard's Capital Trust I; see Note 7 for more information). Intercompany accounts and transactions are eliminated in consolidation. Investments in and advances to joint ventures are accounted for by the equity method where the Company does not have control.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include merchandise inventories, self-insured accruals, future cash flows and real estate values for impairment analysis, pension discount rate and taxes. Actual results could differ from those estimates.

Seasonality—The Company's business is highly seasonal, and historically the Company has realized a significant portion of its sales, net income and cash flow in the last quarter of our fiscal year. Due to holiday buying patterns, sales for the fourth quarter average approximately one-third of annual sales. Additionally, working capital requirements fluctuate during the year, increasing in the third quarter in anticipation of the holiday season.

Cash Equivalents—The Company considers all highly liquid investments with an original maturity of 3 months or less when purchased or certificates of deposit with no early withdrawal penalty to be cash equivalents. The Company considers receivables from charge card companies to be cash equivalents because they settle the balances within 2 to 3 days.

Restricted Cash—Restricted cash consists of cash proceeds from the sale of property held in escrow for the acquisition of replacement property under like-kind exchange agreements. The escrow accounts are administered by an intermediary. Pursuant to the like-kind exchange agreements, the cash remains restricted for a maximum of 180 days from the date of the property sale pending the acquisition of replacement property.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows.

(in thousands of dollars)	February 3, 2024	January 28, 2023
Cash and cash equivalents	$ 808,287	$ 650,336
Restricted cash	—	9,995
Total cash and cash equivalents and restricted cash	$ 808,287	$ 660,331

Accounts Receivable—Accounts receivable primarily consists of construction receivables of the Company's general contracting construction company, CDI Contractors, LLC ("CDI"), and the monthly settlement with Wells Fargo for Dillard's share of earnings from the long-term marketing and servicing alliance. Construction receivables are based on amounts billed to customers. The Company provides any allowance for doubtful accounts considered necessary based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Contract retentions are due 30 days after

completion of the project and acceptance by the owner. Accounts that are past due more than 120 days are considered for write-off based on individual credit evaluation and specific circumstances of the customer.

Short-term Investments—Short-term investments are securities with original maturities of greater than three months but less than twelve months and are comprised of U.S. Treasury Bills. The Company determines the classification of these securities as trading, available for sale or held to maturity at the time of purchase and re-evaluates these determinations at each balance sheet date. The Company's short-term investments are classified as held-to-maturity for the periods presented as it has the positive intent and ability to hold these investments to maturity. The Company's held-to-maturity investments are stated at amortized cost, which approximated fair value, and are periodically assessed for other-than-temporary impairment.

Merchandise Inventories—All of the Company's inventories are valued at the lower of cost or market using the last-in, first-out ("LIFO") inventory method. Approximately 96% of the Company's inventories are valued using the LIFO retail inventory method. Under the retail inventory method, the valuation of inventories at cost and the resulting gross margins are calculated by applying a cost to retail ratio to the retail value of inventories. The retail inventory method is an averaging method that is widely used in the retail industry due to its practicality. Inherent in the retail inventory method calculation are certain significant management judgments including, among others, merchandise markon, markups and markdowns, which significantly impact the ending inventory valuation at cost as well as the resulting gross margins. During periods of deflation, inventory values on the first-in, first-out ("FIFO") retail inventory method may be lower than the LIFO retail inventory method. Additionally, inventory values at LIFO cost may be in excess of net realizable value. At February 3, 2024 and January 28, 2023, merchandise inventories valued at LIFO, including adjustments as necessary to record inventory at the lower of cost or market, approximated the cost of such inventories using the FIFO retail inventory method. The application of the LIFO retail inventory method did not result in the recognition of any LIFO charges or credits affecting cost of sales for fiscal 2023, 2022 or 2021.

The Company regularly records a provision for estimated shrinkage, thereby reducing the carrying value of merchandise inventory. Complete physical inventories of the Company's stores and warehouses are generally performed no less frequently than annually, with the recorded amount of merchandise inventory being adjusted to coincide with these physical counts.

Property and Equipment—Property and equipment owned by the Company is stated at cost, which includes related interest costs incurred during periods of construction, less accumulated depreciation and amortization. Interest capitalized during fiscal 2023, 2022, and 2021 was $2.2 million, $1.9 million and $1.1 million, respectively. For financial reporting purposes, depreciation is computed by the straight-line method over estimated useful lives:

Buildings and leasehold improvements	20 - 40 years
Furniture, fixtures and equipment	3 - 10 years

Properties leased by the Company under lease agreements which are determined to be finance leases are stated at an amount equal to the present value of the minimum lease payments during the lease term, less accumulated amortization. The assets under finance leases and leasehold improvements under operating leases are amortized on the straight-line method over the shorter of their useful lives or the related lease terms. The provision for amortization of assets under finance leases is included in depreciation and amortization expense.

Included in property and equipment as of February 3, 2024 and January 28, 2023 are assets held for sale in the amount of $7.6 million. During fiscal 2023, the Company received cash proceeds of $6.3 million and realized a gain of $6.1 million primarily related to the sale of two store properties. During fiscal 2022, the Company received cash proceeds of $25.1 million and realized a gain of $21.0 million primarily related to the sale of three store properties. During fiscal 2021, the Company received cash proceeds of $29.3 million and realized a gain of $24.7 million primarily related to the sale of three store properties.

Depreciation and amortization on property and equipment was approximately $180 million, $188 million and $199 million for fiscal 2023, 2022 and 2021, respectively.

Long-Lived Assets—Fair value measurements of long-lived assets used in operations are required when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. In the evaluation of the fair value and future benefits of long-lived assets, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets. This analysis is performed at the store unit level. If the carrying value of the related asset exceeds the fair value, the carrying value is reduced to its fair value. Various factors including future sales growth, profit margins and real estate values are included in this analysis. Management believes at this time that the carrying values and useful lives continue to be appropriate.

During fiscal 2023, 2022 and 2021, no asset impairment and store closing charges were recorded.

Other Assets—Other assets include investments accounted for by the equity and cost methods, capitalized software and cash surrender value of life insurance policies.

Vendor Allowances—The Company receives concessions from its vendors through a variety of programs and arrangements, including cooperative advertising and margin maintenance programs. The Company has agreements in place with vendors setting forth the specific conditions for each allowance or payment. These agreements range in periods from a few days to up to a year. If the payment is a reimbursement for costs incurred, it is offset against those related costs; otherwise, it is treated as a reduction to the cost of the merchandise. Amounts of vendor concessions are recorded only when an agreement has been reached with the vendor and the collection of the concession is deemed probable.

For cooperative advertising programs, the Company generally offsets the allowances against the related advertising expense when incurred. Many of these programs require proof-of-advertising to be provided to the vendor to support the reimbursement of the incurred cost. Programs that do not require proof-of-advertising are monitored to ensure that the allowance provided by each vendor is a reimbursement of costs incurred to advertise for that particular vendor. If the allowance exceeds the advertising costs incurred on a vendor-specific basis, then the excess allowance from the vendor is recorded as a reduction of merchandise cost for that vendor.

Margin maintenance allowances are credited directly to cost of purchased merchandise in the period earned according to the agreement with the vendor. Under the retail method of accounting for inventory, a portion of these allowances reduces cost of goods sold and a portion reduces the carrying value of merchandise inventory.

Insurance Accruals—The Company's consolidated balance sheets include liabilities with respect to self-insured workers' compensation and general liability claims. The Company's self-insured retention is insured through a wholly-owned captive insurance subsidiary. The Company estimates the required liability of such claims, utilizing an actuarial method, based upon various assumptions, which include, but are not limited to, the Company's historical loss experience, projected loss development factors, actual payroll and other data. The required liability is also subject to adjustment in the future based upon the changes in claims experience, including changes in the number of incidents (frequency) and changes in the ultimate cost per incident (severity). As of February 3, 2024 and January 28, 2023, insurance accruals of $41.0 million and $42.5 million, respectively, were recorded in trade accounts payable and accrued expenses and other liabilities on the consolidated balance sheets.

Operating Leases—The Company leases retail stores, office space and equipment under operating leases. The Company records right-of-use assets and operating lease liabilities for operating leases with lease terms exceeding twelve months. The right-of-use assets are adjusted for lease incentives, including construction allowances and prepaid rent. The Company recognizes minimum rent expense on a straight-line basis over the lease term. Many leases contain contingent rent provisions. Contingent rent is expensed as incurred.

The lease term used for lease evaluation includes renewal option periods only in instances in which the exercise of the option period is reasonably certain.

Revenue Recognition—The Company's retail operations segment recognizes merchandise revenue at the "point of sale". An allowance for sales returns is recorded as a component of net sales in the period in which the related sales are

recorded. Sales taxes collected from customers are excluded from revenue and are recorded in trade accounts payable and accrued expenses until remitted to the taxing authorities.

Wells Fargo Bank, N.A. ("Wells Fargo") owns and manages Dillard's private label cards under a 10-year agreement ("Wells Fargo Alliance") which expires in fiscal 2024. Pursuant to the Wells Fargo Alliance, we receive on-going cash compensation from Wells Fargo based upon the portfolio's earnings. The compensation received from the portfolio is determined monthly and has no recourse provisions. The amount the Company receives is dependent on the level of sales on Wells Fargo accounts, the level of balances carried on Wells Fargo accounts by Wells Fargo customers, payment rates on Wells Fargo accounts, finance charge rates and other fees on Wells Fargo accounts, the level of credit losses for the Wells Fargo accounts as well as Wells Fargo's ability to extend credit to our customers. The Company's share of income under the Wells Fargo Alliance is included as a component of service charges and other income. The Company recognized income of $67.2 million, $67.8 million and $74.8 million from the Wells Fargo Alliance in fiscal 2023, 2022 and 2021, respectively. The Company participates in the marketing of the private label credit cards, which includes the cost of customer reward programs. Through the reward programs, customers earn points that are redeemable for discounts on future purchases. The Company defers a portion of its net sales upon the sale of merchandise to its customer reward program members that is recognized in net sales when the reward is redeemed or expired at a future date.

Revenue from CDI construction contracts is generally measured based on the ratio of costs incurred to total estimated contract costs (the "cost-to-cost method"). The length of each contract varies but is typically nine to eighteen months. The progress towards completion is determined by relating the actual costs of work performed to date to the current estimated total costs of the respective contracts. When the estimate on a contract indicates a loss, the entire loss is recorded in the current period.

Gift Card Revenue Recognition—The Company establishes a liability upon the sale of a gift card. The liability is relieved and revenue is recognized when gift cards are redeemed for merchandise. Gift card breakage income is determined based upon historical redemption patterns. The Company uses a homogeneous pool to recognize gift card breakage and will recognize income over the period in proportion to the pattern of rights exercised by the customer when the Company determines that it does not have a legal obligation to remit the value of unredeemed gift cards to the relevant jurisdiction as abandoned property. At that time, the Company will recognize breakage income over the performance period for those gift cards (i.e. 60 months) and will record it in service charges and other income. As of February 3, 2024 and January 28, 2023, gift card liabilities of $67.3 million and $69.4 million, respectively, were included in trade accounts payable and accrued expenses and other liabilities.

Advertising—Advertising and promotional costs, which include newspaper, magazine, Internet, broadcast and other media advertising, are expensed as incurred and were approximately $38.1 million, $38.6 million and $32.0 million, net of cooperative advertising reimbursements of $4.4 million, $5.6 million and $7.8 million for fiscal 2023, 2022 and 2021, respectively. The Company records net advertising expenses in selling, general and administrative expenses.

Income Taxes—Income taxes are recognized for the amount of taxes payable for the current year and deferred tax assets and liabilities for the future tax consequence of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using statutory tax rates and are adjusted for tax rate changes. Tax positions are analyzed to determine whether it is "more likely than not" that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. For those tax positions where it is not "more likely than not" that a tax benefit will be sustained, no tax benefit is recognized. The Company classifies accrued interest expense and penalties relating to income tax in the consolidated financial statements as income tax expense.

Shipping and Handling—The Company records shipping and handling reimbursements in service charges and other income. The Company records shipping and handling costs in cost of sales.

Defined Benefit Retirement Plans—The Company's defined benefit retirement plan costs are accounted for using actuarial valuations. The Company recognizes the funded status of its defined benefit pension plans on the consolidated

balance sheet and recognizes changes in the funded status that arise during the period but that are not recognized as components of net periodic benefit cost, within other comprehensive income, net of income taxes.

Comprehensive Income—Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. It consists of the net income or loss and other gains and losses affecting stockholders' equity that, under GAAP, are excluded from net income or loss. One such exclusion is the amortization of retirement plan and other retiree benefit adjustments, which is the only item impacting our accumulated other comprehensive loss.

Supply Concentration—The Company purchases merchandise from many sources and does not believe that the Company was dependent on any one supplier during fiscal 2023.

Recently Adopted Accounting Pronouncements

Disclosure of Supplier Finance Program Obligations

In September 2022, the Financial Accounting Standards Board ("FASB") issued accounting standards update ("ASU") No. 2022-04, *Liabilities – Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. The ASU is intended to enhance the transparency of the use of supplier finance programs by requiring that the buyers in those programs provide additional disclosures about the program's nature and potential magnitude, including a rollforward of the obligations and activity during the period. The ASU is effective for fiscal years and interim periods within those years beginning after December 15, 2022, except for the amendment on rollforward information, which is effective for fiscal years beginning after December 15, 2023. The amendments in the update should be applied retrospectively, except for the amendment on rollforward information, which should be applied prospectively. This ASU was adopted for the fiscal period beginning January 29, 2023 and did not have a material impact on the Company's condensed consolidated financial statements.

Under the terms of the Company's supplier finance program, participating suppliers have the option of payment in advance of an invoice due date, which is paid by certain administering banks, on the basis of invoices that the Company has confirmed as valid and approved. The Company agrees to pay the administering bank the stated amount of confirmed invoices from its designated suppliers on the Company's standard payment terms or on the original due dates of the invoices, as applicable. The Company's suppliers are not required to participate in the supplier finance program.

The early payment transactions between the Company's supplier and the administering bank are subject to an agreement between those parties, and the Company does not participate in any financial aspect of the agreement between the Company's supplier and the administering bank. The Company has not pledged assets or any other security for the committed payment to the administering bank. The Company or the administering bank may terminate the agreement upon at least 30 days' notice.

The amount of obligations confirmed under the program that remain unpaid by the Company were $1.6 million and $1.8 million as of February 3, 2024 and January 28, 2023, respectively. These obligations are presented within trade accounts payable and accrued expenses in our consolidated balance sheets.

Recently Issued Accounting Pronouncements

Management has considered all recent accounting pronouncements and, except as noted below, believes there is no accounting guidance issued but not yet effective that would be relevant to the Company's consolidated financial statements.

Improvements to Reportable Segment Disclosures

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The update modifies the disclosure/presentation requirements of reportable segments. The amendments in the update require the disclosure of significant segment expenses that are regularly provided to the

chief operating decision maker (CODM) and included within each reported measure of segment profit and loss, the amendments also require disclosure of all other segment items by reportable segment and a description of its composition. Additionally, the amendments require disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. This update is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that this guidance will have on its consolidated financial statements and accompanying notes.

Improvements to Income Tax Disclosures

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The update requires increased transparency in tax disclosures, specifically by expanding requirements for rate reconciliation and income taxes paid information. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact that this ASU will have on its income tax disclosures.

2. Business Segments

The Company operates in two reportable segments: the operation of retail department stores and a general contracting construction company.

For the Company's retail operations reportable segment, the Company determined its operating segments on a store by store basis. Each store's operating performance has been aggregated into one reportable segment. The Company's operating segments are aggregated for financial reporting purposes because they are similar in each of the following areas: economic characteristics, class of consumer, nature of products and distribution methods. Revenues from external customers are derived from merchandise sales, and the Company does not rely on any major customers as a source of revenue. Across all stores, the Company operates one store format under the Dillard's name where each store offers the same general mix of merchandise with similar categories and similar customers. The Company believes that disaggregating its operating segments would not provide meaningful additional information.

The following table summarizes the percentage of net sales by segment and major product line:

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Retail operations segment:			
Cosmetics	16 %	15 %	14 %
Ladies' apparel	20	21	21
Ladies' accessories and lingerie	14	14	15
Juniors' and children's apparel	9	9	10
Men's apparel and accessories	19	20	19
Shoes	14	15	15
Home and furniture	4	4	4
	96	98	98
Construction segment	4	2	2
Total	100 %	100 %	100 %

The following tables summarize certain segment information, including the reconciliation of those items to the Company's consolidated operations.

(in thousands of dollars)	Fiscal 2023 Retail Operations	Construction	Consolidated
Net sales from external customers	$ 6,479,580	$ 272,473	$ 6,752,053
Gross margin	2,709,071	11,874	2,720,945
Depreciation and amortization	179,315	258	179,573
Interest and debt expense (income), net	(3,927)	(673)	(4,600)
Income before income taxes	913,856	2,761	916,617
Total assets	3,377,632	71,274	3,448,906

(in thousands of dollars)	Fiscal 2022 Retail Operations	Construction	Consolidated
Net sales from external customers	$ 6,701,972	$ 169,109	$ 6,871,081
Gross margin	2,878,910	8,573	2,887,483
Depreciation and amortization	188,227	213	188,440
Interest and debt expense (income), net	30,614	(87)	30,527
Income before income taxes	1,108,675	792	1,109,467
Total assets	3,274,072	55,078	3,329,150

(in thousands of dollars)	Fiscal 2021 Retail Operations	Construction	Consolidated
Net sales from external customers	$ 6,374,753	$ 118,240	$ 6,492,993
Gross margin	2,736,762	8,566	2,745,328
Depreciation and amortization	199,061	260	199,321
Interest and debt expense (income), net	43,131	(39)	43,092
Income before income taxes	1,086,122	2,241	1,088,363
Total assets	3,199,847	45,710	3,245,557

Intersegment construction revenues of $48.3 million, $44.9 million and $38.2 million were eliminated during consolidation and have been excluded from net sales for fiscal 2023, 2022 and 2021, respectively.

The retail operations segment gives rise to contract liabilities through the customer loyalty program associated with Dillard's private label cards and through the issuances of gift cards. The customer loyalty program liability and a portion of the gift card liability are included in trade accounts payable and accrued expenses, and a portion of the gift card liability is included in other liabilities on the consolidated balance sheets. Our retail operations segment contract liabilities are as follows:

Retail (in thousands of dollars)	February 3, 2024	January 28, 2023	January 29, 2022
Contract liabilities	$ 85,227	$ 83,909	$ 80,421

During fiscal 2023 and 2022, the Company recorded $55.0 million and $53.2 million, respectively, in revenue that was previously included in the retail operations contract liability balances of $83.9 million and $80.4 million, at January 28, 2023 and January 29, 2022, respectively.

Construction contracts give rise to accounts receivable, contract assets and contract liabilities. We record accounts receivable based on amounts expected to be collected from customers. We also record costs and estimated earnings in excess of billings on uncompleted contracts (contract assets) and billings in excess of costs and estimated earnings on uncompleted contracts (contract liabilities) in other current assets and trade accounts payable and accrued expenses in the consolidated balance sheets, respectively. The amounts included in the consolidated balance sheets are as follows:

Construction (in thousands of dollars)	February 3, 2024	January 28, 2023	January 29, 2022
Accounts receivable	$ 47,240	$ 44,286	$ 25,912
Costs and estimated earnings in excess of billings on uncompleted contracts	1,695	798	2,847
Billings in excess of costs and estimated earnings on uncompleted contracts	6,307	10,909	6,298

During fiscal 2023 and 2022, the Company recorded $10.3 million and $5.8 million, respectively, in revenue that was previously included in billings in excess of costs and estimated earnings on uncompleted contracts of $10.9 million and $6.3 million at January 28, 2023 and January 29, 2022, respectively.

The remaining performance obligations related to executed construction contracts totaled $163.7 million and $189.1 million at February 3, 2024 and January 28, 2023, respectively.

3. Revolving Credit Agreement

The Company maintains a revolving credit facility (“credit agreement”) for general corporate purposes including, among other uses, working capital financing, the issuance of letters of credit, capital expenditures and, subject to certain restrictions, the repayment of existing indebtedness and share repurchases. The credit agreement, which is secured by certain deposit accounts of the Company and certain inventory of certain subsidiaries, provides a borrowing capacity of $800 million, subject to certain limitations as outlined in the credit agreement, with a $200 million expansion option.

Effective July 1, 2023, the Company amended the credit agreement (the "2023 amendment") to reflect the changes necessary for the phaseout of LIBOR. Pursuant to the 2023 amendment, the Company pays a variable rate of interest on borrowings under the credit agreement and a commitment fee to the participating banks. The rate of interest on borrowings is Adjusted Daily Simple SOFR, as defined in the 2023 amendment, plus 1.75% if average quarterly availability is less than 50% of the total commitment, as defined in the 2023 amendment ("total commitment"), and the rate of interest on borrowings is Adjusted Daily Simple SOFR, as defined in the 2023 amendment, plus 1.50% if average quarterly availability is greater than or equal to 50% of the total commitment. The commitment fee for unused borrowings is 0.30% per annum if average borrowings are less than 35% of the total commitment and 0.25% if average borrowings are greater than or equal to 35% of the total commitment. As long as availability exceeds $80 million and certain events of default have not occurred and are not continuing, there are no financial covenant requirements under the credit agreement. The credit agreement, as amended by the 2023 amendment, matures on April 28, 2026.

No borrowings were outstanding at February 3, 2024. Letters of credit totaling $19.3 million were issued under the credit agreement leaving unutilized availability under the facility of $734.7 million at February 3, 2024. The Company had no borrowings during fiscal 2023, 2022 and 2021.

4. Long-Term Debt

Long-term debt, including any current portion, of $321.5 million and $321.4 million was outstanding at February 3, 2024 and January 28, 2023, respectively. The debt outstanding at February 3, 2024 consisted of unsecured notes, bearing interest rates ranging from 7.000% to 7.750% and maturing during fiscal 2026 through fiscal 2028. There are no financial covenants under any of the debt agreements.

Long-term debt maturities over the next five years are (in millions):

Fiscal Year	Long-Term Debt Maturities
2024	$ —
2025	—
2026	96.0
2027	80.0
2028	145.8

Net interest and debt (income) expense consists of the following:

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Interest on long-term debt and subordinated debentures	$ 37,308	$ 40,123	$ 41,177
Revolving credit facility expenses	2,564	2,518	2,515
Amortization of debt expense	712	709	1,211
Interest on finance lease obligations	—	—	31
Investment interest income	(45,240)	(12,827)	(1,847)
Other interest	56	4	5
	$ (4,600)	$ 30,527	$ 43,092

Interest paid during fiscal 2023, 2022 and 2021 was approximately $45.0 million, $44.7 million and $44.8 million, respectively.

5. Trade Accounts Payable and Accrued Expenses

Trade accounts payable and accrued expenses consist of the following:

(in thousands of dollars)	February 3, 2024	January 28, 2023
Trade accounts payable	$ 562,408	$ 589,627
Accrued expenses:		
Taxes, other than income	58,063	58,659
Salaries, wages and employee benefits	84,522	96,857
Liability to customers	61,039	62,922
Interest	3,726	6,855
Rent	1,778	2,310
Other	11,009	11,254
	$ 782,545	$ 828,484

6. Income Taxes

The provision for federal and state income taxes is summarized as follows:

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Current:			
Federal	$ 185,082	$ 220,089	$ 224,462
State	10,412	13,040	8,876
	195,494	233,129	233,338
Deferred:			
Federal	(12,621)	(1,652)	(9,120)
State	(5,103)	(13,647)	1,672
	(17,724)	(15,299)	(7,448)
	$ 177,770	$ 217,830	$ 225,890

A reconciliation between the Company's income tax provision and income taxes using the federal statutory income tax rate of 21% is presented below:

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Income tax at the statutory federal rate	$ 192,490	$ 232,988	$ 228,556
State income taxes, net of federal benefit	14,529	20,616	24,677
Net changes in unrecognized tax benefits, interest and penalties/reserves	458	1,598	186
Tax benefit of federal credits	(1,571)	(1,724)	(1,504)
Changes in cash surrender value of life insurance policies	(383)	(389)	(387)
Changes in valuation allowance	(9,766)	(22,071)	(14,364)
Tax benefit of dividends paid to ESOP	(21,990)	(17,257)	(18,912)
Other	4,003	4,069	7,638
	$ 177,770	$ 217,830	$ 225,890

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of February 3, 2024 and January 28, 2023 are as follows:

(in thousands of dollars)	February 3, 2024	January 28, 2023
Prepaid expenses	$ 56,808	$ 54,151
Joint venture basis differences	7,954	6,714
Differences between book and tax basis of inventory	30,551	31,444
Operating lease assets	9,670	7,599
Other	716	153
Total deferred tax liabilities	105,699	100,061
Property and equipment bases and depreciation differences	(50,123)	(34,100)
Accruals not currently deductible	(87,396)	(80,499)
Operating lease liabilities	(9,853)	(7,751)
Net operating loss carryforwards	(21,750)	(27,830)
Other	(1,030)	(864)
Total deferred tax assets	(170,152)	(151,044)
Valuation allowance	1,470	10,727
Net deferred tax assets	(168,682)	(140,317)
Net deferred income taxes	$ (62,983)	$ (40,256)

Deferred tax assets and liabilities were measured using the federal statutory income tax rate of 21% and the appropriate state statutory income tax rates. State deferred tax assets and liabilities, including net operating loss carryforwards and valuation allowances, are presented net of related federal tax effects.

At February 3, 2024, the Company had a deferred tax asset related to state net operating loss carryforwards of approximately $21.8 million that could be utilized to reduce the tax liabilities of future years. Approximately $3.9 million of these carryforwards have indefinite lives, and approximately $17.9 million will expire between fiscal 2024 and 2044. State deferred tax assets were reduced by a valuation allowance of approximately $1.5 million primarily for the net operating loss carryforwards of various members of the affiliated group in states for which the Company determined that it is "more likely than not" that the benefit of the net operating losses will not be realized.

Deferred tax assets and liabilities are presented as follows in the accompanying consolidated balance sheets:

(in thousands of dollars)	February 3, 2024	January 28, 2023
Net deferred tax assets - deferred income taxes	$ (63,951)	$ (42,278)
Net deferred tax liabilities - other liabilities	968	2,022
Net deferred income taxes	$ (62,983)	$ (40,256)

The total amount of unrecognized tax benefits as of February 3, 2024 was $8.1 million, of which $6.0 million would, if recognized, affect the Company's effective tax rate. The total amount of unrecognized tax benefits as of January 28, 2023 was $7.0 million, of which $5.3 million would, if recognized, affect the Company's effective tax rate. The Company does not expect a significant change in unrecognized tax benefits in the next twelve months. Where applicable, associated interest expense and penalties are also recorded in income tax expense. The total amounts of interest and penalties were not material.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Unrecognized tax benefits at beginning of period	$ 7,030	$ 6,735	$ 5,058
Gross increases—tax positions in prior period	868	—	1,282
Gross decreases—tax positions in prior period	(695)	(885)	(566)
Gross increases—current period tax positions	1,405	1,202	1,332
Lapse of statutes of limitation	(498)	(22)	(371)
Unrecognized tax benefits at end of period	$ 8,110	$ 7,030	$ 6,735

The fiscal tax years that remain subject to examination for the federal tax jurisdiction are 2015, 2016 and 2019 and forward. The fiscal tax years that remain subject to examination for major state tax jurisdictions are 2020 and forward. At this time, the Company does not expect the results from any income tax audit to have a material impact on the Company's consolidated financial statements.

Income taxes paid, net of income tax refunds received, during fiscal 2023, 2022 and 2021 were approximately $183.8 million, $234.9 million and $93.6 million, respectively.

7. Subordinated Debentures

At February 3, 2024, the Company had $200 million outstanding of its 7.5% subordinated debentures due August 1, 2038. All of these subordinated debentures were held by Dillard's Capital Trust I ("Trust"), a 100% owned unconsolidated finance subsidiary of the Company. The subordinated debentures are the sole asset of the Trust. The Company has the right to defer the payment of interest on the subordinated debentures at any time for a period not to exceed 20 consecutive quarters.

At February 3, 2024, the Trust had outstanding $200 million liquidation amount of 7.5% Capital Securities, due August 1, 2038 (the "Capital Securities"). Holders of the Capital Securities are entitled to receive cumulative cash distributions, payable quarterly, at the annual rate of 7.5% of the liquidation amount of $25 per Capital Security. The Capital Securities are subject to mandatory redemption upon repayment of the Company's subordinated debentures. The Company's obligations under the subordinated debentures and related agreements, taken together, provide a full and unconditional guarantee of payments due on the Capital Securities.

The Trust is a variable interest entity and is not consolidated into the Company's financial statements, since the Company is not the primary beneficiary of the Trust.

8. Benefit Plans

The Company has a retirement plan with a 401(k)-salary deferral feature for eligible employees. Under the terms of the plan, eligible employees could contribute up to the lesser of $22,500 ($30,000 if at least 50 years of age) or 75% of eligible pay. Eligible employees with 1 year of service, who elect to participate in the plan or are auto-enrolled, receive a Company matching contribution. Company matching contributions are calculated on the eligible employee's first 6% of elective deferrals with the first 1% being matched 100% and the next 5% being matched 50%. The Company matching contributions are used to purchase Class A Common Stock of the Company for the benefit of the employee. This stock may be immediately diversified into any of the other funds within the plan at the election of the employee. The terms of the plan provide a two-year vesting schedule for the Company matching contribution portion of the plan.

The Company incurred benefit plan expense of approximately $24 million, $22 million and $18 million for fiscal 2023, 2022 and 2021, respectively. Benefit plan expenses are included in selling, general and administrative expenses.

The Company has an unfunded, nonqualified defined benefit plan ("Pension Plan") for its officers. The Pension Plan is noncontributory and provides benefits based on years of service and compensation during employment. Pension expense is determined using an actuarial cost method to estimate the total benefits ultimately payable to officers and allocates this cost to service periods. The actuarial assumptions used to calculate pension costs are reviewed annually. The service cost component of net periodic benefit costs is included in selling, general and administrative expenses, and the interest costs and net actuarial loss components are included in other expense in the consolidated statements of income.

The accumulated benefit obligations, change in projected benefit obligation, change in assets, funded status and reconciliation to amounts recognized in the consolidated balance sheets related to the Pension Plan are as follows:

(in thousands of dollars)	February 3, 2024	January 28, 2023
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 273,118	$ 226,286
Service cost	5,047	4,077
Interest cost	12,948	6,786
Actuarial loss	32,333	42,321
Benefits paid	(6,959)	(6,352)
Benefit obligation at end of year	$ 316,487	$ 273,118
Change in Pension Plan assets:		
Fair value of Pension Plan assets at beginning of year	$ —	$ —
Employer contribution	6,959	6,352
Benefits paid	(6,959)	(6,352)
Fair value of Pension Plan assets at end of year	$ —	$ —
Funded status (Pension Plan assets less benefit obligation)	$ (316,487)	$ (273,118)
Amounts recognized in the balance sheets:		
Accrued benefit liability	$ (316,487)	$ (273,118)
Net amount recognized	$ (316,487)	$ (273,118)
Pretax amounts recognized in accumulated other comprehensive loss:		
Net actuarial loss	$ 97,917	$ 71,427
Prior service cost	—	—
Net amount recognized	$ 97,917	$ 71,427
Accumulated benefit obligation at end of year	$ (303,442)	$ (272,002)

The accrued benefit liability is included in other liabilities. At February 3, 2024 and January 28, 2023, the current portion of the accrued benefit liability of $6.9 million and $6.6 million, respectively, is included in trade accounts payable and accrued expenses.

The increase in the benefit obligation from January 28, 2023 to February 3, 2024 was primarily related to the actuarial loss of $32.3 million, which was primarily the net result of increases in fiscal 2022 compensation that were paid during fiscal 2023, increases due to estimated changes of future compensation and decreases due to the change in the discount rate to 5.1% as of February 3, 2024 from 4.8% as of January 28, 2023. The increase in the benefit obligation was also a result of increasing interest costs. The discount rate that the Company utilizes for determining future pension obligations is based on the FTSE Above Median Pension yield curve on its annual measurement date as of the end of each fiscal year and is matched to the future expected cash flows of the benefit plans by semi-annual periods.

Weighted average assumptions are as follows:

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Discount rate—net periodic pension cost	4.8 %	3.0 %	2.5 %
Discount rate—benefit obligations	5.1 %	4.8 %	3.0 %
Rate of compensation increases—net periodic pension cost	2.0 %	2.0 %	2.0 %
Rate of compensation increases—benefit obligations	3.0 %	2.0 %	2.0 %

The components of net periodic benefit costs are as follows:

(in thousands of dollars)	Fiscal 2023	Fiscal 2022	Fiscal 2021
Components of net periodic benefit costs:			
Service cost	$ 5,047	$ 4,077	$ 4,268
Interest cost	12,948	6,786	5,750
Net actuarial loss	5,843	958	2,786
Net periodic benefit costs	$ 23,838	$ 11,821	$ 12,804
Other changes in benefit obligations recognized in other comprehensive loss (income):			
Net actuarial loss (gain)	$ 26,490	$ 41,363	$ (16,004)
Amortization of prior service cost	—	—	—
Total recognized in other comprehensive loss (income)	$ 26,490	$ 41,363	$ (16,004)
Total recognized in net periodic benefit costs and other comprehensive income or loss	$ 50,328	$ 53,184	$ (3,200)

The estimated future benefits payments for the nonqualified benefit plan are as follows:

(in thousands of dollars)	
Fiscal Year	
2024	$ 7,053 *
2025	19,600
2026	20,478
2027	27,523
2028	29,359
2029 - 2033	136,082
Total payments for next ten fiscal years	$ 240,095

* The estimated benefit payment for fiscal 2024 also represents the amount the Company expects to contribute to the Pension Plan for fiscal 2024.

9. Stockholders' Equity

Capital stock is comprised of the following:

Type	Par Value	Shares Authorized
Preferred (5% cumulative)	$ 100.00	5,000
Additional preferred	$ 0.01	10,000,000
Class A, common	$ 0.01	289,000,000
Class B, common	$ 0.01	11,000,000

Holders of Class A Common Stock are empowered as a class to elect one-third of the members of the Board of Directors, and the holders of Class B Common Stock are empowered as a class to elect two-thirds of the members of the

Board of Directors. Shares of Class B Common Stock are convertible at the option of any holder thereof into shares of Class A Common Stock at the rate of one share of Class B Common Stock for one share of Class A Common Stock.

During fiscal 2023 and 2022, no shares of Class B Common Stock were converted to shares of Class A Common Stock.

Stock Repurchase Programs

In March 2018, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock ("March 2018 Stock Plan"). In May 2021, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock ("May 2021 Stock Plan"). In February 2022, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock under an open-ended plan ("February 2022 Stock Plan"). In May 2023, the Company's Board of Directors approved a stock repurchase program authorizing the Company to repurchase up to $500 million of its Class A Common Stock under an open-ended plan ("May 2023 Stock Plan").

The May 2023 Stock Plan permits the Company to repurchase its Class A Common Stock in the open market, pursuant to preset trading plans meeting the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended, or through privately negotiated transactions.

The following is a summary of share repurchase activity for the periods indicated (in thousands, except per share data):

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Cost of shares repurchased	$ 281,406	$ 436,620	$ 561,102
Number of shares repurchased	918	1,709	3,205
Average price per share	$ 306.66	$ 255.49	$ 175.06

All repurchases of the Company's Class A Common Stock above were made at the market price at the trade date, and all amounts paid to reacquire these shares were allocated to treasury stock. As of February 3, 2024, the Company had completed the authorized purchases under the March 2018 Stock Plan, the May 2021 Stock Plan and the February 2022 Stock Plan, and $394.0 million of authorization remained under the May 2023 Stock Plan.

On August 16, 2022, the Inflation Reduction Act of 2022 ("the Act") was signed into law. Under the Act share repurchases after December 31, 2022 are subject to a 1% excise tax. At February 3, 2024, the Company had accrued $2.8 million of excise tax related to its share repurchase program.

10. Accumulated Other Comprehensive Loss ("AOCL")

Reclassifications from AOCL

Reclassifications from AOCL are summarized as follows (in thousands):

Details about AOCL Components	Amount Reclassified from AOCL		Affected Line Item in the Statement Where Net Income Is Presented
	Fiscal 2023	Fiscal 2022	
Defined benefit pension plan items			
Amortization of actuarial losses	$ 5,843	$ 958	Total before tax (1)
	466	232	Income tax expense
	$ 5,377	$ 726	Total net of tax

(1) This item is included in the computation of net periodic benefit costs. See Note 8 for additional information.

Changes in AOCL

Changes in AOCL by component (net of tax) are summarized as follows (in thousands):

	Defined Benefit Pension Plan Items	
	Fiscal 2023	Fiscal 2022
Beginning balance	$ 65,722	$ 22,798
Other comprehensive loss before reclassifications	26,863	43,650
Amounts reclassified from AOCL	(5,377)	(726)
Net other comprehensive loss	21,486	42,924
Ending balance	$ 87,208	$ 65,722

11. Earnings per Share

Basic earnings per share has been computed based upon the weighted average of Class A and Class B common shares outstanding. As no stock options or other dilutive securities were outstanding during any of the respective periods, the calculation of basic and dilutive earnings per share are the same.

Earnings per common share has been computed as follows:

	Fiscal 2023		Fiscal 2022		Fiscal 2021	
(in thousands, except per share data)	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net earnings available for per-share calculation	$ 738,847	$ 738,847	$ 891,637	$ 891,637	$ 862,473	$ 862,473
Average shares of common stock outstanding	16,517	16,517	17,549	17,549	20,592	20,592
Dilutive effect of stock-based compensation	—	—	—	—	—	—
Total average equivalent shares	16,517	16,517	17,549	17,549	20,592	20,592
Per share of common stock:						
Net income	$ 44.73	$ 44.73	$ 50.81	$ 50.81	$ 41.88	$ 41.88

12. Commitments and Contingencies

At February 3, 2024, the Company is committed to incur costs of approximately $2.2 million to acquire, complete and furnish certain stores and equipment.

At February 3, 2024, letters of credit totaling $19.3 million were issued under the Company's $800 million revolving credit facility.

Various legal proceedings, in the form of lawsuits and claims, which occur in the normal course of business, are pending against the Company and its subsidiaries. In the opinion of management, disposition of these matters is not expected to materially affect the Company's financial position, cash flows or results of operations.

13. Leases

The Company leases retail stores, office space and equipment under operating leases. As of February 3, 2024, right-of-use operating lease assets, which are recorded in operating lease assets in the consolidated balance sheets, totaled $42.7 million, and operating lease liabilities, which are recorded in current portion of operating lease liabilities and operating lease liabilities, totaled $43.0 million.

In determining our operating lease assets and operating lease liabilities, we apply an incremental borrowing rate to the minimum lease payments within each lease agreement. GAAP requires the use of the rate implicit in the lease whenever that rate is readily determinable; furthermore, if the implicit rate is not readily determinable, a lessee may use its incremental borrowing rate. The incremental borrowing rate is the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. To estimate our specific incremental borrowing rates that align with applicable lease terms, we utilized a model consistent with the credit quality of our outstanding debt instruments.

Renewal options of five to 10 years exist on the majority of leased properties. The Company has sole discretion in exercising the lease renewal options. We do not recognize operating lease assets or operating lease liabilities at lease inception for renewal periods unless it has been determined that we are reasonably certain of exercising the renewal options. The depreciable life of operating lease assets and related leasehold improvements is limited by the expected lease term.

Contingent rentals on certain leases are based on a percentage of annual sales in excess of specified amounts. Other contingent rentals are based entirely on a percentage of sales. The Company's operating lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table summarizes the Company's operating and finance leases:

(in thousands of dollars)	Classification - Consolidated Balance Sheets	February 3, 2024	January 28, 2023
Assets			
Finance lease assets	Property and equipment, net	$ —	$ —
Operating lease assets	Operating lease assets	42,681	33,821
Total leased assets		$ 42,681	$ 33,821
Liabilities			
Current			
Finance	Current portion of finance lease liabilities	$ —	$ —
Operating	Current portion of operating lease liabilities	11,252	9,702
Noncurrent			
Finance	Finance lease liabilities	—	—
Operating	Operating lease liabilities	31,728	24,164
Total lease liabilities		$ 42,980	$ 33,866

Lease Cost

(in thousands of dollars)	Classification - Consolidated Statements of Operations	Fiscal 2023	Fiscal 2022	Fiscal 2021
Operating lease cost [(a)]	Rentals	$ 21,569	$ 23,169	$ 22,594
Finance lease cost				
Amortization of leased assets	Depreciation and amortization	—	—	247
Interest on lease liabilities	Interest and debt expense, net	—	—	31
Net lease cost		$ 21,569	$ 23,169	$ 22,872

(a) Includes short term lease costs of $4.4 million and $5.2 million and variable lease costs, including contingent rent, of $3.7 million and $3.3 million for fiscal 2023 and 2022, respectively.

Maturities of Lease Liabilities

(in thousands of dollars) Fiscal Year	Operating Leases	Finance Leases	Total
2024	$ 13,586	$ —	$ 13,586
2025	13,018	—	13,018
2026	9,657	—	9,657
2027	4,361	—	4,361
2028	3,740	—	3,740
After 2028	6,111	—	6,111
Total minimum lease payments	50,473	—	50,473
Less amount representing interest	(7,493)	—	(7,493)
Present value of lease liabilities	$ 42,980	$ —	$ 42,980

Lease Term and Discount Rate

	February 3, 2024
Weighted-average remaining lease term	
Operating leases	5.0
Weighted-average discount rate	
Operating leases	6.5 %

Other Information

(in thousands of dollars)	Fiscal 2023
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 13,475
Operating cash flows from finance leases	—
Financing cash flows from finance leases	—
Lease assets obtained in exchange for new operating lease liabilities	$ 20,477

14. Fair Value Disclosures

The estimated fair values of financial instruments which are presented herein have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of amounts the Company could realize in a current market exchange.

The fair value of the Company's long-term debt and subordinated debentures is based on market prices and are categorized as Level 1 in the fair value hierarchy.

The fair value of the Company's cash and cash equivalents, restricted cash and trade accounts receivable approximates their carrying values at February 3, 2024 and January 28, 2023 due to the short-term maturities of these instruments. The Company's short-term investments are recorded at amortized cost, which is consistent with the Company's held-to-maturity classification. The fair values of the Company's long-term debt at February 3, 2024 and January 28, 2023 were approximately $339 million and $338 million, respectively. The carrying values of the Company's long-term debt at February 3, 2024 and January 28, 2023 were approximately $321 million. The fair values of the subordinated debentures at February 3, 2024 and January 28, 2023 were approximately $205 million. The carrying values of the subordinated debentures at both February 3, 2024 and January 28, 2023 were $200 million.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

The FASB's accounting guidance utilizes a fair value hierarchy that prioritizes the inputs to the valuation techniques used to measure fair value into three broad levels:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions

During fiscal 2023, 2022 and 2021, no asset impairment and store closing charges were recorded.

Exhibit 10(k)

CERTAIN IDENTIFIED INFORMATION HAS BEEN EXCLUDED FROM THE EXHIBIT BECAUSE IT IS BOTH NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE OR CONFIDENTIAL. REDACTED INFORMATION IS INDICATED BY [***]

CREDIT CARD PROGRAM AGREEMENT

by and among

DILLARD'S, INC.,

DILLARD INVESTMENT CO. INC.,

and

CITIBANK, N.A.

APPENDED EXHIBITS AND SCHEDULES*

Exhibit A	**Definitions**
Exhibit B	List of Competitors
Exhibit C	Prohibited Goods and Services
Exhibit D	Form of Confidentiality and Non-Disclosure Agreement
Schedule 3.2.1(a)	Record Retention Requirements for Program Marketing Communications
Schedule 3.2.1(c)	Fair Lending Review Procedures
Schedule 3.3.1	Approved Bank Products
Schedule 4.1.1(b)(i)	Initial Management Committee Members
Schedule 4.1.3	Meetings and Governance
Schedule 5.1.1	Operating Procedures
Schedule 5.5.2(a)	Floor Limits
Schedule 5.6	Network
Schedule 5.10.1(b)	Modifications to Risk Management Policies
Schedule 5.10.1(c)	Approval Rate and Initial Credit Limit Targets
Schedule 5.10.2(a)	Credit Terms
Schedule 5.10.2(c)	Club Plans
Schedule 5.10.2(g)	Program Growth
Schedule 5.11	Company Employee Incentive Program as of Effective Date
Schedule 5.13	Firearms
Schedule 5.15	Program Card Participation in Digital Wallets
Schedule 6.1	Compensation and Other Economic Terms
Schedule 6.3	Sales Tax Recovery
Schedule 7.3	Secondary Provider Program
Schedule 7.4	Company Acquisition Exception
Schedule 8.1.1	Service Level Standards
Schedule 8.3.1	Reports
Schedule 9.1	Loyalty Program Value Proposition
Schedule 10.2.2(e)	Additional Security Requirements
Schedule 11.2.2	Provided Program Information
Schedule 11.4.1	Company Marks
Schedule 11.4.2	Bank Marks
Schedule 12.4.4	Additional Requirements
Schedule 14.3.2-(i)	Company Change in Control
Schedule 14.3.2-(ii)	Restricted Retailers

Schedule 14.6.2(a)	Evaluation Data
Schedule 14.7.1(b)	Diligence File Information
Schedule 14.10	Liquidation Process

*Schedules omitted pursuant to Item 601(a)(5) of Regulation S-K.

CREDIT CARD PROGRAM AGREEMENT

This CREDIT CARD PROGRAM AGREEMENT ("**Agreement**") is effective as of January 26, 2024 (the "**Effective Date**"), by and among DILLARD'S, INC., a Delaware corporation ("**Company**"), DILLARD INVESTMENT CO., INC., a Delaware Corporation, a subsidiary of Company ("**DIC**", and together with Company, the "**Company Parties**") and CITIBANK, N.A., a national banking association ("**Bank**"). Bank and the Company Parties are each referred to herein individually as a "**Party**" and collectively as "**Parties**".

RECITALS

WHEREAS, Company is engaged in the business of selling goods and/or services;

WHEREAS, DIC is a subsidiary of Company;

WHEREAS, Bank is engaged in the business of establishing programs to extend customized revolving credit to qualified customers for the purchase of goods and/or services;

WHEREAS, Bank intends to acquire the Back Book Assets pursuant to a Back Book Purchase Agreement to be executed between Bank and the Previous Issuer; and

WHEREAS, subject to the terms and conditions of this Agreement, the Parties desire to enter into an agreement for Bank to provide a private label and co-branded revolving credit program to customers of Company and its Affiliates who are located in the Territory.

NOW, **THEREFORE**, in consideration of the terms and conditions stated herein, and for good and valuable consideration, the receipt of which is hereby acknowledged, the Parties agree as follows:

ARTICLE 1

DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Certain Defined Terms. Unless otherwise defined, capitalized terms used in this Agreement and the appended Schedules shall have the meanings ascribed in Exhibit A (Definitions):

1.2 Rules of Interpretation. As used herein:

1.2.1 all references to a plural form shall include the singular form (and vice versa);

1.2.2 the terms "include" and "including" are meant to be illustrative and not exclusive, and shall be deemed to mean "include without limitation" or "including without limitation;"

1.2.3 the word "or" is disjunctive, but not necessarily exclusive, except where clearly indicated by the context;

1.2.4 the word “and” is conjunctive only;

1.2.5 the words “herein,” “hereof,” “hereunder” and words of like import shall refer to this Agreement as a whole (including its Schedules and Exhibits), unless the context clearly indicates to the contrary (for example, where a particular Section, Schedule or Exhibit is the intended reference);

1.2.6 where specific language is used to clarify or illustrate by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict the construction of the general statement which is being clarified or illustrated;

1.2.7 text enclosed in parentheses has the same effect as text that is not enclosed in parentheses;

1.2.8 any reference made in this Agreement to a statute or statutory provision shall mean such statute or statutory provision as it has been amended through the date as of which the particular portion of this Agreement is to take effect, or to any successor statute or statutory provision relating to the same subject as the statutory provision so referred to in this Agreement, and to any then applicable rules or regulations promulgated thereunder, unless otherwise provided;

1.2.9 references to “days”, “months” or “years” mean calendar days, months or years unless otherwise indicated through the use of the phrase “Business Days”, “Retail Days”, or “Program Years”;

1.2.10 the construction of this Agreement shall not take into consideration the Party who drafted or whose representative drafted any portion of this Agreement, and no canon of construction shall be applied against a Party on the basis that such Party was the drafter;

1.2.11 any Article, Section, Subsection, Paragraph or Subparagraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement;

1.2.12 unless the context otherwise requires or unless otherwise provided herein, all references in this Agreement to a particular agreement, instrument, or document also shall refer to all schedules or exhibits, renewals, extensions, modifications, amendments and restatements of such agreement, instrument, or document;

1.2.13 references to any amount as on deposit or outstanding on any particular date means such amount at the close of business on such day;

1.2.14 unless otherwise expressly specified herein, any payment that otherwise would be due on a day that is not a Business Day shall be deemed to be due on the first Business Day thereafter; and

1.2.15 references to “$” or Dollar” means United States Dollars.

1.3 Order of Precedence. If there is a conflict between Applicable Law, the Network Rules, the Operating Procedures and/or this Agreement, the following will govern in order of precedence: (a) Applicable Law; (b) the Network Rules; (c) this Agreement; and (d) the Operating Procedures; provided that in the event of a conflict between any Exhibit or Schedule of this Agreement and the main text of this Agreement, unless explicitly stated otherwise, the main text of this Agreement shall govern to the extent of the conflict.

ARTICLE 2

ESTABLISHMENT OF THE PROGRAM

2.1 Scope of the Program.

2.1.1 Generally.

(a) The Parties hereby agree to establish, maintain, and support the Program within the Territory. This Agreement sets forth the understanding between the Company Parties and Bank with respect to the Program and Accounts generated thereunder, and the performance by Bank and by the Company Parties of various services relating to such Accounts. As used in this Agreement, the term "Program" shall include the extension of credit, billings, collections, accounting between the Parties, and all other aspects of the customized Credit Card programs contemplated herein.

(b) Bank and the Company Parties agree that:

(i) It is their mutual intention that the Back Book Assets Closing Date and the Back Book Conversion Date occur no later than [***] (or such other date as mutually agreed to in writing by the Parties). Company shall (and shall cause its Affiliates to) reasonably cooperate with the respective efforts of Bank and the Previous Issuer to consummate the Back Book Assets Closing Date and effect the Back Book Conversion Date no later than [***] (or such other date as mutually agreed to in writing by the Parties) ("**Target Back Book Conversion Date**"). Bank will use commercially reasonable and good faith efforts to consummate the transactions contemplated by the Back Book Purchase Agreement, including purchasing the Back Book Assets and conducting a simultaneous closing and conversion of the Back Book Assets to Bank's servicing platform on the Back Book Conversion Date; provided, that Bank's obligations under this Section 2.1.1(b)(i) are subject in all respects to the Previous Issuer's performance of its obligations and the satisfaction of all conditions applicable to the Previous Issuer under the Back Book Purchase Agreement unless such conditions are waived by Bank (the determination of whether the Previous Issuer has satisfied all conditions applicable to it under the Back Book Purchase Agreement shall be in Bank's reasonable discretion) and Bank's rights related thereto. Company shall use commercially reasonable efforts to facilitate the sale of the Back Book Assets to Bank.

(ii) Bank shall keep Company apprised as to the progress of the consummation of the transactions under the Back Book Purchase Agreement and Bank shall promptly notify Company of any events, circumstances or developments that, individually or in the aggregate, would reasonably be expected to cause the Back Book Assets Closing Date or the Back Book Conversion Date not to occur or to occur on the Target Back Book Conversion Date.

As of the Effective Date, Bank hereby represents and warrants to the Company Parties that, to the knowledge of Bank (after reasonable inquiry of individuals with responsibility for the subject matter of the applicable representation), there is no fact relating to Bank or any of its Affiliates' respective businesses, operations, financial condition or legal status, including any Governmental Authority investigation, order, memorandum of understanding, consents or other regulatory restriction, that would reasonably be expected to impair Bank's ability to consummate the purchase of the Back Book Assets or obtain, on a timely basis, all authorizations, approvals, consents, orders, declarations licenses and other authorities of or from all Governmental Authorities and third parties as are necessary for the consummation of the Back Book Assets.

(iii) The Parties acknowledge that the purchase price of the Back Book Assets is [***] the accounts within the Back Book Assets. Bank agrees that the costs of the Back Book Conversion will not be borne by any of the Company Parties, including through [***].

(iv) It is each Party's intent for the co-branded cards and private label cards included in the Back Book Assets to be managed in a unified Program with the Program Cards, so for clarity, unless otherwise expressly limited under the terms of this Agreement, this Agreement shall apply both to co-branded and private label credit cards included under the Back Book Assets and the Program Cards issued after the Program Launch Date. The Parties agree that upon the Back Book Conversion Date, the Back Book Assets shall be considered Program Assets, and the Credit Cards and accounts within the Back Book Assets shall be considered Program Cards and Accounts for all purposes of this Agreement. The Parties acknowledge that, to the extent the Back Book Assets include accounts where the primary billing address is outside the Territory, Program Cards will not be issued with respect to such accounts and such accounts will be closed as of the Back Book Conversion Date.

(v) [***]

(vi) From the Effective Date to the Soft Launch Start Date, only the following provisions of this Agreement shall be effective: Article 1, this Section 2.1.1, Section 2.4, Section 3.1.2(a), Section 4.1.1, Section 4.1.2(a), Section 4.1.2(c), Section 4.1.2(d), Section 4.1.3, Section 4.1.4, Section 4.2, Section 4.3, Section 5.2, Section 5.3, Section 5.6, Section 5.7, Section 5.13, Section 5.14, Article 6 (Program Economics), Section 10.1, Section 10.3, Article 11 (Proprietary Information; Intellectual Property), Section 12.1, Section 12.2, Section 12.3, Section 12.4.1, Section 12.4.2, Section 12.4.3, Section 14.1, Section 14.3, Section 14.4, Section 14.5.3, paragraph 1 of Schedule 14.10 (Liquidation Process), Article 15 (Indemnification), Article 17 (Miscellaneous) and any other provision of this Agreement that expressly by its terms requires a Party or the Parties to complete an action prior to the Soft Launch Start Date. All other provisions of this Agreement shall be effective as of the Soft Launch Start Date.

2.1.2 Channels. Bank shall offer the Program: (a) through the Company Channels in accordance with the Marketing Plan; (b) by displaying the Program on www.citi.com (or any successor or replacement thereto), including on the webpage that lists Bank's retail store credit cards, in a manner similar to [***] (subject to, solely with respect to initial implementation timing, resource availability and prioritization); provided that Bank

continues to display other such programs on www.citi.com; and (c) such other channels as may be mutually agreed in writing by Bank and Company from time to time, including in accordance with the Marketing Plan. The Parties will meet to discuss opportunities to market and promote the Program in other Bank Channels.

2.1.3 Non-Recourse Basis. Bank shall offer the Program on a non-recourse basis, such that the Company Parties shall not bear any credit losses, including any fraud losses, with respect to Accounts, subject to (a) the terms relating to Chargeback in this Agreement, and (b) the indemnification obligations of the Company Parties set forth in Section 15.1.

2.1.4 Full-Service-Basis. Bank shall operate the Program on a full-service basis, providing, at no cost to the Company Parties, servicing in connection with the Program, including Program Card Application processing, Indebtedness funding, customer service, credit and transaction authorizations, Billing Statement production and delivery, accounting, fraud prevention, collections, and recovery operations, and such other activities as required by Bank Applicable Law for issuers and servicers of Credit Cards. For the avoidance of doubt, except as expressly provided otherwise in this Agreement, the Company Parties shall have no obligation to reimburse Bank for the costs of such functions and operations, including any increases in such costs, over the Term.

2.1.5 Cooperation and Mutual Contribution. The Parties acknowledge that enjoyment of the fullest benefits to be obtained from the establishment of the Program is dependent upon the cooperation and contributions of the Parties.

2.2 Ownership of Accounts. Subject to Section 11.2 and Section 11.3, Bank shall be the sole and exclusive owner of (a) all Accounts, Indebtedness, and Account Documentation and (b) all copies of Charge Transaction Data, Credit Records and receipts or evidences of payment or purchases on Accounts by Cardholders submitted to Bank, and shall be entitled to receive all payments made by Cardholders on Accounts. Purchases shall constitute extensions of credit directly from Bank to customers of Company. The Company Parties shall not, at any time, have any rights in any of the Accounts established under the Program or in any obligations owing at any time thereunder unless the Designated Purchaser subsequently purchases such Program Assets from Bank in accordance with Article 14 (Term and Termination).

2.3 Compliance with Applicable Law.

2.3.1 Bank Compliance Obligations.

(a) Bank shall comply with Bank Applicable Law in its operation of the Program. Bank shall be responsible for compliance with Network Rules and the requirements of Applicable Law related to the operation of the Program, including with respect to Account Documentation produced by Bank, Forms, setting of Credit Terms, the Program Card Application delivery, evaluation, and administration process, billing and collection and recovery standards in connection with the Program, including all compliance requirements applicable to the content, structure and offering of any Bank Products ("**Bank Applicable Law**") except to the extent failure of the Program to comply with Bank Applicable Law or the Network Rules was caused by Company's failure to comply with (i) its obligations in this Agreement, including

Section 2.3.2, or (ii) instruction or direction provided by Bank pursuant to Section 2.3.1(b) or Section 2.3.4, in which case, to such extent of Company's failure, Company shall be responsible and Bank shall not be in default of its foregoing obligations under this Section 2.3.1.

(b) Bank shall instruct the Company Parties promptly, on an on-going basis, about the requirements of Bank Applicable Law, including Consumer Credit Law, and any material new changes related thereto, that apply to the Company Parties solely because of the Company Parties' participation in the Program and are necessary for Company to fulfill its obligations hereunder; provided, however, that Bank shall have no obligation to instruct the Company Parties with respect to the Company Parties' (i) business activities in the ordinary course, including compliance obligations related to offering Goods and Services or offering credit other than under the Program, or (ii) use or disclosure of Charge Transaction Data collected by Company, or (iii) compliance with Network Rules relating to Company's activities as a merchant. For the avoidance of doubt, Bank's provision or approval of written materials and training materials, including the Operating Procedures and Program Marketing Communications approved by Bank for use by the Company Parties, shall be deemed instruction to the Company Parties under this Section 2.3.1(b).

(c) Bank shall ensure that the Operating Procedures, Program Marketing Communications and other written materials and training materials developed by or approved by Bank and provided to the Company Parties do not direct the Company Parties to take actions that violate Bank Applicable Law of which Bank is required to notify the Company Parties under Section 2.3.1(b).

2.3.2 Company Compliance Obligations. The Company Parties shall be responsible for compliance with Applicable Law related to the Company Parties' (a) business activities in the ordinary course, including any compliance requirements related to the offering of Goods and Services and Program Marketing Communications produced or provided to Bank by the Company Parties, or the operation of the Loyalty Program, any Tender Neutral Loyalty Program, or any credit program other than the Program, or (b) use or disclosure of Charge Transaction Data collected by Company (except to the extent of Bank's use of Charge Transaction Data after the Company Parties' disclosure of such Charge Transaction Data to Bank pursuant to the terms of this Agreement) and (c) compliance with the Network Rules relating to Company's activities as a merchant ("**Company Applicable Law**") except to the extent failure by the Company Parties was caused by Bank's failure to comply with its obligations in Section 2.3.1, in which case Bank shall be responsible, and the Company Parties shall not be in default of its foregoing obligations under this Section 2.3.2 in the event of such failure by Bank. Company will comply with any written instructions or written direction that Bank provides as contemplated in Section 2.3.1(b); provided that, upon Company's request, the Parties shall discuss the time period and methods by which to implement such written instructions or written directions, including cost effective methods with respect to Company's efforts to implement such written instructions or written directions.

2.3.3 Cooperation. Bank and Company shall cooperate, in good faith and in a commercially reasonable manner, in support of and compliance with any Program policies that are required by Bank Applicable Law or Company Applicable Law or Network Rules. Bank shall promptly notify Company (which may be by email to the Company Program Manager or an

update to the Management Committee) of changes in Bank Applicable Law or Network Rules (applicable to issuers) that may have an impact on the Program pursuant to Section 2.3.1. Company shall promptly notify Bank (which may be by email to the Bank Program Manager or an update to the Management Committee) of changes in Company Applicable Law that may have an impact on the Program pursuant to Section 2.3.2.

2.3.4 Training. Company will train those of its employees, representatives and agents of Company, including those employees, representatives and agents employed in the Company Stores and those of its Affiliates, in each case, who are involved in the offering or servicing of the Program Cards, including compliance with Company Applicable Law, the Operating Procedures, and any other written instructions or written directions provided by Bank pursuant to Section 2.3.1(b) relating to the operation of the Program. Bank will provide relevant training materials with respect to the operation of the Program and compliance with Bank Applicable Law ("**Bank Training Materials**"), and may update such materials from time to time. Company will be responsible for incorporating the Bank Training Materials into its training program, and will use the Bank Training Materials to train its applicable employees and those applicable employees of its Affiliates who are engaged in the offering or servicing of the Program Cards, and Company will implement such training program. Company will provide evidence of such training to Bank as reasonably requested. Bank Training Materials will be Confidential Information of Bank, but Company may make copies of Bank Training Materials for Company's use in connection with such training. Company will conduct additional training to its employees, representatives and agents of Company, including those employees, representatives and agents employed in the Company Stores, in each case, who are engaged in the offering or servicing of the Program Cards if Bank reasonably determines that (i) there are instances of non-compliance with the Operating Procedures or any other written instructions or written directions provided by Bank pursuant to Section 2.3.1(b) relating to the operation of the Program and (ii) such non-compliance necessitates additional training of employees, representatives and/or agents of Company; provided, that the Parties shall mutually agree on the scope of such training and on the allocation of costs for such additional training; provided, further, that, each Party shall be responsible for the salaries of its own employees, representatives, and agents.

2.4 Program Launch.

2.4.1 Launch Plan.

(a) Within sixty (60) days of the Effective Date, or such later date as mutually agreed upon in writing by Company and Bank, Company and Bank will use commercially reasonable efforts to develop an initial detailed written plan necessary to complete the timely launch of the Program in accordance with this Agreement, including converting and re-launching accounts included in the Back Book Assets and marketing new Accounts commencing on the Program Launch Date ("**Launch Plan**"). The Parties acknowledge and agree that the Program will launch in two (2) consecutive mutually exclusive phases as described in this Section 2.4.1(a). The first phase of the Program launch (the "**Soft Launch Phase**") shall commence on a date to be determined by the Parties in the Launch Plan (such date of the Soft Launch Phase, the "**Soft Launch Start Date**"). During the Soft Launch Phase, the Program shall be offered on a non-general public basis and the Parties shall engage in testing and research

for the launch of the Program, each in accordance with the Launch Plan. The Parties acknowledge their mutual intention that the Program Launch Date shall occur on or before [***] (or such other date as agreed to in writing by the Parties).

(b) Each of Bank and Company will use commercially reasonable efforts to perform the tasks assigned to it in the Launch Plan, including committing the Program Managers and such other members of the Bank Program Team and other personnel and resources required to enable implementation of the Launch Plan and meet all milestones in accordance with the timelines set forth in such Launch Plan.

ARTICLE 3

MARKETING AND PROMOTION OF THE PROGRAM

3.1 Marketing Plan.

3.1.1 Promotion of the Program. Subject to the terms of this Agreement, Company and Bank shall actively support and promote the Program to both existing and potential Cardholders in accordance with the Marketing Plans and as otherwise agreed in writing by the Parties. Such marketing activities may include the following activities and such other activities as agreed in writing by the Parties from time to time (which activities may be funded by the Joint Program Commitment):

(a) in-store signage;

(b) Program-related updates on the Company Website;

(c) Company associate and store-level account acquisition incentive programs (including associate incentive funds);

(d) direct mail, print media and other promotional campaigns, including for Program Card acquisitions, activation, usage and new store openings with credit- or loyalty-related offers, bag-stuffers, in-store take-ones, dressing room mirror clings, and/or other mutually developed promotional collateral;

(e) development and approval of marketing, if any, to existing Cardholders, seasonal offers, balance transfer offers, and initiatives to encourage use of existing value proposition;

(f) internet, social media or mobile marketing and placement on Company- and/or Bank-owned websites and “apps”, optimized by device;

(g) product and marketing research;

(h) a plan to market to Cardholders with Accounts that are inactive in order to encourage such Cardholders to use and make Purchases on their Accounts and Program Cards;

(i) Loyalty Program and rewards testing;

(j) other testing initiatives; and

(k) other activities directed and approved by the Management Committee.

3.1.2 Marketing Plan.

(a) Prior to the beginning of each Program Year, the Program Managers shall meet to discuss and use commercially reasonable efforts to approve the marketing activities, including activities to be funded by the Joint Program Commitment for the upcoming Program Year. The Program Managers shall use reasonable efforts to create, and the Management Committee will approve a written collaborative plan that sets forth the marketing activities and related expenditures for the initial Program Year no later than forty-five (45) days prior to the scheduled Program Launch Date and for each Program Year thereafter no later than forty-five (45) days prior to the last day of the immediately preceding Program Year (each such plan, a "**Marketing Plan**"). In the event that the Marketing Plan is not approved by the Management Committee within forty-five (45) days of the beginning of a Program Year, the current Program Year's Marketing Plan shall continue to apply until the Marketing Plan for such Program Year is approved. The Parties may update the Marketing Plan with additional marketing activities and expenditures throughout the Program Year as mutually agreeable. Subject to Section 3.2.1, Company shall have the final approval right with respect to the implementation of any marketing initiatives in Company Channels and use of the Company Marks. Subject to the foregoing sentence, all aspects of the Marketing Plan (including allocating amounts from the Joint Program Fund) shall be jointly agreed upon and subject to Expedited Review.

(b) Each Program Quarter (beginning after the Program Launch Date), the Program Managers shall review the previous Program Quarter's results and forecasts with respect to the status of the Program, including Program Card Applications, new Accounts, Account attrition, active Accounts and Net Credit Volume, to determine whether modifications to the Marketing Plan should be made based on such results and forecasts. After the first two (2) Program Quarters following the Program Launch Date, the Program Managers may agree to meet on a bi-annual basis instead of quarterly. Subject to Section 3.1.2(a), if the Program Managers are unable to agree on appropriate modifications to the Marketing Plan, either Bank or Company may request the matter to be escalated as a Disputed Matter to be resolved in accordance with the provisions of Section 4.2.

3.2 Program Marketing Communications; Forms; Marketing Support.

3.2.1 Program Marketing Communications. Subject to the review and approval procedures set forth in this Section 3.2.1, each Party shall have the right to design and produce Program Marketing Communications. However, Company shall have final approval rights over the use of the Company Marks in the Program Marketing Communications and the design and look and feel of all Program Marketing Communications, other than those aspects required by Bank for compliance with Bank Applicable Law, and subject to the Bank Design Specifications.

(a) Bank Review and Approval.

(i) Company shall submit to Bank any Program Marketing Communications designed or produced by a Company Party for prior review and approval solely as it relates to the use of Bank Marks and such Program Marketing Communications compliance with Bank Applicable Law and legal and regulatory compliance risk under Bank Applicable Law; provided, that the Parties may adopt reasonable procedures for pre-approval of materials used on a recurring basis, so long as such preapproved communications are not revised. Bank shall use commercially reasonable efforts to review such Program Marketing Communications and reply in writing to the Company Program Manager within ten (10) Business Days of receipt of any Program Marketing Communications by the Bank Program Manager as to whether such communications are approved or require changes as reasonably determined by Bank. Bank's approval of any Program Marketing Communications pursuant to this Section 3.2.1(a)(i) shall not be unreasonably withheld or conditioned.

(ii) A Company Party may not use any Program Marketing Communications unless approved by Bank under Section 3.2.1(a)(i). If Bank reasonably determines that Program Marketing Communications reviewed under this Section 3.2.1(a) present legal or regulatory compliance risk under Bank Applicable Law or reputational harm, Company and Bank will cooperate to determine if the Program Marketing Communications can be modified to eliminate such legal or regulatory compliance risk under Bank Applicable Law and each Party shall promptly cease using any previously approved Program Marketing Communications that Bank determines present a legal or regulatory compliance risk or reputational harm to Bank. After any cessation by Company of the use of any Program Marketing Communications pursuant to this Section 3.2.1(a)(ii), the Parties will, if applicable, complete the review process set forth herein for replacement Program Marketing Communications that do not present the legal or regulatory compliance risk or reputational harm. Any dispute regarding the use or approval of Program Marketing Communications designed or produced by Company or Bank's determination that such Program Marketing Communications present legal or regulatory compliance risk under Bank Applicable Law shall be resolved in accordance with Section 4.2.

(iii) If Bank requires that Company destroy any physical Program Marketing Communications that have been previously approved by Bank and already produced by Company in final form due to a modification of Bank Marks, Bank will bear the reasonable out-of-pocket costs of Company for such destruction.

(iv) Company will follow the record retention requirements set forth in Schedule 3.2.1(a) (Record Retention Requirements for Program Marketing Communications) for all Program Marketing Communications executed by a Company Party. Bank may modify such retention requirements from time to time; provided, that (A) Bank shall provide Company with at least forty-five (45) days prior written notice of any modifications to the record retention requirements set forth in Schedule 3.2.1(a) (Record Retention Requirements for Program Marketing Communications) and (B) any modifications other than modifications to comply with Bank Applicable Law or that Bank is making across substantially all of [***] shall require approval by the Management Committee.

(b) Company Review and Approval.

(i) Bank shall submit to Company any Program Marketing Communications designed or produced by Bank for prior review and approval of their design, form and marketing content and the use of the Company Marks, other than those aspects required by Bank for compliance with Bank Applicable Law, and subject to the Bank Design Specifications; provided, that the Parties may adopt reasonable procedures for pre-approval of materials used on a recurring basis so long as such preapproved communications are not revised. Company shall use commercially reasonable efforts to review such Program Marketing Communications and reply in writing to the Bank Program Manager within ten (10) Business Days of receipt of any Program Marketing Communications by the Company Program Manager as to whether the design and look and feel of such communications are approved or require changes as reasonably determined by Company.

(ii) Bank shall not use any Program Marketing Communications unless approved by Company under Section 3.2.1(b)(i). If Company reasonably determines that Program Marketing Communications reviewed under this Section 3.2.1(b)(i) present legal or regulatory compliance risk under Company Applicable Law or reputational harm, Company and Bank shall cooperate to determine if the Program Marketing Communications can be modified to eliminate such legal or regulatory compliance risk, and each Party shall promptly cease using any previously approved Program Marketing Communications that Company reasonably determines present a legal or regulatory compliance risk under Company Applicable Law or reputational harm to Company. After any cessation by Company of the use of any Program Marketing Communications pursuant to this Section 3.2.1(b)(ii), the Parties will, if applicable, complete the review process set forth herein for replacement Program Marketing Communications that do not present the legal or regulatory compliance risk or reputational harm.

(iii) If Company requires that Bank destroy any physical Program Marketing Communications that have been previously approved by Company and already produced by Bank in final form due to a modification of Company Marks, Company will bear the reasonable out-of-pocket costs of Bank for such destruction.

(c) Fair Lending Review. Company will follow the procedures set forth in Schedule 3.2.1(c) (Fair Lending Review Procedures) to obtain Bank's review and approval (such approval not to be unreasonably withheld, delayed or conditioned) of the campaign execution details or selection criteria waterfall for any Partner Generated Campaigns prior to campaign execution. Bank may modify such procedures (including the Expectations defined in Schedule 3.2.1(c) (Fair Lending Review Procedures)) from time to time; provided, that (i) Bank shall provide Company with at least forty-five (45) days' prior written notice of any proposed modifications to Schedule 3.2.1(c) (Fair Lending Review Procedures) unless a shorter time is required by Applicable Law and (ii) any modifications other than to comply with Bank Applicable Law or that Bank is making across substantially all of [***] shall require approval by the Management Committee.

3.2.2 Forms. Subject to the terms of this Section 3.2.2, and Section 11.3.1 and Section 11.4.1, Bank shall design, produce, and have the right to modify the Forms used in

connection with the Program; provided, that with respect to the use of the Company Marks on the Forms, Bank shall obtain Company's prior written approval (such approval not to be unreasonably withheld delayed or conditioned). Without the prior written approval of Company, Bank shall not include or reference any Company Mark in any adverse action communications except in the nominative sense (i.e., without use of any logo, trade dress, or other stylized attributes, and in the same size font as the content of the communications) as required to identify the Account that is the subject of the communication.

(a) Program Card; Program Card Application; Billing Statement. Subject to the Bank Design Specifications, Company shall have the right to review and approve the design and look and feel of the Program Cards and the customizable aspects of the Program Card Application, Program Website, and the Billing Statement (including for the avoidance of doubt, the use of the Company Marks on the Program Cards, the Program Card Application and the Billing Statement). Bank shall use reasonable efforts to provide Company not less than sixty (60) days' prior written notice of any modification to the Program Card, or the customizable aspects of the Program Card Application or the Billing Statement. Prior to implementing any such modification, Bank shall consult with Company and obtain Company's written prior approval of any such modifications, unless such modification is required by Bank Applicable Law, in which case Company's prior written approval shall not be required (but Bank shall consult in good faith with Company prior to making any such modifications), and subject to the Bank Design Specifications. With respect to any such modification required by Bank Applicable Law, Bank may provide Company with a shorter period of prior written notice if necessary to enable Bank to comply with the implementation requirement of such Applicable Law. In any event, upon Company's request, a modification to the Program Cards, the customizable aspects of the Program Card Application, or the Billing Statement that affects the design of such Forms shall be subject to Section 4.2.

3.2.3 Marketing Support.

(a) Pursuant to Section 3.1, Company and Bank shall collaborate in good faith to design, implement, and modify (as needed) a Marketing Plan that is in harmony with Company's retail marketing plan.

(b) Subject to Article 10 (Confidentiality; Privacy and Data Security) and Article 11 (Proprietary Information; Intellectual Property), Bank shall, as agreed by the Parties from time to time to promote the Program, improve Program performance, or otherwise, as permitted by Applicable Law:

(i) conduct marketing research for the benefit of the Program using data/research tools maintained by or on behalf of Bank; and

(ii) collaborate with Company to identify and test marketing initiatives, using Bank's resources, including by providing data analytics (including attrition analytics, thin file analytics, and prospect marketing analytics), targeting assumptions and periodic customer surveys pursuant to Section 3.2.3(c);

(c) Following the Program Launch Date, Bank shall, on a regular, periodic basis (but in no event less frequently than annually), conduct surveys of Cardholder perception and satisfaction regarding the Program Cards, the Program, and the Loyalty Program; provided, that, Bank shall be solely responsible for the cost (not to be reimbursed from the Joint Program Commitment) of one annual Cardholder satisfaction survey conducted in each Program Year. To the extent that the Parties mutually agree to conduct any additional surveys in any Program Year, such additional surveys shall be undertaken using funds from the Joint Program Commitment. Such surveys shall be in a form and content and employ customary methodologies developed in consultation with Company, and shall provide for a level of information reasonably acceptable to both Parties that may be obtained without unreasonably increasing the cost of such surveys. Bank shall make available to Company the results of such surveys promptly following completion thereof.

(d) Bank shall collaborate with Company in good faith, via the Management Committee, to identify mutually agreeable opportunities to promote the Program and Company's Goods and Services within Bank's franchise, Bank's proprietary Credit Card program, or to Bank's customers meeting specified criteria, subject to agreement on terms with respect to economics and confidentiality.

3.2.4 Marketing Controls. Each Party will implement controls and monitoring processes reasonably designed to surface any issues (a marketing issue resulting in Cardholder harm, e.g., a broken link or misdirect connected to a promotion on the Company Website) or breaks (a marketing issue with the potential to cause Cardholder harm, e.g., an item that was identified as not properly followed in the marketing process but has not resulted in an issue) in the marketing process. The Parties shall periodically jointly review Company's controls to remedy such marketing issues or marketing breaks and ensure compliance with Bank Applicable Law. If Company discovers any issue or break with respect to its marketing processes, Company will promptly notify Bank. The Parties shall take such remediation steps necessary to mitigate such Cardholder harm. If applicable, and if requested by Bank (which such request shall include the reasonable details on the Personally Identifiable Information needed and scope of use), Company shall provide Bank with such requested customer Personally Identifiable Information relevant to the marketing issue or marketing break to effect such remediation.

3.2.5 Campaign IDs. The Parties will (a) include campaign IDs and credit units for end-to-end marketing tracking through mutually agreed upon campaign tags and credit units at mutually agreed upon placements and assets, including, as mutually agreed, the Company Website homepage, category pages, product pages, shopping cart, checkout, and site footers, and (b) facilitate the set up, tracking and sharing of the Program Card Application initiation information mapped to placements and sources in Company Channels. Where identification is available, Company will also target and track whether existing Cardholders or new targets saw the placements.

3.3 Company Approval of Bank Products; Company Offers.

3.3.1 Company Approval of Bank Products. Except for Approved Bank Products listed on Schedule 3.3.1 (Approved Bank Products), which such Schedule 3.3.1 (Approved Bank Products) may be updated from time to time in accordance with this

Section 3.3.1, and Section 3.3.4, without limiting the generality of Section 11.2.2, neither Bank nor its Affiliates or designees may (a) use Program Information to solicit Bank's proprietary products and services (e.g., deposit accounts, mortgages, auto loans) or any ancillary product or service offered in connection with the Program (e.g., debt cancellation) (each a "**Bank Product**") or (b) solicit Cardholders for, and offer to Cardholders (or arrange for a third party to solicit and/or provide) the Bank Products or any Bank Products that are tied to the Program, reference the Program or reference or use a Company Party's name or Company Marks. Bank may offer Approved Bank Products in compliance with Applicable Law, and the terms of this Section 3.3.1. If Company agrees to permit the offering or solicitation of Approved Bank Products, such offering and/or solicitation shall only be permitted on the terms (including terms relating to the compensation of Company with respect thereto) agreed in writing by Company.

3.3.2 Marketing of Approved Bank Products. Each of Bank and Company agree that marketing of the Approved Bank Products shall be permitted via Statement Communications, direct mail materials and internet content. Company may (a) upon request, review any such materials used to market the Approved Bank Products and (b) require that Bank limit any offers of the Approved Bank Products, including the frequency or duration of such Approved Bank Products. Company shall have final approval rights over any marketing of Approved Bank Products if such Approved Bank Products are tied in any respect to the Program, reference the Program or reference or use Company's name or Company Marks.

3.3.3 Compliance. Notwithstanding Company's consent to the marketing of the Approved Bank Products, Bank shall be solely responsible for compliance with Applicable Law with respect to the offering of any Approved Bank Products and shall be solely responsible for any claims brought by any purchaser of Approved Bank Products.

3.3.4 Discontinuation of Approved Bank Products. If Company desires for Bank to discontinue offering any Approved Bank Product, Company shall notify the Management Committee, which shall discuss the matter at its next regularly scheduled meeting in a good faith attempt to resolve Company's concerns with the Approved Bank Product. Bank shall be required to cease making additional sales of an Approved Bank Product that Company reasonably determines presents a material reputational risk to a Company Party. In the event Company withdraws its consent for Bank to offer an Approved Bank Product or Bank discontinues offering an Approved Bank Product, the offering and marketing of such Approved Bank Product shall be subject to a wind-down process, which shall be promptly handled in accordance with a mutually agreed plan. Bank shall have the right to discontinue offering an Approved Bank Product and terminate any existing Approved Bank Product at any time.

3.3.5 Company Offers. Company may offer Goods and Services to Cardholders in its sole discretion, subject to Section 3.4 and Section 7.1. [***].

3.4 Statement Communications.

3.4.1 General. Company and its Affiliates shall have the exclusive right to use the Billing Statement and through the use of any electronic onserts (including electronic Billing Statements) in each billing cycle to communicate with Cardholders ("**Statement Communications**"); provided, that any communication required by Bank Applicable Law or that

relates to Bank's Account administrative messages shall take precedence over any or all Statement Communications provided by Company. The Parties acknowledge and agree that Company's Statement Communications may solely promote Goods and Services, and any other goods or services identified by Company may be promoted only with the Parties' mutual agreement. Company is responsible for design of its Statement Communications. Statement Communications must comply with the Bank Design Specifications. [***]. Company must notify Bank in writing of its desire to include Statement Communications in the Cardholder statement, which must include the proposed content of the Statement Communication and received by Bank at least thirty (30) days prior to the system cut-off date for the programming of Statement Communications. All Statement Communications proposed by Company will be subject to review and approval by Bank solely as it relates to compliance with Bank Applicable Law and legal and regulatory compliance risks, which approval shall not be unreasonably withheld. Statement Communications will be at no cost to Company so long as they do not cause the Billing Statement to exceed standard postage rates that would have applied had the Statement Communication not been included in the statement.

ARTICLE 4

PROGRAM MANAGEMENT

4.1 Program Governance

4.1.1 Establishment of Committee.

(a) General. Company and Bank hereby establish a management committee to review and provide guidance on the day-to-day operation of the Program with the responsibilities set forth in Section 4.1.4(a) (the "**Management Committee**"), as described in this Section 4.1.1.

(b) Composition of the Management Committee.

(i) Members of the Management Committee shall have authority to act with respect to the day-to-day operations of the Program. The Management Committee shall consist of [***], with an equal number of members of comparable seniority, respectively, appointed by each of Company and Bank. The initial members of the Management Committee shall be as specified in Schedule 4.1.1(b)(i) (Initial Management Committee Members).

(ii) Each Party shall have the right to remove or replace its appointees to the Management Committee for any reason at any time and to fill any vacancy with respect to its appointees, whether caused by cessation of employment with the appointing Party, or other reason; provided, that each Party shall use commercially reasonable efforts to ensure replacement appointees to the Management Committee have experience and qualifications that are comparable and are of equal or greater seniority, within such Party's organizational structure, to the appointee being replaced.

4.1.2 Program Personnel and Support.

(a) Program Managers. Each of Company and Bank shall appoint a Program Manager. The Bank Program Manager shall be exclusively dedicated to the Program. Bank shall take into account reasonable input of Company with respect to the performance of the Bank Program Manager and shall use reasonable efforts to address Company's reasonable concerns with respect to the Bank Program Manager's performance. With respect to any future Bank Program Manager candidates, Bank shall seek to propose candidates with substantial experience relevant to the Program, including experience with the retail businesses, combined co-branded and private label Credit Card programs, e-commerce initiatives, comparable customer demographics and loyalty programs. Company shall have the right to meet, interview and provide input to Bank with respect to any new Bank Program Manager proposed to be appointed by Bank, and Bank shall consider such input in good faith in making its selection decision with respect to such Bank Program Manager.

(b) Bank Personnel. In addition to the Bank Program Manager, Bank shall assign an experienced team of resources to manage the Program. Specifically, Bank shall, at no cost to Company, designate certain individuals to the Program and the Company Parties' relationship. At a minimum, such individuals shall serve as [***] (through ninety (90) days following the Program Launch Date). Together, [***] shall be known as the "**Bank Program Team**". Not less than once per Program Year, the Management Committee shall review the size and scope of the Bank Program Team and reasonably consider changes thereto to assess whether such size and scope is appropriate or should be adjusted. Each Program Year, the Management Committee shall meet to discuss in good faith (which such meeting may occur at one of the periodic Management Committee meetings) to consider whether Bank will deploy a designated team of sales associates to support the Program, including within the Company Stores.

(c) Bank Support. Bank shall, at no cost to Company, provide all of the personnel, management, management information systems, facilities and other infrastructure and corporate resources that are reasonably necessary in connection with the development, maintenance and operation of the Program, including the provision of the Bank Program Team described in Section 4.1.2(b). Additionally, Bank shall, at no cost to Company, provide [***]. Upon Company's request, Bank shall consult with Company concerning any material changes to Program staffing strategies or resource allocation, including use of shared resources.

(d) Restriction. [***].

4.1.3 Meetings and Governance. The Parties' agreement concerning the proceedings of the Management Committee is set forth on Schedule 4.1.3 (Meetings and Governance).

4.1.4 Committee Responsibilities.

(a) Management Committee Responsibilities. The responsibilities of the Management Committee shall be agreed upon in writing from time to time, and shall at a minimum include the items set forth below:

(i) reviewing significant Program trends and projections;

(ii) reviewing actual and projected Program performance;

(iii) monitoring activities [***] and their implications for the Program;

(iv) reviewing any Bank Products pursuant to Section 3.3.1, and reviewing the frequency and duration of the marketing of any Bank Products;

(v) reviewing and approving changes to the Operating Procedures pursuant to Section 5.1.3;

(vi) reviewing proposed changes to the Risk Management Policy, including the impact of such proposed change to Company and the Program;

(vii) reviewing and approving material changes to the Credit Terms, including addition of new fees or charges to the Credit Terms, pursuant to Section 5.10.2(b);

(viii) reviewing material changes to Bank's collection and recovery practices with respect to the Program;

(ix) monitoring compliance with Service Level Standards and discussing action to remedy deficiencies as needed pursuant to Section 8.1;

(x) approving any Bank-requested temporary waiver or reduction in Service Level Standards set forth in Schedule 8.1.1 (Service Level Standards);

(xi) reviewing and approving changes to the list of [***] set forth in Exhibit B (List of Competitors);

(xii) reviewing and approving Program Innovations and evaluating new features of the Program and the features of other payment products that may be offered as part of the Program;

(xiii) evaluating and discussing ongoing new product and Loyalty Program development;

(xiv) discussing proposed changes to the Program Privacy Policy;

(xv) approving the Marketing Plans;

(xvi) periodically reviewing marketing activities and marketing performance for the Program through oversight and review of the implementation of Marketing Plans;

(xvii) reviewing and approving any Loyalty Program value proposition changes;

(xviii) considering additional marketing initiatives, including for employees of the Company Parties and their respective Affiliates;

(xix) monitoring ongoing research and in-market testing in order to maximize relevance, appeal and productivity of Account acquisition and usage development programs;

(xx) monitoring progress [***];

(xxi) reviewing and, pursuant to Section 3.2.1(c), approving modifications proposed by Bank to Schedule 3.2.1(c) (Fair Lending Review Procedures);

(xxii) reviewing and, pursuant to Section 3.2.1(a), approving modifications proposed by Bank to Schedule 3.2.1(a) (Record Retention Requirements for Program Marketing Communications);

(xxiii) discussing any objections raised by Company of Bank's use of any material service provider or agent; and

(xxiv) any other tasks mutually agreed by the Parties or expressly provided for in this Agreement.

Any disagreement of the Management Committee with respect to matters requiring its approval shall be subject to the dispute resolution process set forth in Section 4.2.

4.1.5 Executive Level Contact. Subject to reasonable scheduling constraints, at least once each six (6)-month period during the Term, in each case on a date and at a location to be mutually agreed in writing by the Parties, to discuss in good faith, the strategy for the Program, Bank and Company will hold a meeting of their respective senior executives to discuss the strategic progress of the Program, pertinent retail and banking industry developments and upcoming initiatives with respect to the Program, which such meeting will include, at a minimum, the participation of [***] (collectively, the "**Chief Executives**"); provided that scheduling constraints shall not be deemed reasonable to the extent such constraints would cause the Chief Executives to miss more than one such meeting in any two (2)-year period.

4.1.6 Monthly Business Review. Not less than once each calendar month (unless otherwise agreed by the Parties), the Program Managers shall conduct conference calls including appropriate stakeholders as reasonably necessary (including Bank's risk, collection and recovery teams) to discuss the Program's performance and any Program initiatives (such conference calls, the "**Monthly Business Review**"). The Monthly Business Review shall include a discussion of [***], and (c) the information set forth in the monthly reports provided by Bank and Company pursuant to Section 8.3.1 and Schedule 8.3.1 (Reports).

4.2 Dispute Resolution Process.

4.2.1 Standard Review. Upon the occurrence of any event that, pursuant to the express provisions of this Agreement, is subject to the dispute resolution provisions set forth in this Section 4.2, or upon the occurrence of any other material dispute under this Agreement

identified by written notice to the other Party (each, a "**Disputed Matter**"), the following procedures shall apply:

(a) Company and Bank will attempt to resolve the Disputed Matter promptly by referring the Disputed Matter to the Management Committee. The Management Committee will meet in person or by telephone or videoconference within ten (10) Business Days after the receipt of notice of the Disputed Matter and attempt in good faith to resolve the Disputed Matter.

(b) In the event the Management Committee does not resolve the Disputed Matter within twenty (20) calendar days from receipt by the Management Committee of notice of a Disputed Matter (or such longer period of time as agreed in writing by the Management Committee), Company and Bank will refer the Disputed Matter to [***] (collectively, "**Senior Executives**") or their respective designees.

(c) In the event the Senior Executives do not resolve the Disputed Matter within thirty (30) days from receipt by the Senior Executives of the notice of a Disputed Matter (or such longer period as agreed in writing by the Management Committee), Bank and Company agree that all Disputed Matters that are Company Matters will be decided within the sole discretion of Company, and all Disputed Matters that are Bank Matters will be decided within the sole discretion of Bank. In the event the Disputed Matter is not a Company Matter or a Bank Matter, then this Agreement will control or if there is no governing provision in this Agreement, the matter will remain as status quo.

4.2.2 Expedited Review. In the event a Disputed Matter concerns any matter that has material economic, risk or compliance implications to a Party or the Program, including the Risk Management Policy or the Credit Terms, or is an Exigent Circumstance (a "**Material Issue**"), either Bank or a Company Party may request an Expedited Review of such Material Issue. Changes relating to any Material Issue shall not be implemented by any Party until the completion of the review process set forth in this Section 4.2.2 unless action is required due to Exigent Circumstances (such process, an "**Expedited Review**"). Material Issues subject to Expedited Review are subject to the following procedures:

(a) Either Party may provide the other Party with a written notice to request Expedited Review (an "**Expedited Review Notice**"), which shall be provided by either Bank or a Company Party to the other within five (5) Business Days of a Party becoming aware of such Material Issue.

(b) The Senior Executives shall meet in person or by telephone or videoconference within five (5) Business Days after the receipt of the Expedited Review Notice and will attempt in good faith to resolve any Material Issue. In the event the Senior Executives do not resolve any Material Issue within ten (10) days after the receipt of the Expedited Review Notice, such Material Issue shall be resolved in accordance with Section 4.2.1(c).

4.3 Decision-Making Authority.

4.3.1 Bank Matters. Subject to Applicable Law and the provisions of this Agreement, including Section 4.2, the Parties agree that the matters set forth in this Section 4.3.1 are to be determined in the sole discretion of Bank (collectively, the "**Bank Matters**"):

(a) the Program's compliance with Bank Applicable Law;

(b) without limiting Section 14.5.2, changes to the Program policies, procedures, aspects or features to mitigate legal or compliance risks solely related to Bank Applicable Law that are applied (to the extent applicable) consistently by Bank to [***]; provided, that nothing in the foregoing shall be construed or interpreted to permit Bank to make any changes to Bank's economic payments and funding obligations pursuant to this Agreement (including for clarity, the [***] or any other compensation or economic terms set forth in Schedule 6.1 (Compensation and Other Economic Terms));

(c) use of the Bank Marks;

(d) subject to Section 5.3, changes to Bank information technology and processing systems (including the Bank Systems);

(e) subject to Section 4.1.2, management and retention of Bank personnel;

(f) Bank capital expenditures [***];

(g) subject to Section 5.8.1, collection and recovery efforts in connection with the Program;

(h) subject to Section 5.10.1, changes to the Risk Management Policy;

(i) the marketing and offering of the Program in Bank Channels;

(j) subject to Section 10.2.1(b), changes to the Program Privacy Policy;

(k) subject to Section 5.10.2, changes to the Credit Terms;

(l) subject to Section 5.1.3, changes to the Operating Procedures;

(m) subject to Section 3.2.2, changes to Forms, other than design aspects of the Program Cards, the Program Card Application, and the Billing Statement;

(n) subject to Section 4.1.4(a)(xxiii), Bank's use of material service providers and agents; and

(o) system functionality provided by Bank in support of, and the compliance with Bank Applicable Law of, the Loyalty Program.

4.3.2 Company Matters. Subject to Applicable Law and the provisions of this Agreement, including Section 4.2, the Parties agree that the matters set forth in this Section 4.3.2 are to be determined in the sole discretion of Company (collectively, the "**Company Matters**"):

(a) compliance with Company Applicable Law;

(b) use of the Company Marks;

(c) subject to Section 5.3.1, changes to Company information technology and processing systems unless required by Applicable Law;

(d) changes to Company's privacy policy;

(e) management and retention of Company personnel;

(f) Company capital expenditures [***] are not capital expenditures);

(g) subject to Section 3.1, implementation of the Marketing Plan and other marketing initiatives in Company Channels, including for avoidance of doubt, ensuring that the Marketing Plan reflects Company's overall retail marketing plan and brochure placement in Company Channels;

(h) aspects of content and execution of any customer or store associated sentiment surveys, testing and effectiveness or impact reports and analysis as described in Section 3.2.3(c);

(i) the customizable design aspects and marketing content of the Program Website, other than aspects required by Bank for compliance with Bank Applicable Law and subject to Bank Design Specifications;

(j) subject to Section 3.2.1, the design, form, and marketing content of Program Marketing Communications, other than aspects required by Bank for compliance with Bank Applicable Law and subject to the Bank Design Specifications;

(k) subject to Section 3.2.2 and Section 5.9.1, the design of the Program Cards, the Program Card Application, and the Billing Statement;

(l) subject to Section 3.3, offering of any Bank Products that Company reasonably determines will cause or is reasonably likely to cause a material reputational risk to Company;

(m) subject to Section 9.1.1 and excepting those matters set forth in Section 4.3.1(o), changes to the Loyalty Program value proposition;

(n) use of the Joint Program Commitment consistent with the permitted uses thereof as set forth in this Agreement; [***]; and

(o) the Tender Neutral Loyalty Program.

ARTICLE 5

PROGRAM OPERATION

5.1 Operating Procedures.

5.1.1 The Parties acknowledge and agree that Bank has established standard operating procedures and instructions governing the Program (the "**Operating Procedures**"), and, such Operating Procedures are attached as Schedule 5.1.1 (Operating Procedures), as amended or modified from time to time pursuant to Section 5.1.3.

5.1.2 Company and Bank shall follow all Operating Procedures, including procedures for distributing Program Card Applications, seeking authorizations for Accounts, handling credit transactions with Cardholders, and transmitting Charge Transaction Data. Bank will not treat Company less favorably with respect to the exercise of Bank's rights or enforcement of Company's obligations under the Operating Procedures (i.e., application of chargebacks when triggered pursuant to the Operating Procedures) under similar circumstances compared to the exercise of its rights under equivalent provisions of the operating procedures applicable to substantially all of [***].

5.1.3 Bank may not amend or modify the Operating Procedures without the approval of the Management Committee except for (a) changes that Bank reasonably determines are necessary for compliance with Bank Applicable Law or to mitigate legal or compliance risk under Bank Applicable Law, (b) changes that are necessary (in Bank's reasonable discretion and reasonably documented) to respond to Exigent Circumstances, and [***]; provided that, in each case, (i) Bank shall provide Company with not less than ninety (90) days' prior written notice; provided, further, that the requirement to provide ninety (90) days' prior written notice to Company of amendments or modifications to the Operating Procedures shall not be required for any modification that is necessary (in Bank's reasonable discretion and reasonably documented) for Exigent Circumstance; however, Bank shall provide Company with as much reasonable advance written notice as commercially practicable, and (ii) Bank shall consult in good faith with Company regarding any such changes to the Operating Procedures, including the costs and implementation period of such changes to the Operating Procedures. With respect to any such amendment or modification to the Operating Procedures required by Bank Applicable Law or the Network Rules, Bank may provide Company with a shorter period of prior written notice if necessary to enable Bank to comply with the implementation requirement of such Bank Applicable Law or Network Rules.

5.2 Obligations of the Parties.

5.2.1 Bank Obligations. Subject to the terms and conditions of this Agreement, Bank will:

(a) develop, operate, administer, and maintain all appropriate books and records reflecting data with respect to the Program generated by Bank or otherwise in Bank's possession, including any Program Marketing Communications executed by Bank;

(b) authorize the Cardholders to make purchases with Program Cards, extend credit to the Cardholders in connection therewith and fund all Indebtedness under Program Cards, in each case, in accordance with the Credit Terms and other policies applicable to the Program;

(c) cause Instant Credit procedures and, to the extent approved by Company and Bank, Real-Time Prescreen and Batch Prescreen procedures to be available for use in the Program in Company Stores by the Program Launch Date (or in the case of Real-Time Prescreen and Batch Prescreen, such later date as may be agreed in writing by Bank and Company)

(d) enable new Account acquisition via online channels, QR code signs in Company Stores and other channels agreed in writing by the Parties; and

(e) enable acceptance and processing of transactions within the Bank Systems;

5.2.2 Company Obligations. Subject to the terms and conditions of this Agreement, Company shall perform the following tasks and such other tasks as the Parties shall mutually agree:

(a) use Instant Credit and, to the extent approved by Bank and Company, Real-Time Prescreen procedures in Company Stores at the customer service counter and POS locations;

(b) maintain on the Company Website links to the Program Website (i) on its home page, (ii) in its check-out process, (iii) on the credit landing page, and (iv) on such other pages of the Company Website as the Management Committee shall determine from time to time; provided, that the specific placement of the links on such pages will be made in accordance with the Marketing Plan;

(c) [***] ensure that the Program Cards are prominently displayed as a method for payment for purchases at Company Channels in accordance with the Marketing Plan, and at a minimum consistent with Company's display of its Credit Card program immediately prior to the Effective Date;

(d) maintain Company Systems, including point of sale systems and procedures necessary to support acceptance of the Program Cards at all Company Channels; and

(e) honor Program Cards in accordance with the terms of this Agreement and the Operating Procedures.

5.3 Transaction and Other Systems.

5.3.1 System Changes.

(a) Bank shall not make any change to any of the Bank Systems that would (i) require Company to make material changes to or (ii) negatively impact the

functionality of, in each case, Company's or its Affiliates' software, databases, computers, systems and networks employed by Company in the ordinary course of its business, including Company's POS (the "**Company Systems**") (a "**Bank System Change**") unless (x) Bank reimburses Company for any costs incurred by Company as a result of such Bank System Change, including reasonable costs related to Company Systems' upgrades, change in file protocols, employee resources and other similar costs; provided that, as a condition for reimbursement, Company will, promptly following Bank's notification of an anticipated Bank System Change, provide an estimate of Company's anticipated costs resulting from such change, [***], (y) Bank provides Company with reasonable advance written notice (but in no event less than twelve (12) months' advance written notice) of such Bank System Change, and (z) the features and functionalities offered by Bank following such Bank System Change are the same or substantially similar to the features and functionality offered by Bank as of the Effective Date (or as modified by mutual written agreement of Company). The foregoing restrictions will not apply to any Bank System Change that is required by Applicable Law or to address a data security vulnerability; provided that, in the event of such a Bank System Change, (i) Bank shall provide Company with reasonably sufficient advance notice and evidence that such Bank System Change is required by Bank Applicable Law or required to address a data security vulnerability, [***]. Notwithstanding the foregoing, Bank may not make any Bank System Change in the last eighteen (18) months of the Term unless such Bank System Change is required in order for Bank or the Program to comply with Bank Applicable Law or to address a data security vulnerability, in which case, (i) Bank shall provide Company with reasonably sufficient evidence that such Bank System Change is required by Bank Applicable Law or to address a data security vulnerability [***]. For clarity, in no event will Bank be required to reimburse Company for any changes to Company Systems in connection with the launch of the Program.

(b) Company shall not make any change to any of the Company Systems that interface with the Program (e.g., POS) that would (i) require Bank to make material changes to or (ii) negatively impact the functionality of, in each case, the Bank Systems (a "**Company System Change**") unless (x) Company reimburses Bank for any costs incurred by Bank as a result of such Company System Change, including costs related to Bank Systems' upgrades, change in file protocols, employee resources and other similar costs; provided that, as a condition for reimbursement, Bank will, promptly following Company's notification of an anticipated Company System change, provide an estimate of Bank's anticipated costs resulting from such change, [***] and (y) Company provides Bank with reasonable advance written notice (but in no event less than twelve (12) months' advance written notice) of such Company System Change. The foregoing restrictions will not apply to any Company System Change that is required by Applicable Law or to address a data security vulnerability; provided that, in the event of such a Company System Change, Company shall provide Bank with reasonably sufficient advance notice and evidence that such Company System Change is required by Applicable Law or required to address a data security vulnerability.

5.3.2 Company Encryption.

(a) Bank acknowledges and agrees that Company has an arrangement with [***] (or the successor or replacement thereto as designated in writing by Company) ("**Token Provider**") in which the Token Provider facilitates Company's acceptance of payment cards, including Credit Cards, as payment for the purchase of the Goods and Services [***] (the

"**Token Provider Services**"). Subject to the provisions of this Section 5.3.2, Bank agrees to, in connection with the Tokenization for transactions involving Persons seeking to use the Program Cards through real-time, immediate application decisioning and through extensions of credit to qualifying Persons for real-time purchases from Company, provide newly-issued Account numbers directly to the Token Provider in exchange for tokens issued by the Token Provider in accordance with any encryption standards set forth by Token Provider. Token Provider will be considered a service provider of Company pursuant to Section 8.1.4, and, subject to Bank's compliance with clause (iii) of Section 5.3.2(b), Company will be responsible for Token Provider's handling, storage, retention, use, misuse, breach, and unauthorized disclosure of any data that Bank transfers or makes available to Token Provider to enable Token Provider to perform the Token Provider Services. Company, and not Bank, is solely responsible to Token Provider for payment of any fees or other compensation for the Token Provider Services.

(b) Bank will only provide Account information to the Token Provider if: (i) the Token Provider performs Token Provider Services to Company in connection with the processing of Company's Program Card transactions, including Purchases, (ii) the Token Provider and Company have a written agreement that requires the Token Provider to comply with requirements with respect to the Account numbers that are at least as restrictive as those set forth in this Agreement with regard to the confidentiality and use of, and protecting the security and integrity of, the Program Information, (iii) subject to this Section 5.3.2(b), Bank and Token Provider have a direct, written agreement for purposes of technology integration ("**Technology Integration Agreement**"); provided, that such Technology Integration Agreement includes, at all times, an obligation [***] and (B) on Bank to enforce such provision, and (iv) Company uses commercially reasonable efforts to require the Token Provider to encrypt the Account numbers while they are transmitted to Company or stored on the Token Provider's equipment. Following the Effective Date, (1) Bank shall continue to negotiate with the Token Provider expeditiously and in good faith to mutually agree upon and execute a Technology Integration Agreement, (2) if Bank and the Token Provider are unable to mutually agree and execute such Technology Integration Agreement on or before [***] then Bank will, acting in good faith, determine whether it is able to provide the Account information to the Token Provider on or prior to the Program Launch Date without a Technology Integration Agreement with the Token Provider (which may be dependent on an amendment to this Agreement regarding Bank technology or security requirements, in which case Bank and Company shall in good faith negotiate an amendment to this Agreement to address such requirements), and (3) if Bank determines it is unable to provide the Account information to the Token Provider without a Technology Agreement, or the Parties have not mutually agreed on an amendment to this Agreement, if applicable, or an alternative method to allowing the Token Provider to have access to Account information for purposes of performing the Token Provider Services by [***], either Party shall have the right to terminate this Agreement by providing sixty (60) days' prior written notice to the other Party.

5.4 In-Store Payments. Company will make available to Cardholders at all Company Stores the address to be used for making payments on Accounts directly to Bank. The Company Stores shall be permitted to accept In-Store Payments from Cardholders on their Accounts in accordance with the Operating Procedures. Company acknowledges and agrees that (a) all In-Store Payments (including In-Store Payments received after the termination or expiration of this Agreement) are at all times the property of Bank, and Company expressly and

irrevocably disclaims and prospectively waives any and all right, title, claim or interest in or to the In-Store Payments at law or in equity, and (b) In-Store Payments do not constitute property of Company for any purpose, including under section 541 of title 11 of the United States Code. Company further acknowledges and agrees that Bank has the sole and exclusive right to receive and retain all In-Store Payments, and further that Bank has the sole and exclusive right to pursue collection of all amounts outstanding on any Account. If Company receives any In-Store Payments, Company shall be deemed to hold such In-Store Payments in trust for Bank until such payments are applied to reduce amounts payable by Bank to Company in accordance with the terms of this Agreement or delivered to Bank. Company will include information regarding In-Store Payments, including returns thereof, in the Charge Transaction Data on a daily basis, and Bank will deduct the amount of In-Store Payments from the daily settlement in accordance with Section 5.5.2(b). Other than notifying Bank pursuant to the preceding sentence of In-Store Payments that are returned, in no event shall Company be responsible for any In-Store Payments that are returned for insufficient funds or fraudulent purposes. Bank may direct Company to stop accepting In-Store Payments upon at least thirty (30) days' advance written notice, and Company will take such actions as are reasonably necessary to effect Bank's election after Company's receipt of Bank's written notice. Bank hereby grants to Company a limited power of attorney (coupled with an interest) to sign and endorse Bank's name upon any form of payment that may have been issued in Bank's name in respect of any Account. Company shall issue receipts for such payments in compliance with the requirements in the Operating Procedures. The termination or expiration of this Agreement will not affect Company's obligations with respect to In-Store Payments received after termination or expiration of this Agreement except following the Closing Date, to the extent that the DIC Purchase Option is exercised.

5.5 Merchant Services.

5.5.1 Co-Brand Card Purchases in Non-Company Channels. All Purchases on the Co-Brand Accounts in Non-Company Channels shall be settled (including authorizations, transmission of Charge Transaction Data, and processing of returns) through the Network pursuant to the terms and conditions of the Network Rules, including any chargeback rights under the Network Rules.

5.5.2 Company Channel Purchases. All Purchases in Company Channels (including those made on Co-Brand Accounts) will be settled pursuant to this Section 5.5.2, and not through the Network.

(a) Transmittal and Authorization of Charge Transaction Data. Except for periods of pre-scheduled maintenance as reasonably determined by Bank to be necessary, Bank will provide [***]. If Company is unable to obtain authorizations for Purchases for any reason (including if Company's POS is offline), Company may only complete such Purchases without receipt of further authorization as provided in the Operating Procedures (provided, that Company may authorize Purchases that do not exceed the Floor Limits set forth in Schedule 5.5.2(a) (Floor Limits) without recourse to any Company Party).

(b) Settlement Procedures. On or prior to the Program Launch Date, Bank will remit to Company's designated account [***] to be used by Company in connection with Bank's obligation to settle under this Section 5.5.2(b). On the final day of settlement, Bank

will reduce the final Daily Settlement Amount by [***]; provided, that, if the final Daily Settlement Amount prior to the reduction is lower than [***], then Company will, by the fifth (5th) Business Day after the final day of settlement, pay by wire transfer to an account designated by Bank the difference between (A) [***] and (B) the amount recouped by Bank. On each Retail Day, Company will electronically transmit to Bank the Charge Transaction Data for each Retail Day's Purchases in Company Channels (including credits, returns, In-Store Payments received, and other adjustments with respect to such Purchases) in a "tap trans file" or other form and format determined by Bank. Company will make available to Bank all sales slips as set forth in the Operating Procedures, and Bank and Company will cooperate in developing any additional procedures that may be needed in connection with the daily settlement. Upon receipt and processing of Charge Transaction Data by Bank, Bank will remit to Company's designated account an amount equal to the total charges indicated by such Charge Transaction Data for the days for which such remittance is being made less (i) credits, (ii) Chargebacks, and (iii) In-Store Payments to the extent such amounts have not been disputed in good faith (the "**Daily Settlement Amount**"). If Bank receives the Charge Transaction Data by [***], Bank will initiate a wire of the Daily Settlement Amount by [***]. If Bank receives the Charge Transaction Data after [***], Bank will initiate a wire of the Daily Settlement Amount by[***]. If the Daily Settlement Amount is a negative number, then Bank will deduct the absolute value of such negative amount (the "**Settlement Amount Deficit**") from amounts to be paid to Company pursuant to this Section 5.5.2(b) on subsequent Business Days. Company will pay by wire transfer any unrecouped part of the Settlement Amount Deficit by [***] after it first arises. If Bank is unable to make an exact payment to Company when due pursuant to this Section 5.5.2(b) because Charge Transaction Data is not available for transmission as a result of any circumstance other than a willful failure of Company to send the Charge Transaction Data (e.g., Systems failure or communication outage), Company will promptly provide Bank with sufficient information (in the form of a register receipt report) to enable Bank to make such payment, Bank will make such payment based on the register receipt report, and Company will forward the applicable Charge Transaction Data as soon as operationally feasible.

(c) Bank Chargeback Rights. Bank shall have the right to charge back to Company the amount of the Charge Transaction Data paid by Bank pursuant to Section 5.5.2(b) for any Chargeback reason identified in the Operating Procedures.

(d) Exercise of Bank Chargeback Rights. Bank shall not be permitted to recover a Chargeback in excess of the relevant Purchase amount paid by Bank pursuant to Section 5.5.2(b). In the event of a Chargeback pursuant to this Section 5.5.2 (including for both Private Label Card Purchases and Co-Brand Card Purchases), upon payment in full of the related amount by Company, Bank shall immediately assign to Company, without any representation, warranty or recourse, all right to payments of amounts charged back in connection with such Cardholder charge.

5.6 Network. The Parties agreement concerning the Network for the Program is set forth in Schedule 5.6 (Network).

5.7 BIN Identifiers.

5.7.1 BIN Identifiers. Unless otherwise requested by Company, Bank shall [***]. As of the Program Launch Date, Bank shall originate new Accounts and issue corresponding Program Cards using the BIN Identifiers. Bank and Company will use commercially reasonable efforts to enable the BIN Identifiers to be used in the Company Systems to distinguish a Program Card automatically. [***]. Bank shall also promptly provide Company (or the Network as directed by Company) with any BIN Identifier update forms for any changes to BIN Identifier ranges.

5.7.2 Disposition of BIN Identifiers. Upon expiration or termination of this Agreement, if DIC exercises the DIC Purchase Option, and subject to any covenants or obligations contained in the Network Rules applicable to Bank, Bank shall take all steps reasonably necessary to transfer to the Designated Purchaser the BIN Identifier and assign its rights thereto.

5.8 Collection and Recovery.

5.8.1 General. Bank shall handle collection and recovery efforts in respect of Accounts in accordance with Bank Applicable Law and Bank's policies and practices applicable to the Program from time to time. Without the prior written approval of Company, Bank shall not include or reference any Company Mark in any such collection or recovery communication except in the nominative sense (i.e., without use of any logo, trade dress, or other stylized attributes, and in the same size font as the content of the communications) as required to identify the Account that is the subject of the communication.

5.9 Program Card Design; EMV Microchip Cards.

5.9.1 Program Card Design. The Parties hereby acknowledge that each of the Program Cards (a) shall bear a Company Mark, (b) solely with respect to the Co-Brand Cards, shall bear a trademark of the Network, and (c) at Bank's election, bear a Bank Mark, which Bank Mark may only be included on the front or back of each Program Card, as agreed in writing by the Parties.

5.9.2 EMV Microchip Cards. Bank shall ensure that (a) each of the Co-Brand Cards satisfies applicable EMV requirements for embedded microchip and signature technology and otherwise comply with all Applicable Law and Network Rules and (b) each of the Private Label Cards will have a Card Verification Value (CVV) embedded.

5.10 Program Operations.

5.10.1 Risk Management Policy.

(a) Establishment. Bank shall establish the policies, credit scoring systems, and standards applicable to the Program for determining who will be granted credit and in what amount and how the Credit Limit may be modified or terminated (the "**Risk Management Policy**"). Bank shall review all Program Card Applications received by or on behalf of Bank and Bank shall approve for credit those Applicants who meet the standards of

acceptability and eligibility under the Risk Management Policy. Bank shall make credit decisions, including approval or denial of a Program Card Application or establishment or modification of a Credit Limit, based solely on the creditworthiness of the individual Applicant or Cardholder and consistent with the Risk Management Policy.

(b) The Parties agreement concerning changes to the Risk Management Policies is set forth in Schedule 5.10.1(b) (Modifications to Risk Management Policies).

(c) Additional Terms. The Parties agree to the terms set forth in Schedule 5.10.1(c) (Approval Rates and Initial Credit Limits).

5.10.2 Credit Terms.

(a) Establishment of Credit Terms. The Parties acknowledge and agree that the Credit Terms for the Program (except for the Back Book Assets, which will have the key pricing terms that are in effect immediately prior to the Conversion Date until aligned pursuant to Section 5.10.2(b)) shall be as set forth in Schedule 5.10.2(a) (Credit Terms), as modified from time to time pursuant to Section 5.10.2(b).

(b) Modifications to Credit Terms. Bank shall obtain the prior approval of the Management Committee before any modification or addition to any terms that are in Schedule 5.10.2(a) (Credit Terms) (except as expressly provided in Schedule 5.10.2(a) (Credit Terms)) unless such modification or addition is required for compliance with Bank Applicable Law [***], in which case, the terms of this Section 5.10.2(b) with respect to notice shall apply. Bank may modify the key pricing terms for the Back Book Assets to be substantially similar with the Credit Terms without the prior approval of the Management Committee, and will provide Company with at least sixty (60) days' prior written notice of such modification. Bank may invoke the Expedited Review process for any request to approve any modification to the Credit Terms or addition of a new fee or charge to the Credit Terms. Notwithstanding the foregoing, Bank shall provide Company with at least sixty (60) days' prior written notice of any proposed modification of the Credit Terms (unless a shorter period of prior written notice is necessary to enable Bank to comply with Bank Applicable Law).

(c) Club Plans. Commencing on the Program Launch Date and, subject to changes thereto required to comply with Applicable Law or as may be mutually agreed in writing by the Parties, throughout the Term and any Wind-Down Period, Bank shall, at its own expense, offer "Club Plans" as provided in Schedule 5.10.2(c) (Club Plans) and subject to the volume limits set forth in such Schedule 5.10.2(c) (Club Plans). Bank shall notify Company in writing at least sixty (60) days prior to a notification to Cardholders of any change to Club Plan features, terms or conditions required by Bank Applicable Law, unless Bank is required by Bank Applicable Law to implement such change in less than sixty (60) days from the date on which Bank first becomes aware that such a change will likely be required, in which case Bank shall provide Company with written notice as soon as practicable following the date Bank becomes aware such change will likely be so required.

(d) Employee Cards. Bank will make the Program Cards available to approved employees of Company Stores (and Company's construction and trucking businesses), including approved retired employees (the "**Employee Cards**"). Employee Card holders will not be eligible to participate in the Loyalty Program. In lieu of the Loyalty Program, [***]. Company shall wholly bear the cost of and solely operate, maintain, and administer [***]. Bank shall, at its own expense, offer to any Company employee that applies for an Employee Card but does not satisfy the Risk Management Policy, consistent with the Operating Procedures, upon request by Company, a stored value product similar in appearance to the Private Label Cards and Private Label Accounts that enables such Company employees to, exclusively in Company Channels, make purchases and participate in [***] the terms of which will require that such employees prepay [***], the terms of which may be modified from time to time in Bank's sole discretion upon at least sixty (60) days prior written notice to Company (or on shorter notice as required by Applicable Law); provided, that Bank shall have no obligation to issue such a Pay and Buy Card if (i) Bank is prohibited by Applicable Law from issuing credit to such Person, including the anti-money laundering requirements under the Bank Secrecy Act (or similar restrictions) and (ii) Bank provides sufficient documentation to Company detailing its inability to issue credit to such Person.

(e) Family Cards. Bank acknowledges that Company offers certain approved designated relatives of the Dillard family a Program Card (the "**Family Card**"). Bank shall, upon a Company Party's request, provide a Family Card to any approved Person in the event that such Person satisfies the Risk Management Policy; provided, that the criteria used to determine who qualifies for a Family Card, and any changes thereto, will be subject to Bank's review and approval. Family Card Cardholders are eligible for the Discount Program, but not the Loyalty Program. [***].

(f) Friends Cards. Bank acknowledges that Company offers certain approved designated individuals a Program Card (the "**Friends Card**"). Bank shall, upon a Company Party's request, provide a Friends Card to any approved Person in the event that such Person satisfies the Risk Management Policy. [***].

(g) Program Account Growth Targets. The Parties agree to the terms set forth on Schedule 5.10.2(g) (Program Growth) (it being understood that the Program [***] Growth [***] shall be set for the three (3) Program Years starting in Program Year 2025 for Accounts under the Program and Bank shall provide a [***]. For each Program Year following Program Year 2025, as part of creating the Marketing Plan, the Parties shall (i) [***], and (ii) amend the Program [***] Growth [***] set forth in Schedule 5.10.2(g) (Program Growth) to account for changes in market factors or changes arising pursuant to Section 7.2.1(b). If the Parties, after going through the dispute resolution procedures set forth in Section 4.2, are unable to agree on amended Program [***] Growth [***] for a Program Year, then the Program [***] Growth [***] set forth on the then-current Schedule 5.10.2(g) (Program Growth) for such Program Year shall control. [***].

5.10.3 Technology Reviews and Enhancements.

(a) Industry Review. Bank shall, once per Program Year, undertake a review of features, functionality and technology ("**Technology Features**") available in a

mutually agreed set of five (5) Credit Card programs, [***] (such review, the "**Technology Industry Review**"). Bank shall seek to complete this Technology Industry Review by the end of the first quarter of each Program Year during the Term (starting with the second (2nd) Program Year), and shall then promptly provide the Management Committee with a written summary of such Technology Industry Review.

(b) Company Review. Notwithstanding Bank's industry review pursuant to Section 5.10.3(a), Company shall have an independent right to conduct its own review of the Technology Features available in the Program [***].

(c) Technology Enhancements. Company may propose a change to the Technology Features, which Company reasonably determines will cause the Program to be competitive ("**Technology Enhancement**"). If Bank has offered a Company-requested Technology Enhancement to [***], Bank shall offer to implement such Company-requested Technology Enhancement for the Program, subject to the Parties' mutual agreement as to the costs, resources, and efforts associated in connection with the offering and implementation of the Technology Enhancement and the timing of such implementation. In any case of a requested Technology Enhancement other than pursuant to the preceding clause of this Section 5.10.3(c) (each a "**Program-Specific Technology Enhancement**"), the Program-Specific Technology Enhancement will require approval by the Management Committee, including with respect to the costs, timing, and implementation of the Program-Specific Technology Enhancement.

5.10.4 Program Innovation.

(a) During the Term, the Parties will cooperate in good faith to consider product features or Form Factors that may be used in connection with a Program Card or Account (each such feature, a "**Program Innovation**").

(b) Bank shall provide Company reasonable advance written notice of, any potential Program Innovations Bank [***], whether such Program Innovation is offered by Bank directly or through a third party, unless such Program Innovation is jointly developed by Bank and another retailer and requires such Program Innovation to be exclusive to such retailer. The Parties will discuss in good faith implementing such Program Innovation for the Program, and mutually agree to the allocation of costs and the timing thereof if they decide to implement such Program Innovation, and Bank shall use commercially reasonable efforts to prioritize Company in the rollout of such Program Innovation.

5.11 Sales Incentives. Company will not offer or allow its Affiliates to offer any incentives or rewards (monetary or otherwise) to employees, subcontractors, or any other Persons in connection with the taking of Program Card Applications for, or the opening or usage of, Accounts, without the prior approval of Bank (which approval shall not be unreasonably withheld, delayed or conditioned). Any such incentive programs will be subject to an annual review and approval by Bank. Company will reasonably cooperate with Bank in connection with its sales practice monitoring procedures designed to monitor sales associate conduct and activity pursuant to the Program and take appropriate actions to correct improper sales associate activity identified by Bank and reported to Company. Bank (i) acknowledges that, as of the Effective Date, Company implements an employee incentive program in connection with the

taking of applications as set forth on Schedule 5.11 (Company Employee Incentive Program as of Effective Date) and (ii) agrees that Company may continue to offer such employee incentive program following the Program Launch Date on substantially the same terms as set forth on Schedule 5.11 (Company Employee Incentive Program as of Effective Date) subject to the annual review and approval set forth above.

5.12 Complaints. Company will promptly refer to Bank any Cardholder complaint regarding an Account or the Program, and Bank will promptly refer to Company any Cardholder complaint regarding Company's Tender Neutral Loyalty Program or the quality of Goods and Services. With respect to complaints received by telephone, the Parties will establish a "warm transfer" process to transfer Cardholder complaints. In addition, each Party will establish procedures that address each of the following, in each case in a manner that is timely and consistent with Applicable Law: (a) resolution of Cardholder complaints received from or on behalf of Cardholders or from any Governmental Authority; (b) provision by a Party of such information to the other Party with respect to complaints sufficient to permit such other Party to perform its obligations with respect to such complaints; and (c) escalation of such complaints as necessary to ensure proper resolution. Each Party will track complaints received by it from or on behalf of Cardholders or from any Governmental Authority in a manner that enables it to determine if it receives an inordinate amount of complaints regarding a particular matter so that such Party can (i) determine if there is a systemic issue and (ii) use commercially reasonable efforts to promptly correct problems.

5.13 Firearms. The Parties agreement concerning Firearms is set forth on Schedule 5.13 (Firearms).

5.14 Anti-Money Laundering and Sanctions Policies and Procedures. Bank may take any actions and make any changes to the Program required to comply with Sanctions and Anti-Corruption and AML Laws and Bank policies and procedures relating to the implementation of Sanctions and Anti-Corruption and AML Laws [***], and Company agrees to provide reasonable cooperation in connection with any audit conducted under Section 8.2, access to documents in connection therewith. However, nothing in this Section 5.14 shall be construed or interpreted to permit Bank to make any changes to Bank's economic payments to Company and funding obligations pursuant to this Agreement (including [***] any other compensation or economics set forth in Schedule 6.1 (Compensation and other Economic Terms)).

5.15 Program Card Participation in Digital Wallets. Company and Bank will comply with their respective obligations under Schedule 5.15 (Program Card Participation in Digital Wallets).

5.16 Erroneous Payments. If a Party discovers that such Party has made a payment to another Party in error (excluding any adjustments or modifications to (a) [***] (or any expenses reimbursed therefrom), each as set forth in Schedule 6.1 (Compensation and other Economic Terms) and (b) the Daily Settlement Amount, which shall be governed by Section 5.5.2), such Party will promptly notify the other Party in writing. Upon discovery by the receiving Party or written notice by the paying Party with reasonable supporting documentation, the receiving Parties will promptly return the payment in error to the paying Party (in any event, within ten (10) Business Days), or, in the case of Bank as the paying Party, the Parties may agree

in writing for Bank to offset the amount of such erroneous payment against any future payment made to the Company Parties. Nothing in this Section 5.16 shall be construed or interpreted to apply to any adjustments or modifications to the [***] (or any expenses reimbursed therefrom), each as set forth in Schedule 6.1 (Compensation and other Economic Terms) and (b) the Daily Settlement Amount, which shall be governed by Section 5.5.2.

ARTICLE 6

PROGRAM ECONOMICS

6.1 Company Compensation. Bank shall pay DIC the compensation set forth in Schedule 6.1 (Compensation and other Economic Terms) on the frequency set forth therein. Company or DIC may invoke the dispute resolution procedures set forth herein following payment of the amounts set forth in the applicable settlement sheet. All payments pursuant to this Section 6.1 shall be made by wire transfer of immediately available funds to an account designated in writing by DIC unless otherwise agreed upon by the Parties in writing.

6.2 Other Consideration. The Parties acknowledge and agree that additional economic terms are set forth in Schedule 6.1 (Compensation and other Economic Terms).

6.3 Taxes. Each Party shall be responsible for all present or future taxes, levies, imposts, duties, charges, assessments or fees of any nature and related payment and reporting obligations, including interest, penalties and additions thereto ("**Taxes**"), imposed by any government or other taxing authority and applicable to such Party with respect to the Program. The Parties have the rights and obligations set forth in Schedule 6.3 (Sales Tax Recovery) with respect to Sales Tax recoveries.

6.4 Program Expenses. Unless otherwise specifically provided in this Agreement [***], each Party will be responsible for all costs and expenses incurred by such Party in connection with exercising its rights and complying with its obligations under this Agreement.

ARTICLE 7

EXCLUSIVITY

7.1 Exclusivity.

7.1.1 General. [***] (the foregoing, collectively, "**Exclusive Products**").

7.1.2 Exceptions. An act or omission of Company shall not violate this Section 7.1 if permitted under any exception in Section 7.2 through Section 7.4. Without limiting Section 7.1.3, nothing in this Agreement, including Section 7.1, shall restrict Company or any of its Affiliates from negotiating and entering during the Term into an agreement with a third party to market, offer and/or issue any such Exclusive Product subsequent to the Purchase Option Expiration.

7.1.3 Underwriting Target Failures. Notwithstanding Section 7.1, [***].

7.2 General Exceptions.

7.2.1 General Exceptions.

(a) Notwithstanding the obligations set forth in Section 7.1, the Company Parties shall have the right to:

(i) [***]; provided that, prior to engaging in a process (if any) to solicit third-party proposals ("**RFP Process**") for a payment product that Bank offers at the time Company plans to engage in an RFP Process (if any), Company will give Bank a reasonable opportunity to present a proposal with respect to the same, and the Parties will negotiate in good faith for an exclusive period of sixty (60) days from the date of Company's delivery of notice of its plans to engage in an RFP Process. If Bank does not present a proposal or the Parties are unable to mutually agree on the terms and conditions upon which Bank shall offer such payment product within such sixty (60)-day period, then Company may commence discussions with a third party with respect to such payment product. If Company requests proposals from multiple parties for such payment product, Company will allow Bank to participate in the initial proposal process on the same basis, in the aggregate, and with the same information, as third parties solicited to provide proposals. The foregoing shall not restrict Company's right to choose a provider after good faith consideration of any proposal received from Bank and good faith negotiation during the exclusive period, in Company's sole discretion;

(ii) honor and accept all general purpose payment types that do not bear the trademark, trade name or service mark of Company, including any general-purpose consumer, business or commercial Credit Cards, debit cards, internet-only debit or credit products, gift cards, prepaid cards, or stored-value cards, regardless of Form Factor, as a merchant in payment for purchases of Goods and Services or third party goods and services by any Person from Company;

(iii) participate in promotions displaying a trademark, trade name or service mark of Company for the use of any payment products that do not bear a trademark, trade name or service mark of Company or its Affiliates, including any general-purpose consumer, business or commercial Credit Cards, debit cards, internet-only debit or credit products, gift cards, prepaid cards, or stored-value cards, BNPL Product regardless of Form Factor; provided that (x) Company's participation in such promotions are not ongoing for more than sixty (60) consecutive days during any Program Year and (y) Company shall not participate in the promotion for the Origination of any consumer Credit Cards;

(iv) use a trademark, trade name or service mark of Company to participate in, or enter into any agreement, with respect to any payment network promotions;

(v) use a trademark, trade name or service mark of Company to participate in, or promote, the loyalty programs, rewards or other promotional benefits of another issuer's general purpose payment product with respect to the purchase of Goods and Services, including participating, directly or indirectly, in any bankcard loyalty program (or any loyalty program, including any coalition loyalty program) through the conversion of any Tender Neutral Loyalty Program currency or any successor thereto; provided that Company Parties participation

in such programs, rewards or other benefits is not ongoing for more than sixty (60) consecutive days during any Program Year; and

(vi) use a Company Mark to indicate, offer or promote the Tender Neutral Loyalty Program.

(b) [***].

7.2.2 BNPL Exception. [***].

7.3 Secondary Provider Program Exception. The Parties' agreement concerning the Secondary Provider Program is set forth on Schedule 7.3 (Secondary Provider Program).

7.4 Company Acquisition Exception. The Parties' agreement concerning the Company acquisition exception is set forth on Schedule 7.4 (Company Acquisition Exception).

ARTICLE 8

SERVICE LEVEL STANDARDS; AUDIT RIGHTS; REPORTING

8.1 Service Level Standards; Customer Service.

8.1.1 General. Bank shall provide customer service for the Program as set forth herein. Specifically, the Parties agree to the terms set forth on Schedule 8.1.1 (Service Level Standards).

8.1.2 Customer Service Operators. Bank shall provide live customer service representatives fluent in both English and Spanish. Bank shall reasonably conform its hours of operation for live operator store support and authorizations to hours of operation of Company Stores, as requested and as may be modified from time to time by Company in its sole discretion upon thirty (30) days' prior written notice. Bank shall use commercially reasonable efforts to offer extended hours of operation for live store customer service to support certain promotional events or as reasonably requested by Company for reasons including early openings and late closing during peak periods, upon thirty (30) days' prior written notice. Company shall have the right to monitor and provide feedback on recorded customer service calls on a scheduled, periodic basis for quality control. In the event of a Cardholder's complaint of poor customer service, Company may, subject to Applicable Law and Bank policies and at its election, review recordings of specific customer service calls. Bank may redact Personally Identifiable Information from call recordings in accordance with Bank practices.

8.1.3 IVR. The IVR for the Program shall be Company-branded and available to Cardholders twenty-four (24) hours a day, seven (7) days a week, except for periods of pre-scheduled maintenance as set forth in Schedule 8.1.1 (Service Level Standards). The IVR shall be equipped to process English-speaking and Spanish-speaking callers.

8.1.4 Outsourcing. Subject to the provisions of Section 10.2.1(c), either Party may use Affiliates, third party service providers, or agents to perform any of its duties under this Agreement; provided, that (a) any such Party shall be responsible for all obligations, services and

functions performed by any such third parties to the same extent as if such Party performed such obligations, services and functions itself, (b) for purposes of this Agreement any such obligations, services and functions shall be deemed to have been performed by such Party, and (c) such Party causes such third Parties to comply with all applicable provisions of this Agreement.

8.2 Audit Rights.

8.2.1 General Audit Rights. In addition to the other rights set forth in this Agreement, no more than once per Program Year during the Term and for one (1) year after the effective date of termination of this Agreement (or as necessary to comply with Applicable Law, a request from a Governmental Authority, or in connection with a payment dispute or compliance by such Party of its obligations under this Agreement), a Party (the "**Audited Party**") shall, subject to the confidentiality provisions set forth in Article 10 (Confidentiality, Privacy and Data Security) and Article 11 (Proprietary Information; Intellectual Property), permit the other Party (the "**Auditing Party**") and its agents, during normal business hours with at least thirty (30) days advance written notice, in such a manner as to minimize interference with the Audited Party's normal business operations, to examine, audit and inspect the records, files and books of account (including nonfinancial information) under the control of the Audited Party or its Affiliates relating to (x) any calculation to be made pursuant to the terms of this Agreement and (y) the Audited Party's performance of its obligations under this Agreement, and (b) use commercially reasonable efforts to facilitate the Auditing Party's exercise of such right (including obtaining any consents from the Audited Party's service providers that may be necessary or desirable to avoid a breach of any contractual obligations). The Audited Party shall use commercially reasonable efforts to deliver any document or instrument necessary for the Auditing Party to obtain such information from any Person maintaining records for the Audited Party. The cost and expense of all such examinations shall be expenses of the Auditing Party. Notwithstanding anything to the contrary contained herein, without limiting the topics subject to an audit as set forth above, the Parties shall agree upon reasonable protocols for conducting the audit and the scope of the audit, and the Audited Party shall not be required to provide the Auditing Party or any other Person with access to information or records to the extent that such access (i) is prohibited by Applicable Law; provided, however, that to the extent that access to information or records is so prohibited, the Audited Party shall notify the Auditing Party in writing regarding the Applicable Law which prohibits such access; (ii) could reasonably be expected to cause the Audited Party to be a consumer credit reporting agency as set forth in the Fair Credit Reporting Act; (iii) is to records that are legally privileged, contain trade secrets or other proprietary information that is unrelated to the Program or are subject to confidentiality obligations that do not permit disclosure; (iv) relates to Bank's other Credit Card programs or is otherwise unrelated to the Program; or (iv) such records consist of internal systems or architecture access (provided, however, that the output of such systems may be provided). For clarity, Bank will have no obligation to provide Company or any other Person with access to any of Bank's, its Affiliates' or its subcontractors' data processing centers. The Audited Party shall use commercially reasonable efforts to facilitate the maximum level of access by the Auditing Party in light of constraints under Applicable Law. Employees of the Audited Party shall be permitted to be present during the exercise by the Auditing Party of its audit and access rights under this Section 8.2.

8.2.2 Cooperation with Governmental Authorities.

(a) Company acknowledges that Bank is subject to regulatory oversight by Governmental Authorities and that such Governmental Authorities have the authority to examine, audit and inspect the activities of Company and its Affiliates and, in certain instances, third party service providers, conducted pursuant to this Agreement.

(b) Company will, will cause its Affiliates to, and will use commercially reasonable efforts to cause its third party service providers to, promptly cooperate with all Governmental Authorities having jurisdiction over Bank in connection with any examination, audit or inquiry relating to the Program or this Agreement, and will reasonably cooperate with Bank in connection with any examination or audit of, or inquiry to, Bank by such Governmental Authority. Such cooperation will include, subject to the limitations set forth in Section 8.2.2(c), permitting representatives of Bank and Governmental Authorities to visit any Company offices and the offices of any of its Affiliates or third party service providers Company engages in any capacity in connection with the Program.

(c) In connection with any such examination, audit or inquiry Bank will (i) provide as much advance written notice to Company of the examination, audit or inquiry as is reasonably practicable under the circumstances, (ii) use commercially reasonable efforts to minimize disruptions to the operations and business of Company and its Affiliates and third party service providers, and (iii) reimburse Company and its Affiliates and third party service providers for any reasonable out-of-pocket expenses incurred in connection with cooperating with the examination, audit or inquiry. Company shall not be required to provide Bank or any other Person with access to information or records to the extent noted in clauses (i) through (iii) of Section 8.2.1.

(d) Company will, will cause its Affiliates to, and will use commercially reasonable efforts to cause its third party service providers performing material services for the Program or that have access to Personally Identifiable Information to, promptly comply with any guidance, recommendations or requirements of a Governmental Authority arising from any examination, audit or inquiry to the extent that guidance, recommendations or requirements are disclosed to Company; provided, that to the extent that such guidance, recommendations or requirements may not be disclosed to Company, such guidance, recommendations or requirements shall be deemed Non-Public Guidance for purposes of this Section 8.2.2(d). Further, if Bank reasonably determines that changes to policies or procedures used by Company or its Affiliates or any of its third-party service providers in connection with the Program are needed based on the results of any such examination, audit or inquiry, subject to Company's rights under this Agreement, including for clarity under Section 4.3, Company will, will cause its Affiliates to, and will use commercially reasonable efforts to cause its third party service providers performing material services for the Program or that have access to Personally Identifiable Information to, promptly implement any changes reasonably requested by Bank; provided that, upon Company's request, the Parties shall discuss the time period and methods by which to implement such changes, including cost effective methods with respect to Company's efforts to implement such changes. For clarity, nothing in this Section 8.2.2(d) shall limit Company's rights under Section 14.5.2.

8.3 Reports.

8.3.1 Each Party shall, at its expense, provide to the other Party the applicable reports listed in Schedule 8.3.1 (Reports) in accordance with the timing and frequency set forth therein. In addition to the reports set forth in Schedule 8.3.1 (Reports), upon mutual written agreement of the Parties (which agreement will not be unreasonably withheld, delayed or conditioned), Bank shall also provide to Company any customized reports related to the Program from time to time, and Company shall provide to Bank such additional reports as reasonably requested by Bank from time to time. Customized and additional reports requested by a Party shall be delivered within such reasonable period as may be mutually agreed to by the Management Committee and the Program Managers.

8.3.2 Each Party shall adopt and maintain reasonable procedures so that, as such Party identifies changes or inaccuracies to the information provided to the other Party under this Section 8.3, it shall take reasonable steps to promptly update all such information.

8.3.3 Data shared by and among Bank, Company and its third party service providers pursuant to Section 8.3.1 shall be transmitted electronically via secured, encrypted means.

ARTICLE 9

LOYALTY PROGRAM; TENDER NEUTRAL LOYALTY PROGRAM

9.1 Loyalty Program.

9.1.1 Subject to the provisions of this Section 9.1, the Parties will establish, maintain, and support, a program whereby Cardholders may earn rewards for opening a Program Card and making qualifying Purchases using the Program Cards (the "**Loyalty Program**") throughout the Term. Certain key initial terms and conditions governing the Loyalty Program, and the initial value proposition associated with the Loyalty Program, each as of the Program Launch Date are set forth on Schedule 9.1 (Loyalty Program Value Proposition). Any modifications to the value proposition associated with the Loyalty Program shall be subject to Management Committee approval; provided, that the Party requesting changes to the value proposition shall provide the other Party with reasonable advance written notice of such proposed modifications. The Parties agree to work together to test potential enhancements to the Loyalty Program.

9.1.2 With respect to the operation, maintenance, and administration of the Loyalty Program:

(a) On behalf of Company, Bank (or its third party service provider) will provide system functionality to: (i) calculate the earning of Loyalty Program currency tied to the value proposition based upon Purchases in both Company Channels and Non-Company Channels, (ii) maintain the "points bank" (i.e., record the accumulation of Loyalty Program currency, and, subject to receiving necessary redemption reporting from Company, redemption of rewards) and (iii) facilitate the tracking, lookup, and reporting of Loyalty Program currency. Such service provider used by Bank to provide system functionality for the Loyalty Program

shall be considered a service provider of Bank pursuant to Section 8.1.4, Bank shall be responsible for such third party's handling, storage, retention, use, misuse, breach, and unauthorized disclosure of any data that Bank transfers or makes available to such service provider to provide the system functionality and facilitate the management of the Loyalty Program. Bank, and not Company, is solely responsible to such service provider for payment of any fees or other compensation for the service provider to provide the system functionality.

(b) Company will (i) fulfill the rewards to Cardholders under the Loyalty Program and any soft benefits (e.g. free shipping, gift wrap) under the Loyalty Program, (ii) provide redemption reporting to Bank on an individual Account and aggregate basis, (iii) develop, in collaboration with Bank, the terms and conditions of the Loyalty Program, which will be between Company and the Cardholders (provided, that Bank shall be responsible for including the terms and conditions of the Loyalty Program with the Program Card Application or as otherwise mutually agreed), and (iv) be responsible (and liable) for, and disclose to Cardholders that Company is responsible (and liable) for the awarding and redemption of the currency provided under the Loyalty Program;

(c) The terms and conditions of the Loyalty Program and any communication, disclosures, or other materials to be provided to Cardholders, and any changes thereto, will be subject to Bank's prior review and approval solely for compliance with Bank Applicable Law and legal and regulatory compliance risk under Bank Applicable Law (with any aspects of the Loyalty Program impacting Cardholders being considered part of the Program for purposes of this Section 9.1.2(c)). Bank may require Company to make changes to terms and conditions of the Loyalty Program and any communication, disclosures, or other materials to be provided to Cardholders that Bank reasonably determines are required to comply with Bank Applicable Law; provided, that Bank shall provide Company with reasonable advance written notice of such proposed changes, and the Parties shall meet to discuss in good faith Bank's proposed changes; and

(d) Company and Bank shall be jointly responsible for monitoring and validating the operation of the Loyalty Program. Each Party will perform its obligations with respect to the Loyalty Program in compliance with Applicable Law. Company will provide to Bank upon Bank's reasonable request sufficient documentation to validate that rewards under the Loyalty Program are being fulfilled. Bank will provide to Company upon Company's reasonable request sufficient documentation to validate the calculation of the earning of the rewards under the Loyalty Program and the accumulation of Loyalty Program currency.

9.1.3 Unless modified by the Parties pursuant to Schedule 6.1 (Compensation and Other Economic Terms), the Parties intend the Loyalty Program value proposition to provide value to Cardholders. Funding for the Loyalty Program value proposition and acquisition offer will be as set forth in Schedule 6.1 (Compensation and Other Economic Terms). The calculation of the value proposition's reward rate will be mutually agreed. In addition to the meeting set forth in Schedule 6.1 (Compensation and Other Economic Terms) to discuss [***].

9.1.4 Company will honor any non-expired rewards, points, discounts, rebates or other incentives accrued, issued or offered on the Back Book Assets prior to the Back Book Conversion Date and Bank will have no financial responsibility or liability with respect to such

incentives rewards, points, discounts, or rebates (and such incentives, rewards, points, discounts, or rebates will not be funded from the Joint Program Fund). Existing points will be included in the Cardholder points balances under the Loyalty Program.

9.2 Tender Neutral Loyalty Program. The Parties agree that Company may establish and maintain a tender neutral loyalty program ("**Tender Neutral Loyalty Program**"), which, if established, shall be separate and apart from the Loyalty Program; provided, however, that (a) such Tender Neutral Loyalty Program is made equally available to Cardholders in addition to the benefit offered under the Loyalty Program, and (b) the value proposition associated with the Tender Neutral Loyalty Program offered to Company's customers (including Cardholders), taken as a whole, shall provide a lesser level of value than the value of the value proposition associated with the Loyalty Program offered in connection with the Program.

ARTICLE 10

CONFIDENTIALITY; PRIVACY AND DATA SECURITY

10.1 Confidentiality.

10.1.1 Limits on Use and Disclosure.

(a) Each Party shall comply with, and use commercially reasonable efforts to cause its respective Affiliates, directors, officers, employees, vendors, consultants, service providers, contractors, representatives and other authorized agents (each, a "**Representative**") to comply with, the provisions of this Section 10.1.1.

(b) A Receiving Party shall: (i) keep all Confidential Information of the Disclosing Party secure and confidential; (ii) treat all Confidential Information of the Disclosing Party with the same degree of care as it accords its own Confidential Information, but in no event less than a reasonable degree of care; and (iii) implement and maintain commercially reasonable physical, electronic, administrative and procedural security measures to protect all Confidential Information of the Disclosing Party.

(c) A Receiving Party shall not use Confidential Information of the Disclosing Party except: (i) to perform its obligations or enforce its rights with respect to the Program; (ii) as expressly permitted by this Agreement; or (iii) with the prior written consent of the Disclosing Party. A Receiving Party will not disclose Confidential Information of the Disclosing Party except (A) to a Representative pursuant to Section 10.1.1(d); (B) subject to Section 10.1.2, pursuant to a subpoena, summons or other order requesting information that is issued through any judicial, executive or legislative process ("**Governmental Request**") or as otherwise required by Applicable Law; (C) by Bank to a bank regulatory agency with jurisdiction over Bank; (D) subject to Article 16 (Securitization), to make all disclosures and filings associated with the securitization, participation or similar financing arrangements of the Indebtedness and required by the terms of the securitization, participation or similar financing agreements; or (E) for due diligence or other purposes in connection with significant transactions or dealings involving a Party or its Affiliates, including investments, acquisitions or financing, to other potential parties to such dealings or transactions or their professional advisors (but excluding the transaction contemplated in this Agreement with respect to the Program Assets);

provided that each such other potential party and each of their professional advisors are bound by an ethical or contractual obligation of confidentiality that are no less restrictive than the provisions of this Article 10.

(d) A Receiving Party shall use commercially reasonable efforts to: (i) limit access to the Disclosing Party's Confidential Information to those Representatives (or third parties authorized to receive disclosure of such Confidential Information pursuant to Section 10.1.1) who have a reasonable need to access such Confidential Information in connection with the Program or other purposes permitted by this Agreement, and (ii) obtain contractual confidentiality commitments no less strict than those set forth in this Section 10.1.1 from each such Representative or third party authorized to receive disclosure of such Confidential Information pursuant to Section 10.1.1, unless such party is bound by an ethical duty of confidentiality. A Receiving Party shall be responsible for any breach of this Article 10 caused by any of its Representatives (or third parties authorized to receive disclosure of such Confidential Information pursuant to Section 10.1.1).

(e) Notwithstanding anything else contained in this Agreement, a Party will not be obligated to take any action with respect to the collection, use or disclosure of information in the Program that such Party believes in good faith would cause, or is reasonably likely to cause, any Party to violate any Applicable Law.

(f) Notwithstanding the foregoing, (A) Article 11 (Proprietary Information; Intellectual Property) and not this Article 10, will govern the use and disclosure of Company Independent Information and Program Information during the Term and any Wind-Down Period and (B) paragraph 4 of Schedule 14.10 (Liquidation Process), and not this Article 10, will govern the use and disclosure of Company Independent Information, in the case of Bank, and Program Information, in the case of Company following any Wind-Down Period.

10.1.2 Governmental Requests, SEC Filings.

(a) If a Receiving Party receives a Governmental Request to disclose any Confidential Information of the Disclosing Party, the Receiving Party shall, to the extent allowed by Applicable Law: (i) notify the Disclosing Party thereof promptly after receipt of such request; (ii) consult with the Disclosing Party on the advisability of taking steps to resist or vary such request; and (iii) if disclosure is required or deemed advisable, cooperate with the Disclosing Party in any attempt by the Disclosing Party to obtain a protective order or other reliable assurance that confidential treatment will be accorded to the Confidential Information of the Disclosing Party. The Disclosing Party shall reimburse the Receiving Party for reasonable out-of-pocket expenses incurred and documented by the Receiving Party as a result of any attempt by the Disclosing Party to resist or vary the Receiving Party's response to a Governmental Request.

(b) Each Party agrees, prior to filing any copy of this Agreement with any Governmental Authority, to consult with the other Party with respect to redacting, to the maximum extent practical and consistent with Applicable Law, portions of this Agreement. Notwithstanding the foregoing, the provisions of Section 10.1.2(a) and Section 10.1.2(b) will not apply to disclosures made by Bank to a bank regulatory agency.

(c) In addition to each Party's obligations under Section 10.1.2, if a Party or its Affiliate intends to file this Agreement or any other documents related to the Program as an exhibit to any report or other filing with the SEC or any other Governmental Authority, such Party or Affiliate shall use all commercially reasonable efforts to obtain confidential treatment for this Agreement or such other documents, including (as applicable) filing with the Secretary of the SEC an application requesting confidential treatment pursuant to Rule 24b-2 of the Securities Exchange Act of 1934, at or about the time of such filing; provided, however, that no such filing shall be deemed to violate this Section 10.1.2. Each Party shall use commercially reasonable efforts to cooperate with the other Party's or its Affiliates' attempts to obtain confidential treatment for this Agreement in accordance with this Section 10.1.2, and will reasonably consider all suggested redactions proposed by the non-filing Party in connection with such confidential treatment request.

10.1.3 Disposition of Confidential Information.

(a) The Receiving Party shall return or destroy Disclosing Party's Confidential Information after the Closing Date (if Company purchases or arranges for the purchase of the Program Assets) or the Liquidation Date (if Company does not purchase or arrange for the purchase of the Program Assets), including any electronic or paper copies, reproductions, extracts or summaries thereof, and will certify compliance with this Section 10.1.3 of such return or destruction by an officer of such Receiving Party.

(b) Notwithstanding paragraph (a), a Receiving Party shall not be required to return or destroy Confidential Information (i) that the Receiving Party is required to retain pursuant to the Receiving Party's disaster recovery plan or data retention policies or internal compliance requirements, (ii) directly relating to Technology, that the Receiving Party is permitted to retain pursuant to Section 11.5, or (iii) that the Receiving Party is required to retain pursuant to Applicable Law; provided, that such Confidential Information shall be used solely to comply with such Applicable Law and only for so long as required to comply with Applicable Law. Any Confidential Information retained pursuant to this Section 10.1.3(b) shall continue to be governed by the terms of this Article 10.

10.1.4 Injunctive Relief. Each Receiving Party agrees that any unauthorized use or disclosure of Confidential Information of the Disclosing Party may cause immediate and irreparable harm to the Disclosing Party for which money damages might not constitute an adequate remedy. In that event, the Receiving Party agrees that injunctive relief may be warranted in addition to any other remedies the Disclosing Party may have.

10.2 Privacy and Data Security.

10.2.1 Privacy.

(a) Each Party shall comply with Applicable Law, including, as applicable, all federal, state and local laws (including California laws), regarding its use and re-use, and its disclosure and re-disclosure, of Personally Identifiable Information. Each Party shall implement and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of all such Personally Identifiable Information in

accordance with Applicable Law, including, as applicable, all federal, state and local laws (including California laws) and the GLBA, to the extent such provisions apply to a Party.

(b) Each Party shall comply with the privacy policy for the Program as provided in writing by Bank to Company and as amended from time to time pursuant to this Section 10.2.1(b) (the "**Program Privacy Policy**"), and shall cause any Person to whom such Party provides information subject to such Program Privacy Policy to so comply. Bank may amend the Program Privacy Policy from time to time upon not less than thirty (30) days' prior written notice to Company; provided, that, prior review and approval by the Management Committee shall be required for Bank to implement any amendment that will not be applicable to substantially all [***]. In the event Applicable Law does not permit thirty (30) days' prior written notice to Company or the opportunity for the Management Committee to review such amendment, Bank shall provide the required notice as soon as practicable. The Parties acknowledge and agree that, throughout the Term, the Program Privacy Policy shall provide Company and its Affiliates with the maximum availability and use of Program Information under the GLBA and other Applicable Law. Bank agrees it shall not amend the Program Privacy Policy to be more restrictive as to information Bank may share with Company, or Company's use of such shared information, except as required by Bank Applicable Law.

(c) Each Party shall ensure that any third party to whom Personally Identifiable Information is transferred or made available by or on behalf of such Party signs a written contract with the contracting Party in which such third party agrees to: (i) restrict its use of Personally Identifiable Information to the use specified in the agreement between Company or Bank and the third party (which use must be consistent with the use and disclosure of the information by such Party under this Agreement); (ii) comply with all Applicable Law and the Program Privacy Policy; and (iii) implement and maintain appropriate administrative, technical and physical safeguards to protect the security, confidentiality and integrity of all Personally Identifiable Information as provided with respect to Company and Bank in this Agreement. Additionally, each Party will only transfer or make available to such third party such Personally Identifiable Information as is reasonably necessary for the third party to carry out its contemplated task.

(d) Notwithstanding the other provisions of this Agreement, a Party shall not be obligated to take any action or share any information that such Party reasonably believes in good faith would cause, or is reasonably likely to cause, any Party to violate the Program Privacy Policy or any Applicable Law, or that would cause any Party or its Affiliates, service providers or agents to become a "consumer reporting agency" for purposes of the Fair Credit Reporting Act. In the event of a change in information sharing or collection practices required under this Agreement, or a change in the Program Privacy Policy pursuant to this subsection, the Parties agree to use commercially reasonable efforts to alter the practices to transmit data contemplated in this Agreement.

(e) Nothing in this Agreement shall restrict the disclosure by Bank of information relating to its relationship with a Cardholder to a credit reporting agency (consistent with Applicable Law).

(f) If Bank or Company in its reasonable business judgment determines that either (i) the provisions of this Agreement related to the use and disclosure of information pertaining to Cardholders and Applicants, or (ii) any other applicable documents such as privacy policies and privacy guidelines, should be amended for the purpose of aligning the privacy policies and practices of Bank and Company, or assuring continued compliance with Applicable Law, then the Parties agree to discuss such concerns in good faith.

10.2.2 Data Security.

(a) Company and Bank will each establish, implement and maintain an information security program ("**Information Security Program**") that includes, at a minimum, the following:

(i) standards relating to privacy and security of Personally Identifiable Information that (A) are consistent with, or contain alternate standards or controls designed to address, industry information security standards, such as the NIST Cybersecurity Framework (e.g., NIST 800 series), ISO/IEC 27000-series, CIS Critical Security Controls, and Payment Card Industry Data Security Standards (with respect to Company, to the extent that Company receives "Cardholder Data" as defined under the Payment Card Industry Data Security Standards from Bank), as such industry security standards are replaced or modified from time to time, and (B) comply in all material respects with Applicable Law applying to the privacy and protection of such data (collectively, the "**Security Standards**");

(ii) appropriate administrative, technical and physical safeguards reasonably designed to (A) ensure the security, confidentiality and integrity of Personally Identifiable Information; (B) protect against any anticipated threats or hazards to the security or integrity of Personally Identifiable Information; (C) protect against unauthorized access to or use of Personally Identifiable Information; and (D) ensure the proper disposal of Personally Identifiable Information;

(iii) requirements to (A) conduct a risk assessment to identify and assess reasonably foreseeable internal and external risks to the security, confidentiality, and integrity of Personally Identifiable Information and evaluate and improve, where necessary, the effectiveness of its safeguards; (B) implement appropriate access controls to limit access to Personally Identifiable Information; (C) educate and train personnel regarding information security practices and procedures, including the Security Standards and the requirements of the Party's Information Security Program; (D) where Personally Identifiable Information must be stored on devices, encrypt all Personally Identifiable Information stored on laptops and, where technically feasible, on other portable devices and portable media; and (E) use industry standard passwords, conventions, firewalls and anti-malware measures to protect Personally Identifiable Information stored on computer systems;

(iv) an information security incident reporting process to (A) ensure that the Party has the ability, without undue delay, to address, contain and mitigate any possible risk stemming from an actual, alleged or potential unauthorized access, disclosure, compromise or theft of Personally Identifiable Information, improper handling or disposal of Personally Identifiable Information, theft of information or technology assets, and the

inadvertent or intentional disclosure of Personally Identifiable Information, and (B) ensure a consistent process for identifying, reporting, investigating and closing information security incidents; and

(v) a requirement to encrypt all Personally Identifiable Information that will travel across public networks or that is transmitted wirelessly.

(b) Each Party will continually review and update its Information Security Program in a commercially reasonable manner to address newly identified or emerging security risks.

(c) Once each Program Year, and in addition when there is a material change to the other Party's systems architecture, each Party shall have the right to request information on the other Party's Security Standards and Information Security Program as the requesting Party deems reasonably necessary to assess the other Party's compliance with this Section 10.2.2 (e.g., a SOC 2 Type 2 audit report with respect to Bank and with respect to the Company Parties, other reporting consistent with the Company Parties' current reporting); provided, that each Party shall provide the other Party with written notice of any material updates to such Party's system architecture. A Party will provide the requested information, or provide alternative information or certifications as may be reasonably suitable for assessing the other Party's Security Standards and Information Security Program (such as policies and procedures, internal or external audit reports or self-assessments), within thirty (30) days of receipt of the other Party's request pursuant to the foregoing sentence. The other Party will also reasonably cooperate with the requesting Party in addressing any reasonable concerns relating to possible deficiencies in such other Party's Security Standards and Information Security Program. Each Party will cause its Affiliates, and will use commercially reasonable efforts to cause its third party service providers, in each case, to whom Personally Identifiable Information has been disclosed, to comply with the requirements of this Section 10.2.2(c) (with respect to service providers existing as of the Effective Date, to the extent allowable under such Party's agreements with such service providers).

(d) Each Party agrees that it will maintain reasonable training programs to ensure that its employees and any others acting on its behalf are aware of and adhere to such Party's Information Security Program for securing Personally Identifiable Information.

(e) Schedule 10.2.2(e) (Additional Security Requirements) sets forth additional security requirements applicable to Company to the extent Company, or any of its Affiliates or third-party service providers, stores, or has in its possession or control, any Program Information or Charge Transaction Data.

10.2.3 Security Breach.

(a) In the event a Party (or one of its agents, subcontractors, or service providers) suffers a Security Incident (the "**Breached Party**"), then except as otherwise provided by Applicable Law or the Network Rules, the Breached Party shall immediately, but in no event more than twenty-four (24) hours, after discovery notify the other Party in writing (such notice, the "**Security Incident Notice**") of such Security Incident. A Breached Party may delay

providing the Security Incident Notice only to the extent Applicable Law or law enforcement expressly requires such delay, and in such case, the Breached Party will provide the Security Incident Notice to the non-Breached Party as soon as practicable. The non-breached Party shall have the right to suspend sharing Program Information or Company Independent Information, as applicable, with the Breached Party if such Breached Party or its agent suffers a Security Incident until such time as the cause of the Security Incident (and risk of another Security Incident) have been addressed to the sharing Party's reasonable satisfaction.

(b) Within seventy-two (72) hours after discovery of the actual or reasonably suspected Security Incident and except as otherwise provided by Applicable Law, to the extent known the Breached Party shall provide the other Party with a detailed description (to the extent known by the Breached Party at the time) of the incident, the type of information that was the subject of the Security Incident, inclusive of each specific data element, the identity of the affected customers, and any other information the non-Breached Party may reasonably request concerning the customers or the details of the Security Incident, as soon as such information can be collected or otherwise becomes available. If a Breached Party is cooperating with law enforcement in connection with a Security Incident, then the notice referred to in the first sentence of this Section 10.2.3(b) may be delayed if required by such law enforcement.

(c) In close coordination with the non-Breached Party, the Breached Party agrees to take action immediately, at its own expense, to investigate the incident and to identify, prevent and mitigate the effects of the Security Incident, including providing an initial corrective action plan, and to carry out any recovery necessary to remedy the impact, subject to any delay occasioned by law enforcement or Governmental Authority requests. While coordinating closely with the non-Breached Party, it remains the responsibility of the Breached Party to provide an appropriate notice to the individuals that are or may be affected if the Breached Party is required by Applicable Law to provide such notice or, following consultation with the non-Breached Party, the circumstances of the Security Incident lead the Breached Party to determine that such notice is required for business or reputational reasons; provided, however, that if the Security Incident is experienced by Company and Company determines not to provide notice to Governmental Authorities or affected Cardholders, Bank may nonetheless, if required by Applicable Law, notify Governmental Authorities or Cardholders of such Security Incident and will consult with Company with respect to such notice. The Party that experienced the Security Incident will bear costs of issuing any notice to Cardholders.

10.2.4 Proper Disposal of Records. In connection with any disposal of information under this Agreement, Company and Bank, respectively, will use reasonable measures designed to properly dispose of all records containing Personally Identifiable Information, whether in paper, electronic, or other form, including adhering to policies and procedures that require the destruction or erasure of electronic media containing such personally identifiable information so that the information cannot practicably be read or reconstructed. Upon reasonable notice, a Party shall provide the requesting Party a certification by an officer of compliance with this Section 10.2.4.

10.3 Public Announcements.

10.3.1 Subject to the forgoing, no Party shall make, or cause to be made, any press release or public announcement regarding the Program, this Agreement or the transactions contemplated hereby without the prior written consent of the other Party (such consent not to be unreasonably withheld, delayed or conditioned). Prior to issuing any press releases or making any public announcements concerning the Program, this Agreement or the transactions contemplated hereby, the Parties shall consult and mutually agree as to the substance and timing of such releases and announcements.

10.3.2 Notwithstanding Section 10.3.1, (a) a Party shall not be required to obtain consent from the other Party with regard to press releases and other announcements as may be required by Applicable Law or the applicable rules and regulations of any stock exchange (subject to Section 10.1.2); provided, that such Party will consult with the other Party and give due consideration to concerns raised by such other Party; and (b) if the Parties consult regarding a response to a press inquiry received by any Party, but are not able to agree upon such response, a Company Party may respond if the inquiry relates to a Company Parties' business other than participation in the Program and Bank may respond if the inquiry relates to Bank's business; provided that in either case the Party responding shall do so in its reasonable discretion after due consideration to concerns raised by the other Party.

ARTICLE 11

PROPRIETARY INFORMATION; INTELLECTUAL PROPERTY

11.1 Proprietary Information Designations.

11.1.1 Common Information.

(a) The Parties acknowledge that the Cardholders are customers of both Bank and Company and, thus, that each Party has certain ownership and use rights in certain information relating to Cardholders. The Parties acknowledge that the same or similar information may be included in Company Independent Information and Program Information (such same or similar information, "**Common Information**"). For example, certain customer information collected pursuant to Section 11.3.1 is included in Company Independent Information and the same or similar information may be included in the Program Information. The Parties acknowledge that such customer information is Common Information. For example, Charge Transaction Data is included in Company Independent Information, and the same or similar information is included in Program Information. For the avoidance of doubt, the Parties acknowledge and agree that the examples of Common Information set forth in this Section 11.1.1(a) are illustrative and in no way limit, restrict, or exclusively define the scope of Common Information.

(b) The Parties acknowledge that Common Information is both Company Independent Information and Program Information and that, with respect to Common Information, (i) Company shall retain its ownership and use rights in such Company Independent Information, and (ii) Bank shall retain its ownership and use rights in such Program Information, subject to the limitations set forth in this Agreement.

11.2 Ownership and Use of Proprietary Information.

11.2.1 Company Independent Information.

(a) The Parties acknowledge and agree that Company shall own Company Independent Information. Company Independent Information is Company's property and the Confidential Information of Company, and Bank shall limit its disclosure of such information to third parties as set forth in this Section 11.2.1, and that (i) have a need to know such information in connection with a permissible use of such information under this Agreement; and (ii) have entered into an agreement with confidentiality and data security provisions that are no less strict than the confidentiality and data security obligations of Bank under this Agreement.

(b) Bank shall keep all Company Independent Information confidential, shall not sell, license, sublicense, lease, sublease any Company Independent Information, and shall not use Company Independent Information for any purpose other than (i) to perform its obligations hereunder; (ii) subject to Section 10.1.2, pursuant to a Governmental Request; or (iii) as otherwise required by Applicable Law. Subject to Applicable Law and Company's privacy policy, from time to time as requested by Bank, Company will provide Bank with access through a service provider (designated in writing by Company) to certain Company Independent Information, as agreed to between the Parties in the Marketing Plan or otherwise in writing ("**Provided Company Independent Information**"). Bank may use such Provided Company Independent Information to: (A) promote the Program, including to prescreen customers of Company for a Program Card, (B) to perform operational or risk-management functions solely as it relates to the Program, including the development and implementation of credit, risk, underwriting, collection, operations, servicing and fraud strategies and models solely for the Program, and (C) for analytics, marketing models and related reporting solely in connection with the Program (the "**Permitted Uses**"). Company shall be responsible for ensuring that it has obtained all appropriate consents and applied all applicable opt-outs required by Company Applicable Law or Company's privacy policy to the Provided Company Independent Information so that Bank may use such information for the Permitted Uses.

(c) Nothing in this Article 11 is intended to grant Bank ownership rights in any Customer List or restrict or limit the Company Parties' use of the Customer List, and the Company Parties, subject to Article 7 (Exclusivity), may use, sell, license, sublicense, lease, sublease or otherwise disclose the contents of the Customer List as it may elect in its sole discretion.

11.2.2 Program Information.

(a) The Parties acknowledge and agree that Program Information is Bank's property, and the Company Parties shall limit its disclosure of such information to third parties that (i) have a need to know such information in connection with a permissible use of such information under this Agreement; and (ii) have entered into an agreement with confidentiality and data security provisions that are no less strict than the confidentiality and data security obligations of the Company Parties under this Agreement.

(b) No Party nor its Affiliates shall sell, license, sublicense, lease, sublease any Program Information, except that Bank may sell Program Information in the ordinary course in connection with the sale of written-off Accounts or as part of a sale of the Program Assets to the Designated Purchaser, in connection with the exercise of Bank's rights under Schedule 14.10 (Liquidation Process), or as otherwise expressly provided in this Agreement, including Article 16 (Securitization).

(c) No Party nor its Affiliates shall disclose Program Information for any purpose other than (i) as expressly permitted by this Article 11, (ii) to perform its obligations or enforce its rights with respect to the Program; (iii) as expressly permitted by this Agreement; (iv) subject to Section 10.1.2, pursuant to a Governmental Request; (v) in connection with an examination of Bank by a regulatory agency, to a Bank regulatory agency; or (vi) as otherwise required by Applicable Law. In addition, Bank has entered into, and will enter into, agreements with companies that are in the business of providing customers with electronic access to multiple financial accounts and the means to utilize financial management products and services ("**Financial Aggregators**"). Bank may share Program Information with Financial Aggregators pursuant to a Cardholder's authorization and release given to Bank or the applicable Financial Aggregator so that the Cardholder can access, view, or use the information in connection with financial management products and services provided by such Financial Aggregator.

(d) Subject to Applicable Law and the Program Privacy Policy, Bank will provide Company the Program Information or access to the Program Information) set forth on Part I of Schedule 11.2.2 (Provided Program Information). Bank shall make available to the Company Parties from time to time following particular campaigns, the Program Information data elements identified in Part II of Schedule 11.2.2 (Provided Program Information) and corresponding transaction data.

11.2.3 Bank Authorization to Use Program Information. Bank or Bank through its authorized agents and independent contractors (including third party service providers), shall be entitled to use Program Information solely (a) to exercise its rights and carry out its obligations hereunder, including the administration and liquidation of the Program, (b) to promote the Program and any Approved Bank Products, (c) to perform internal operational or internal risk-management functions (whether or not related to the Program, including the development and implementation of credit, risk, collections, operations, servicing and fraud strategies and models), (d) for analytics and marketing models solely in connection with the Program, (e) as required by Applicable Law, and (f) for cross-program and cross-portfolio non-marketing modeling and analysis; provided, that for such cross-program and cross-portfolio non-marketing modeling and analysis such Program Information shall be anonymized and aggregated with data from other Bank programs so as to not constitute more than [***]; provided, further, that Bank shall not provide to a participant in another Bank program (regardless of whether such program is a Credit Card program) copies of any analysis or any summary that separately identifies Company's data or in any way associates such data with Company or allows such third party to gain any insights into the customers of the Company Parties or the Company Parties' business.

11.2.4 Company Authorization to Use Program Information. The Company Parties, or the Company Parties through their authorized agents and independent contractors

(including third party service providers), shall be entitled to use Program Information, in compliance with Applicable Law and the Program Privacy Policy, solely (a) to market Goods and Services and the Program; (b) with respect to Evaluation Data, in connection with the Designated Purchaser's purchase of Program Assets (if any), subject to the provisions of Section 14.6; (c) in connection with the Company Parties' participation in the Program and the exercise of the Company Parties' rights under this Agreement; (d) for internal analytics and modeling purposes; (e) [***] and (f) as required by Applicable Law.

11.2.5 Facilitating Disclosure to Third Parties.

(a) Upon Company's request, if Applicable Law restricts the ability of a Company Party to disclose directly to a third party Program Information received from Bank pursuant to this Article 11, but Applicable Law permits Bank to disclose such Program Information to such third party, Bank agrees to work in good faith with the Company Parties to develop a means by which Bank can provide a Company Party with the benefit of Program Information (e.g., pro-privacy marketing); provided, that such use and disclosure complies with the limitations of this Agreement, and all requirements imposed by Applicable Law and the Program Privacy Policy.

(b) Nothing in this Agreement is intended to restrict a Designated Purchaser of the Program Assets from collecting information about individuals (including Cardholders) after acquiring the Program Assets in connection with a new Credit Card program operated by such Designated Purchaser, or the use or disclosure of such information or any information acquired as part of the Program Assets to the extent consistent with Applicable Law.

11.2.6 Additional Rights and Obligations. Notwithstanding anything to the contrary in this Agreement, neither Bank nor the Company Parties shall have any obligation to provide the other Party with any information or data purchased, rented and/or licensed by such Party from a third party, including information used to help analyze consumer characteristics.

11.3 Special Treatment of Applicant Identifying Information.

11.3.1 Consumer Consent. The Program Card Applications shall contain language that provides disclosures to and obtains authorization from the Applicants that the Applicant's name, address, email, DOB and phone number included in the Program Card Application (such information, collectively, the "**Applicant Identifying Information**") is being provided by the customer directly to both Company and Bank (regardless of whether such Applicant is approved for an Account). Such Applicant Identifying Information shall be jointly owned by both Bank (as Program Information, and subject to the limitations set forth herein with respect to Program Information) and Company (as Company Independent Information). Bank will, subject to Section 11.2.5, provide to a Company Party the Applicant Identifying Information, and Bank acknowledges and agrees that such Applicant Identifying Information may be used by a Company Party as permitted by Applicable Law during and after the Term.

11.3.2 Systems. Bank acknowledges that Company may desire to modify its systems to better accommodate the ability to collect information from consumers as contemplated by Section 11.3.1, and Bank shall reasonably consider requests from the Company

Parties with respect to implementing changes to the Bank System that are required as a result of such changes to the Company Systems, subject to mutually agreeable timing and cost allocation.

11.4 Use of Marks.

11.4.1 Use of Company Marks.

(a) Grant of License. On the terms and subject to the conditions hereof, Company hereby grants to Bank, its Affiliates and its duly authorized agents and any subsequent assignee permitted under Section 17.1, a non-exclusive right and royalty-free license to use the Company Marks as service marks in connection with the operation of the Program pursuant to and in accordance with this Agreement. Subject to Section 10.3.2, Bank and its Affiliates may, throughout the Term and any Wind-Down Period, identify Company: (i) as a client; (ii) in its securitization activities; and (iii) in order to comply with Applicable Law. Bank's rights and royalty-free license in this Section 11.4.1(a) will survive any termination or expiration of this Agreement for the Wind-Down Period, if any, and thereafter solely for the limited purpose and duration set forth in paragraph 1(c) of Schedule 14.10 (Liquidation Process) and Section 14.11.

(b) Ownership of Company Marks.

(i) Bank acknowledges and agrees that nothing herein contained shall give to Bank any right, title or interest in any of the Company Marks (except the limited right to use the Company Marks in accordance with the terms of this Agreement), that, as between Bank and the Company Parties, the Company Marks are the sole and exclusive property of Company and its Affiliates, and that all goodwill from any and all uses by Bank of any of the Company Marks shall inure solely to the benefit of Company.

(ii) Bank shall neither raise nor cause to be raised any question concerning, or objections to, the validity of any of the Company Marks or any registration thereof or the right of use or title of Company thereto on any grounds whatsoever, and shall not aid others to do so. Bank shall not take any action or make any act of omission that may harm the reputation or goodwill of Company or any of the Company Marks (it being understood that Bank exercising its rights under this Agreement will not be deemed to be such an action or omission) and will not take any action inconsistent with the rights in the Company Marks. If at any time Bank acquires any rights in, or registration(s) or application(s) for the Company Marks by operation of law or otherwise, Bank agrees to assign such rights, registrations, and applications to Company together with any and all associated goodwill.

(c) Control of Company Marks.

(i) Written Instructions. Bank shall comply with the written specifications for the use of the Company Marks as set forth in Company's style guide, as may be modified by Company from time to time and provided to Bank. Bank shall provide Company with such information concerning Bank's use of the Company Marks as may reasonably be requested by Company from time to time, including information concerning the manner in which the Company Marks are being used. Bank also shall, upon Company's reasonable request, provide Company with samples of the uses by Bank of the Company Marks.

(ii) Use; Approval. Bank (x) shall use the Company Marks on Program Cards and as agreed by the Parties in writing in Section 11.4.1(a), (y) may use the Company Marks in the ordinary course of performing services under this Agreement, including servicing the Accounts in the ordinary course and (z) shall not use the Company Marks in a manner prohibited by Applicable Law; provided, that in accordance with the review and approval process for the use of the Company Marks on Program Marketing Communications and Forms set forth in Section 3.2, Bank shall obtain the prior written consent of Company on the form of the Company Marks used on the Program Cards and used in the ordinary course of Bank performing services under this Agreement. Bank shall not use the Company Marks (A) for any purpose or use other than performing or providing services pursuant to and in accordance with this Agreement, or (B) in a manner prohibited by Applicable Law.

(iii) Infringement Proceedings. Bank shall take no action of any kind with respect to marks deemed confusingly similar to any of the Company Marks, except with the express written authorization of Company, and shall, at the request and expense of Company, cooperate in such action as Company may deem appropriate under the circumstances for the protection of the Company Marks. Notwithstanding the foregoing, it is understood and agreed that Company shall take all reasonable steps to prevent infringement of the Company Marks by any credit provider.

(iv) Bank's Agents. Bank shall be responsible for all uses of the Company Marks by its third party agents and shall require any such third party agents to agree to be bound by the provisions of this Section 11.4.1 or provisions that are at least as protective of Company's rights in the Company Marks as those in this Section 11.4.1.

11.4.2 Use of Bank Marks.

(a) Grant of License. On the terms and subject to the conditions hereof, Bank hereby grants to the Company Parties, their duly authorized agents and any subsequent assignee permitted under Section 17.1, a non-exclusive right and license to use the Bank Marks as service marks in connection with the operation of the Program pursuant to and in accordance with this Agreement.

(b) Ownership of Bank Marks.

(i) The Company Parties acknowledge and agree that nothing herein contained shall give to a Company Party any right, title or interest in any of the Bank Marks (except the limited right to use the Company Marks in accordance with the terms of this Agreement), that the Bank Marks are the sole and exclusive property of Bank or its Affiliates, and that all goodwill from any and all uses by the Company Parties of any of the Bank Marks shall inure solely to the benefit of Bank or its Affiliates.

(ii) The Company Parties shall neither raise nor cause to be raised any question concerning, or objections to, the validity of any of the Bank Marks or any registration thereof or the right of use or title of Bank thereto on any grounds whatsoever, and shall not aid others so to do. Company shall not take any action or make any act of omission that may harm the reputation or goodwill of Bank or any of the Bank Marks (it being understood that

Company exercising its rights under this Agreement will not be deemed to be such an action or omission) and will not take any action inconsistent with the rights in the Bank Marks. If at any time a Company Party acquires any rights in, or registration(s) or application(s) for the Bank Marks by operation of law or otherwise, such Company Party agrees to assign such rights, registrations, and applications to Bank together with any and all associated goodwill.

(c) Control of Bank Marks.

(i) Written Instructions. The Company Parties shall comply with the written specifications for the use of the Bank Marks (including specifications on the form of the Bank Marks used), which specifications may be modified from time to time by Bank and provided to a Company Party. The Company Parties shall provide Bank with such information concerning the Company Parties' use of the Bank Marks as may reasonably be requested by Bank from time to time, including information concerning the manner in which the Bank Marks are being used. The Company Parties also shall, upon Bank's reasonable request, provide Bank with samples of the uses by the Company Parties of the Bank Marks.

(ii) Use; Approval. The Company Parties may use the Bank Marks in the ordinary course of performing services under this Agreement; provided, that approved use of the Bank Marks shall be in compliance with Section 11.4.2(c). Prior to any change by a Company Party in the use or manner of use of any of the Bank Marks, a Company Party shall submit samples of materials to Bank and obtain Bank's written approval thereof, which approval shall not be unreasonably withheld, delayed or conditioned. The Company Parties shall not use the Bank Marks (*x*) for any purpose or use other than performing or providing services pursuant to and in accordance with this Agreement, or (*y*) in a manner prohibited by Applicable Law. As applicable and at the discretion of the Program Managers, the review and approval process contemplated under this Section 11.4.2(c)(ii) may be consolidated with the review and approval process for Program Marketing Communications under Section 3.2.1(a).

(iii) Infringement Proceedings. Company shall take no action of any kind with respect to marks deemed confusingly similar to any of the Bank Marks except with the express written authorization of Bank, and shall, at the request and expense of Bank, cooperate in such action as Bank may deem appropriate under the circumstances for the protection of the Bank Marks. Notwithstanding the foregoing, it is understood and agreed that Bank shall take all reasonable steps to prevent infringement of the Bank Marks by any credit provider.

(iv) Company's Agents. Company shall be responsible for all uses of the Bank Marks by its third party agents and shall require any such third party agents to agree to be bound by the provisions of this Section 11.4.2 or provisions that are at least as protective of Bank's rights in the Bank Marks as those in this Section 11.4.2.

11.5 Intellectual Property; Technology.

11.5.1 Intellectual Property.

(a) Right, Title, and Interest. Subject to the licenses granted to the Company Parties and Bank under Section 11.4 and the provisions of this Section 11.5, each of the Parties and their Affiliates owns and shall retain all right, title and interest in any and all rights with respect to intellectual property rights including its trade names, logos, trademarks, service marks, trade dress, internet domain names, copyrights, patents, trade secrets, know how, and proprietary technology, any other rights with respect to inventions, discoveries, improvements, know-how, formulae, algorithms, processes, technical information and other technology, whether or not subject to statutory registration or protection, and all registrations and applications therefor ("**Intellectual Property**") (i) that it owns or controls prior to the Effective Date, or (ii) that may be developed, created, and/or used by it or assigned or transferred to it in the future.

(b) Use. Unless otherwise permitted under the licenses granted to the Company Parties and Bank under Section 11.4 and this Section 11.5, no Party may distribute, sell, modify, reproduce, publish, display, perform, prepare derivative works, or otherwise use any of the Intellectual Property of the other Party without the express written consent of such Party, which may be withheld in a Party's discretion.

11.5.2 Technology.

(a) Right, Title, and Interest.

(i) As between Company and Bank, Company and its Affiliates shall own exclusively all right, title, and interest in (and any Intellectual Property embodied therein): (A) any and all Technology that a Company Party or any of its Affiliates provides to Bank or any of its Affiliates or otherwise makes available for use in establishing, operating, developing, marketing or administering the Program, including any Technology provided by a Company Party or any of its Affiliates for inclusion on, or to provide functionality for, the Company Systems or the Company Website (the "**Company Technology**"); (B) any and all changes or other modifications made to or derivative works of Company Technology by or on behalf of any Party or any of its Affiliates (the "**Company Owned Modifications**"); and (C) any and all Technology created or developed by or on behalf of Company or any of its Affiliates in connection with the Program (the "**Company Program Technology**").

(ii) Bank and its Affiliates shall own exclusively all right, title, and interest in (and any Intellectual Property embodied therein): (A) any and all Technology that Bank or any of its Affiliates provides to a Company Party or any of its Affiliates or otherwise makes available for use in establishing, operating, developing, marketing or administering the Program, including any Technology provided by Bank or any of its Affiliates for inclusion on, or to provide functionality for, the Company Systems, the Bank Systems or the Bank Website (the "**Bank Technology**"); (B) any and all changes or other modifications made to or derivative works of Bank Technology by or on behalf of any Party or any of its Affiliates (the "**Bank Owned Modifications**"); and (C) any and all Technology created or developed by or on behalf

of (other than by a Company Party or its Affiliates) Bank or any of its Affiliates in connection with the Program (the "**Bank Program Technology**").

(b) Joint Creation or Development. This Agreement shall not apply to the joint creation or joint development of Technology by Bank and the Company Parties. Bank and the Company Parties shall enter into a separate Technology development agreement if Bank and Company agree to jointly create or jointly develop Technology.

(c) Third Party Technology. To the extent that a Party incorporates Technology owned by a third party into any Technology that the Party provides to the other Party for use in the Program, the contributing Party shall secure and pay for all rights and licenses necessary for the other Party to use such third party Technology as necessary to perform the obligations and exercise the rights hereunder.

(d) Grant of License.

(i) During the Term and through the end of the Closing Date (if the Designated Purchaser purchases the Program Assets) or until the Liquidation Date (if the Designated Purchaser does not purchase the Accounts), Company, on behalf of itself and its Affiliates, hereby grants to Bank and each Bank Affiliate a limited non-exclusive, royalty-free, fully paid up, non-assignable (except in connection with a permitted assignment of this Agreement), non-sublicensable, worldwide right and license under its Intellectual Property (other than trade names, logos, trademarks, service marks, trade dress, and internet domain names) to use, reproduce, modify, create derivative works of, display (publicly or otherwise), or distribute, solely for the benefit of the Company Parties, the Company Technology, Company Owned Modifications and the Company Program Technology to the extent necessary to comply with Bank's obligations and exercise its rights under this Agreement.

(ii) During the Term and, if the Designated Purchaser purchases the Program Assets, through the end of the Closing Date (if the Designated Purchaser purchases the Accounts) or until the Liquidation Date (if the Designated Purchaser does not purchase the Accounts), Bank, on behalf of itself and its Affiliates, hereby grants to Company and its Affiliates a limited non-exclusive, royalty-free, fully paid up, nonassignable (except in connection with a permitted assignment of this Agreement), non-sublicensable, worldwide right and license under its Intellectual Property (other than trade names, logos, trademarks, service marks, trade dress, and internet domain names) to use, reproduce, modify, create derivative works of, display (publicly or otherwise), distribute, solely for the benefit of Bank, Bank Technology, Bank Owned Modifications and Bank Program Technology to the extent necessary to comply with the Company Parties' obligations and exercise its rights under this Agreement.

(iii) Bank shall not use the Company Technology, and the Company Parties shall not use Bank Technology, in each case, for purposes other than as necessary to perform its obligations and exercise its rights under this Agreement, except with the written authorization of the other Party. The foregoing limited licenses shall expire and terminate in their entirety at the end of the Wind Down Period (if the Designated Purchaser purchases the Program Assets) or at the Liquidation Date (if the Designated Purchaser does not purchase the Program Assets), and each licensee Party shall return to the licensor Party (or, at the

licensee Party's option, shall destroy) the licensor Party's Technology then in the licensee Party's possession or control; provided that a Party shall not be required to return or destroy any Confidential Information necessary for the exercise of the rights and licenses set forth in this Section 11.5.2, including the license set forth in this Section 11.5.2 and any rights in jointly owned Technology. Each Party agrees to treat the Technology of the other Party or its Affiliates licensed to such Party or its Affiliates hereunder as Confidential Information in accordance with Section 10.1.

11.5.3 Each Party shall, and shall cause its Affiliates and their respective contractors, to take all actions reasonably requested by the other Party to effect any assignments of Technology (and related Intellectual Property), including executing form assignments agreements.

ARTICLE 12

REPRESENTATIONS, WARRANTIES, AND COVENANTS

12.1 Bank Representations and Warranties. To induce the Company Parties to enter into this Agreement and participate in the Program, all as herein provided, Bank makes the following representations and warranties to the Company Parties, and each and all of which, (other than clause (d) of Section 12.1.2 (Corporate Power, Authorization; Enforceable Obligation) Section 12.1.5 (Claims; Legal Actions), Section 12.1.7 (Bank Applicable Law), and Section 12.1.8, which shall each be made as of the Effective Date), shall be deemed to be restated and remade on each day from the Effective Date until the Agreement Termination Date:

12.1.1 Corporate Existence. Bank represents and warrants that it: (a) is an institution duly organized, validly existing, and in good standing under the laws of the jurisdiction of its organization; (b) is duly qualified and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its businesses require such qualification, except to the extent the failure to be so qualified or in good standing would not have a material adverse effect on its ability to conduct the Program; (c) has the requisite corporate power and authority and the legal right to own and operate its properties, to lease the properties it operates under lease, and to conduct its businesses as now conducted and hereafter contemplated to be conducted; (d) has all necessary licenses, permits, consents, or approvals from or by, has made all necessary notices to all Governmental Authorities having jurisdiction, to the extent required for such current ownership and operation or as proposed to be conducted, except to the extent that the failure to have any of the foregoing would not have a material adverse effect on its ability to conduct the Program; and (e) is in compliance with its certificate of incorporation and bylaws.

12.1.2 Corporate Power, Authorization; Enforceable Obligation. Bank represents and warrants that the execution, delivery, and performance of this Agreement and all instruments and documents to be delivered thereunder: (a) is within its corporate power; (b) has been duly authorized by all necessary or proper corporate action, including the consent of shareholders where required; (c) does not and will not contravene any provisions of its certificate of incorporation or bylaws; (d) will not violate any Applicable Law or any order or decree of any Governmental Authority applicable to it, its assets, property or business; (e) will not conflict with

or result in the breach of, or constitute a default under any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which it is a party or by which it or any of its assets or property are bound; and (f) does not require any filing or registration with, or the consent or approval of, any Governmental Authority, or any other Person which has not been made or obtained previously. This Agreement has been duly executed and delivered and constitutes a legal, valid, and binding obligation enforceable against it in accordance with its terms.

12.1.3 Solvency. Bank represents and warrants that it is Solvent.

12.1.4 No Conflicts. Bank represents and warrants that it is not in default in any material respect of any material contract, lease, agreement, or other instrument to which it is a party nor has it received any notice of default under any such material contract, agreement, lease or other instrument, in each case other than defaults which would not have, individually or in the aggregate, a material adverse effect on its ability to conduct the Program.

12.1.5 Claims; Legal Actions. Bank represents and warrants that there are no claims, counter-claims, suits, arbitrations, governmental investigations or other legal, administrative or tax proceedings, nor any orders, decrees or judgments, in progress or pending or, to Bank's knowledge, threatened that would materially impair Bank's ability to perform under this Agreement.

12.1.6 No Burdensome Restrictions. Bank represents and warrants that no contract, lease, agreement, or other instrument to which it is a party or by which it is bound materially and adversely affects its ability to conduct the Program.

12.1.7 Bank Applicable Law. Bank represents and warrants that no provision of Bank Applicable Law materially and adversely affects its ability to conduct the Program.

12.1.8 Adequately-Capitalized. [***].

12.1.9 Intellectual Property. Bank (a) is the owner of or has the right to use the Bank Marks and all other Intellectual Property licensed by Bank to the Company Parties hereunder, and (b) has the right, power and authority to license to the Company Parties and their Affiliates and authorized designees the use of the Bank Marks and such property as set forth herein. The use of the Bank Marks and the Bank Technology, Bank Owned Modifications, Bank Program Technology, and any Technology that Bank contributes in connection with the development of any jointly owned Technology by said licensees in accordance with the licenses granted in this Agreement shall not violate any Applicable Law or infringe upon the rights of any third party. Bank represents and warrants that use of the Bank Marks in accordance with this Agreement shall not infringe any service mark, trademark or other rights of any third party.

12.1.10 Compliance with Sanctions and Anti-Corruption and AML Laws. (a) Neither Bank, nor any of its Affiliates, officers, directors, or employees is a Sanctioned Person; and (b) Bank has policies and procedures reasonably designed to comply with Sanctions and Anti-Corruption and AML Laws as applicable to its performance under this Agreement, and such policies and procedures shall be applied to all activities contemplated by, arising out of, or related to, this Agreement or Program.

Except as expressly provided in this Article 12, BANK DISCLAIMS ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTY AS TO TITLE, AGAINST INTERFERENCE OF ENJOYMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

12.2 Company Representations and Warranties. To induce Bank to enter into this Agreement and participate in the Program, all as herein provided, the Company Parties make the following representations and warranties to Bank, and each and all of which (other than Section 12.2.2(d), Section 12.2.5 (Claims; Legal Action) and Section 12.2.7 (Company Applicable Law) which shall each be made as of the Effective Date) shall be deemed to be restated and remade on each day from the Effective Date until the Agreement Termination Date:

12.2.1 Corporate Existence. Each Company Party represents and warrants that it: (a) is a corporation duly organized, validly existing, and in good standing under the laws of the state of its incorporation and jurisdiction; (b) is duly qualified and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its businesses require such qualification, except to the extent the failure to be so qualified or in good standing would not have a material adverse effect on its ability to conduct the Program; (c) has the requisite corporate power and authority and the legal right to own and operate its properties, to lease the properties it operates under lease, and to conduct its businesses as now conducted and hereafter contemplated to be conducted; (d) has all necessary licenses, permits, consents, or approvals from or by, has made all necessary notices to all Governmental Authorities having jurisdiction, to the extent required for such current ownership and operation or as proposed to be conducted, except to the extent that the failure to have any of the foregoing would not have a material adverse effect on its ability to conduct the Program; and (e) is in compliance with its certificate of incorporation and bylaws.

12.2.2 Corporate Power, Authorization; Enforceable Obligation. Each Company Party represents and warrants that the execution, delivery, and performance of this Agreement and all instruments and documents to be delivered thereunder: (a) is within its corporate power; (b) has been duly authorized by all necessary or proper corporate action, including the consent of shareholders where required; (c) does not and will not contravene any provisions of its certificate of incorporation or bylaws; (d) will not violate any Applicable Law or any order or decree of any Governmental Authority applicable to it, its assets, property or business; (e) will not conflict with or result in the breach of, or constitute a default under any indenture, mortgage, deed of trust, lease, agreement, or other instrument to which it is a party or by which it or any of its assets or property are bound; and (f) does not require any filing or registration with, or the consent or approval of, any Governmental Authority, or any other Person which has not been made or obtained previously. This Agreement has been duly executed and delivered and constitutes a legal, valid, and binding obligation enforceable against it in accordance with its terms.

12.2.3 Solvency. Each Company Party represents and warrants that it is Solvent.

12.2.4 No Conflicts. Each Company Party represents and warrants that it is not in default in any material respect of any material contract, lease, agreement, or other instrument

(including any financial services arrangements with third parties), to which it is a party nor has it received any notice of default under any such material contract, agreement, lease or other instrument, in each case other than defaults which would not have, individually or in the aggregate, a material adverse effect on its ability to conduct the Program.

12.2.5 Claims; Legal Actions. Each Company Party represents and warrants that there are no claims, counter-claims, suits, arbitrations, governmental investigations or other legal, administrative or tax proceedings, nor any orders, decrees or judgments, in progress or pending or, to such Company Party's knowledge, threatened that would materially impair such Company Party's ability to perform under this Agreement.

12.2.6 No Burdensome Restrictions. Each Company Party represents and warrants that no contract, lease, agreement, or other instrument to which it is a party or by which it is bound materially and adversely affects its ability to conduct the Program.

12.2.7 Company Applicable Law. Each Company Party represents and warrants that no provision of Company Applicable Law materially and adversely affects its ability to conduct the Program.

12.2.8 Intellectual Property. Company (a) is the owner of or has the right to use the Company Marks and all other Intellectual Property licensed by Company to Bank hereunder, and (b) has the right, power and authority to license to Bank and its Affiliates and authorized designees the use of the Company Marks and such property as set forth herein. The use of the Company Marks and the Company Technology, Company Owned Modifications, Company Program Technology, and any Technology that Company contributes in connection with the development of any jointly owned Technology by said licensees in accordance with the licenses granted in this Agreement shall not violate any Applicable Law or infringe upon the rights of any third party. Company represents and warrants that use of the Company Marks in accordance with this Agreement shall not infringe any service mark, trademark or other rights of any third party.

12.2.9 Compliance with Sanctions and Anti-Corruption and AML Laws. (a) Neither the Company Parties nor any of their Affiliates, officers, directors, or employees is a Sanctioned Person; and (b) Company has policies and procedures reasonably designed to comply with Sanctions and Anti-Corruption and AML Laws as applicable to the performance of its obligations under this Agreement, and such policies and procedures shall be applied to all activities contemplated by, arising out of, or related to, this Agreement or the Program.

Except as expressly provided in this Article 12, THE COMPANY PARTIES DISCLAIM ANY EXPRESS OR IMPLIED WARRANTIES, INCLUDING ANY WARRANTY AS TO TITLE, AGAINST INTERFERENCE OF ENJOYMENT, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

12.3 Certain Covenants of Bank.

12.3.1 Disaster Recovery Plan; Backups. Bank shall maintain a disaster recovery plan (which shall include a process for notifying Company Parties if such plan or related process or controls must be put into effect) which it shall test regularly (and provide evidence of its

current and period testing if requested by Company), as well as systems, equipment, facilities and trained personnel that shall enable it to perform its basic obligations under this Agreement consistent with the disaster recovery plan continuously through a disaster. Subject to Article 10 (Confidentiality; Privacy and Data Security), Bank will cooperate with reasonable inquiries from Company Parties in order for the Company Parties to assess the adequacy of such disaster recovery plan. Bank will perform backups of all data, information, materials, and records it creates or stores on its systems or any system that is related to the Program. Backups must be made using reasonable commercial practices, on not less than a daily basis, and stored off-site in an alternate location. Backups must be readily accessible and Bank will promptly restore any corrupted or lost files using the most current backup media available. All backups will be disposed of in accordance with Bank's data retention policies and Section 10.1.3.

12.3.2 Bank Change in Control. In the event a Bank Change in Control occurs, subject to Section 14.4.3, Bank agrees to use commercially reasonable efforts to provide (or cause the provision of) reasonable resources such that the Change in Control shall not interfere with or adversely affect (i) the Company Parties' rights under Article 14 (Term and Termination) as relates to DIC's right to purchase, or arrange for a Designated Purchaser to purchase, the Program Assets and (ii) Bank's performance of its obligations under this Agreement, including Article 14 (Term and Termination) with respect to such purchase in a timely manner and its provision of conversion assistance.

12.3.3 Notices of Changes. Bank shall as soon as commercially reasonably possible notify Company of any: (a) change in the name or form of business organization of Bank, change in the location of its chief executive office or the location of the office where its records concerning the Program are kept; or (b) (i) merger or consolidation of Bank or the sale of a significant portion of its stock or of any substantial amount of its assets not in the ordinary course of business or (ii) Bank Change in Control.

12.4 Certain Covenants of Company.

12.4.1 Disaster Recovery Plan. Company shall maintain a disaster recovery plan (which shall include a process for notifying Bank if such plan or related process or controls must be put into effect) which it shall test regularly (and provide evidence of its current and period testing if requested by Bank), as well as systems, equipment, facilities and trained personnel that shall enable it to perform its basic obligations under this Agreement consistent with the disaster recovery plan continuously through a disaster. Subject to Article 10 (Confidentiality; Privacy and Data Security), Company will cooperate with reasonable inquiries from Bank in order for Bank to assess the adequacy of such disaster recovery plan and agrees to discuss in good faith with Bank any concerns Bank has regarding the adequacy of Company's disaster recovery plan. Company will perform backups of all data, information, materials, and records it creates or stores on its systems or any system that is related to the Program. Backups must be made using reasonable commercial practices, on not less than a daily basis, and stored off-site in an alternate location or Company's primary data center. Backups must be readily accessible and Company will promptly restore any corrupted or lost files using the most current backup media available. All backups will be disposed of in accordance with Company's data retention policies and Section 10.1.3.

12.4.2 Notices of Changes. Company shall as soon as commercially reasonably possible notify Bank of any: (a) change in the name or form of business organization (and will submit to Bank any updated Form W-9s or other applicable tax forms), of Company, change in the location of its chief executive office or the location of the office where its records concerning the Program are kept; (b) merger or consolidation of Company or the sale of a significant portion of its stock or of any substantial amount of its assets not in the ordinary course of business or any Company Change in Control. Company shall use commercially reasonable efforts to periodically notify Bank of the planned opening or closing of any Company Store or Company Channel; provided, that Bank acknowledges and agrees that Company's failure to notify Bank of planned openings or closings of any Company Store or Company Channel shall not be deemed to be a breach of this Agreement by Company.

12.4.3 Financial Statements. If Company is not required to publicly file its financial results, Company will provide to Bank (a) within one hundred twenty (120) days after Company's fourth (4th) fiscal quarter, Company's annual audited financial statements, (b) within sixty (60) days after each other fiscal quarter of Company, Company's unaudited financial statements, and (iii) such other financial information reasonably requested by Bank to enable Bank to accurately assess Company's financial condition.

12.4.4 Reserve. The Parties agree to the terms set forth in Schedule 12.4.4 (Additional Requirements).

12.5 Notification of Claims; Legal Actions. To the extent permitted by Applicable Law, each Party shall notify the other in writing within fifteen (15) days of the institution of any claims, counter-claims, suits, arbitrations, governmental investigations or other legal, administrative or tax proceedings, or any orders, decrees or judgments, in progress or pending or, to such Party's knowledge, threatened that would materially impair such Party's ability to perform under this Agreement.

ARTICLE 13

EVENTS OF DEFAULT; RIGHTS AND REMEDIES

13.1 Bank Events of Default. The occurrence of any one or more of the events specified in this Section 13.1 (regardless of the reason therefor) with respect to Bank shall be a "**Bank Event of Default**".

13.1.1 Failure to Make Payments When Due. Bank shall have breached its obligations to make any payment of any undisputed amount due pursuant to this Agreement if such payment remains unpaid for a period of thirty (30) days after Company has made written demand to Bank therefor.

13.1.2 Bank Representations, Warranties and Covenants. (a) Any representation and warranty of Bank in this Agreement shall fail to be true and correct in any material respect as of the date when made or reaffirmed, (b) Bank shall fail to perform its covenants as set forth in this Agreement, or any other material covenant or other material agreement contained in this Agreement, including its obligations under Section 2.3, that Bank is required to perform, and in either case, such failure shall remain uncured for a period of thirty (30) days after Company

provides written notice thereof and such failure has or is reasonably expected to have a material adverse effect on Company or the Program or (c) Bank fails to comply with Section 12.1.10.

13.1.3 Solvency. Bank (a) shall not be Solvent; (b) shall admit in writing its inability to pay its debts generally; (c) shall have any proceeding instituted by or against it before the Federal Deposit Insurance Corporation (or its successor) or any other Governmental Authority to place it in receivership or conservatorship; or (d) shall take any corporate action to authorize any action in connection with clause (c) of this Section 13.1.3.

13.2 Company Events of Default. The occurrence of any one or more of the events specified in this Section 13.2 (regardless of the reason therefor) with respect to Company shall be a "**Company Event of Default**".

13.2.1 Company Representations, Warranties and Covenants. (a) Any representation, and warranty of a Company Party in this Agreement shall fail to be true and correct in any material respect as of the date when made or reaffirmed, (b) Company shall fail to perform its covenants as set forth in this Agreement, or any other material covenant or other material agreement contained in this Agreement that Company is required to perform, including its obligations under Section 2.3 and in either case, such failure shall remain uncured for a period of thirty (30) days after Bank provides written notice thereof and has or is reasonably expected to have a material adverse impact on Bank or the Program, or (c) Company fails to comply with the terms of Section 12.2.9, or Section 12.4.4.

13.2.2 Solvency. Company (a) shall not be Solvent; (b) shall admit in writing its inability to pay its debts generally; (c) shall make a general assignment for the benefit of its creditors; (d) shall have any proceeding instituted by or against it seeking to adjudicate it as bankrupt or insolvent or seeking liquidation under any law relating to bankruptcy or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver or other similar official for it or for any substantial part of its property, and, in the case of any proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of thirty (30) days, or any of the actions sought in such proceeding (including the entry of an order for relief against, or the appointment of a receiver or other similar official for, it or any substantial part of its property) shall occur; or (e) shall take any corporate action to authorize any of the actions set forth in clause (c) or clause (d) of this Section 13.2.2.

13.2.3 Failure to Make Payments When Due. Company shall have breached its obligations to make any payment of any undisputed material amount due pursuant to this Agreement if such payment remains unpaid for a period of thirty (30) days after Bank has made written demand to Company therefor.

ARTICLE 14

TERM AND TERMINATION

14.1 Initial Term. This Agreement, unless earlier terminated in accordance with its terms, shall take effect at 12:00 a.m. on the Effective Date (in accordance with Section 2.1.1(b)))

and shall remain in full force and effect for ten (10) years from the Program Launch Date ("**Initial Term**").

14.2 Renewal Term. This Agreement shall automatically renew for successive two (2)-year terms (each, a "**Renewal Term**" and together with the Initial Term, collectively, as applicable, the "**Term**"), unless written notice ("**Non-Renewal Notice**") is given by a Party that it wishes not to renew this Agreement, in which event this Agreement shall terminate at the end of the then current Term. The Non-Renewal Notice shall be delivered by not later than [***] prior to the end of the Initial Term or any subsequent Renewal Term, as applicable.

14.3 Bank Termination Rights.

14.3.1 Company Event of Default. Upon the occurrence of any Company Event of Default, Bank shall have the right to terminate this Agreement, within ninety (90) days of Bank becoming aware of such Company Event of Default, by providing at least thirty (30) days' prior written notice to Company of such termination (other than a Company Event of Default set forth in clause (c) of Section 13.2.1, which may be immediately upon notice); provided, however, that Bank shall not have the right to terminate this Agreement if a Company Event of Default occurs under Section 13.2.3 unless such Company Event of Default involves individually or in the aggregate more than [***].

14.3.2 Change in Control of Company. If a Company Change in Control occurs, the provisions of Schedule 14.3.2-(i) (Company Change in Control) shall apply.

14.3.3 Acquisitions; Disposition. Bank shall have the right to terminate this Agreement pursuant to Schedule 7.4 (Company Acquisition Exception) by providing sixty (60) days' prior written notice to Company of such termination within ninety (90) days after the Parties have failed to agree on a plan as set forth in paragraph 2 of Schedule 7.4 (Company Acquisition Exception), or adjustments as set forth in paragraph 3 of Schedule 7.4 (Company Acquisition Exception).

14.3.4 Bank Firearms Policy. Bank shall have the right to terminate this Agreement in accordance with Schedule 5.13 (Firearms).

14.3.5 Underwriting Target Failures. Bank may terminate this Agreement in accordance with Section 7.1.3.

14.3.6 Token Provider Services. Bank may terminate this Agreement in accordance with Section 5.3.2(b).

14.4 Company Termination Rights.

14.4.1 Bank Event of Default. Upon the occurrence of any Bank Event of Default, Company shall have the right to terminate this Agreement, within ninety (90) days after Company becomes aware of such Bank Event of Default, by providing at least thirty (30) days' prior written notice to Bank of such termination (other than a Bank Event of Default set forth in clause (c) of Section 13.1.2, which may be immediately upon notice); provided, however, that Company shall not have the right to terminate this Agreement if a Bank Event of Default occurs

under Section 13.1.1 unless such Bank Event of Default involves individually or in the aggregate more than [***].

14.4.2 Sale of Retail Services Division. Subject to each Party's rights under Section 17.1, if Bank enters into a definitive agreement to sell the "Citi Retail Services" division (or successor or replacement thereto) of Citibank, N.A. or any portion of its Credit Card business that includes Company's portfolio (in whole or in part) to a non-Permitted Affiliate and such sale disproportionately affects Company as compared to any of Bank's Retail Services Division Partner-Branded Credit Card Programs, Company shall have the right to terminate this Agreement by providing sixty (60) days' prior written notice to Bank of such termination within ninety (90) days after Company becomes aware of such event; provided, that Company's termination right set forth in this Section 14.4.2 shall not apply to Bank's sale of written-off Accounts in the ordinary course.

14.4.3 Bank Change in Control. Upon the occurrence of a Bank Change in Control, Company shall have the right to terminate this Agreement by providing at least sixty (60) day's prior written notice to Bank of such termination within ninety (90) days after Company becomes aware of such event pursuant to Section 12.3.2.

14.4.4 Material Adverse Change. Company shall have the right to terminate this Agreement upon the occurrence of a change in the operations, assets, financial condition, business or prospects of Bank that has a material adverse effect on the ongoing operation of the Program, and remains uncured for a period of thirty (30) days after Company provides written notice thereof (unless such material adverse change is unable to be cured, in which case, Company shall not be required to provide a thirty (30)-day cure period).

14.4.5 Service Level Default. Company may terminate this Agreement in accordance with Schedule 8.1.1 (Service Level Standards).

14.4.6 Regulatory Capital Status. [***].

14.4.7 Acquisitions. Company shall have the right to terminate this Agreement pursuant to Schedule 7.4 (Company Acquisition Exception) by providing sixty (60) days' prior written notice to Bank of such termination within ninety (90) days after the Parties have failed to agree on a plan as set forth in paragraph 2 of Schedule 7.4 (Company Acquisition Exception).

14.4.8 Underwriting Target Failures. Company may terminate this Agreement in accordance with Section 7.1.3.

14.4.9 Token Provider Services. Company may terminate this Agreement in accordance with Section 5.3.2(b).

14.5 Mutual Termination Rights.

14.5.1 Force Majeure Event. If a Force Majeure Event has occurred pursuant to Section 17.3, the FM Notifying Party's performance hereunder is materially prevented or impeded, and such Force Majeure Event continues for a period of more than ninety (90) days (forty-five (45) days in the cases of credit authorizations and processing of new Accounts), the

non-FM Notifying Party shall have the right to terminate this Agreement while the Force Majeure Event continues by providing no less than fifteen (15) days' prior written notice to the FM Notifying Party of such termination.

14.5.2 Change in Law.

(a) Notice. Following a Change in Law, either Bank or the Company Parties (the "**Requesting Party**") shall have the right, upon providing notice to the other Party (the "**Other Party**") within ninety (90) days after the Requesting Party becomes aware of such Change in Law (such notice, the "**Change in Law Notice**"), to demand good faith renegotiation of the terms of this Agreement to agree upon modifications sufficient to mitigate such Change in Law in a manner mutually agreeable to the Parties (a "**Change in Law Amendment**").

(b) Procedures. Upon receipt of a Change in Law Notice by the Other Party pursuant to Section 14.5.2(a), Bank and Company shall negotiate in good faith for a period of thirty (30) days (or such longer period upon which Bank and Company mutually agree in writing) (such period, the "**Change in Law Amendment Negotiation Period**") to mutually agree upon a Change in Law Amendment. If Bank and Company do not reach mutual agreement on a Change in Law Amendment within the Change in Law Amendment Negotiation Period, either Bank or Company may request a ten (10) day extension period (or such longer period upon which Bank or Company mutually agree in writing) (such period, the "**Change in Law Amendment Negotiation Extension Period**"), during which the Senior Executives shall negotiate in good faith to mutually agree upon a Change in Law Amendment. The Parties acknowledge their mutual intention that any Change in Law Amendment should be narrowly tailored to mitigate the relevant Change in Law and, to the extent practicable and commercially reasonable under the circumstances, minimize disruption to the Program and the Other Party's rights and obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, each of Bank and the Company Parties shall have the right in its sole discretion to determine whether to enter into a Change in Law Amendment, as long as such Party negotiates in good faith. If Bank or the Company Parties do not reach mutual agreement on a Change in Law Amendment within the Change in Law Amendment Negotiation Period (or, if requested, the Change in Law Amendment Negotiation Extension Period), the affected Party shall have the right to terminate this Agreement within sixty (60) days after the last day of the Change in Law Amendment Negotiation Period (or, if requested, the Change in Law Amendment Negotiation Extension Period) by providing at least thirty (30) days' prior written notice to the unaffected Party unless the unaffected Party agrees to (i) compensate the affected Party in an amount and manner sufficient to mitigate such Change in Law, as determined by the affected Party in its sole discretion, and/or (ii) waive performance of the affected Party's obligations as requested by the affected Party.

14.5.3 Failure to Purchase Back Book Assets; Other Termination Prior to Conversion.

(a) Either Party may terminate this Agreement upon written notice to the other Party if the purchase of the Back Book Assets has not been completed pursuant to the terms of the Back Book Purchase Agreement by [***] (or such other date as mutually agreed to

by the Parties). Such event shall not constitute a Bank Event of Default or a Company Event of Default.

(b) This Agreement shall terminate automatically if the Back Book Purchase Agreement terminates prior to the Back Book Assets Closing Date.

(c) In the event a termination pursuant to this Section 14.5.3 occurs after Bank has commenced issuing Accounts pursuant to Section 2.4.1(b), the following shall apply:

(i) Bank will have the rights set forth in paragraph 1 of Schedule 14.10 (Liquidation Process) (except not the rights in paragraph 1(d) or paragraph 1(e) of Schedule 14.10 (Liquidation Process)) with respect to such Accounts, subject to the restrictions set forth in paragraph 1 of Schedule 14.10 (Liquidation Process) [***]; and

(ii) For up to one hundred eighty (180) days following the termination date (until all Accounts have been dispensed with pursuant to paragraph 1 of Schedule 14.10 (Liquidation Process)), (a) Company will continue to accept the Private Label Cards for the purchase of Goods and Services, (b) the Loyalty Program and the rights and obligations of the Parties under this Agreement with respect thereto will continue, (c) Bank may (i) continue to communicate with Cardholders in connection with the servicing, billing and collection of Accounts consistent with the terms of this Agreement as required by Bank Applicable Law and (ii) communicate with Cardholders regarding any rights undertaken pursuant to paragraph 1 of Schedule 14.10 (Liquidation Process), and (d) Bank shall continue to service Accounts and (e) the Parties' payment and expenses allocation set forth in Section 9.1 and payment obligations of Bank, including as set forth in Schedule 6.1 (Compensation and Other Economic Terms), shall continue;

(d) Beginning ninety (90) days after termination of this Agreement pursuant to this Section 14.5.3, Company may engage in general solicitations in connection with any new Credit Card program, including by use of the Customer List.

(e) Except for a termination pursuant to this Section 14.5.3, any termination of the Agreement by a Party initiated between (x) the date when cardholders of the Credit Card accounts issued by the Previous Issuer pursuant to the program agreement between Company, DIC and the Previous Issuer are first notified (whether such notice is provided by the Previous Issuer or Bank) of the change in ownership of those accounts to Bank (it being understood that press releases or similar public announcements issued with respect to the transactions contemplated by this Agreement or the Back Book Purchase Agreement will not be considered a notification of change of ownership of accounts), and (y) the Back Book Conversion Date will become effective upon the later of (i) the date provided in the section governing the applicable termination right, and (ii) the day after the Back Book Conversion Date.

14.6 Effect of Agreement Expiration or Termination.

14.6.1 DIC Portfolio Evaluation Option. Notwithstanding anything to the contrary contained in this Agreement or in any other contract or agreement between a Company or any of its Affiliates and Bank or any of Bank's Affiliates, prior to the expiration or early

termination of this Agreement for any reason, (other than termination pursuant to Section 14.5.3), DIC shall have the option to evaluate whether to purchase or arrange for a third party to purchase the Program Assets (DIC or such third party, a "**Potential Purchaser**"), exclusive of any Accounts that have been previously written off, or should have been written off in accordance with Bank's standard policies and Applicable Law, free and clear of all liens, encumbrances, claims, third party rights, mortgages, restrictions, security interests or other similar kind of right (such option to purchase the Program Assets, the "**DIC Purchase Option**"). The Company Parties shall have the right to evaluate the Program Assets upon the occurrence of any of the following events (each, an "**Evaluation Event**"):

(a) either Bank or Company delivers an Early Termination Notice pursuant to Section 14.3, Section 14.4, Section 14.5.1, or Section 14.5.2;

(b) [***] prior to the end of the Initial Term; and

(c) [***] prior to the end of any Renewal Term.

14.6.2 Evaluation Data.

(a) Upon the occurrence of an Evaluation Event, Bank shall promptly, following DIC's request (which, (i) if Company issued the Early Termination Notice, such request must occur concurrently with Company's delivery of an Early Termination Notice, or (ii) such request must occur [***] prior to the end of the Initial Term or Renewal Term, as applicable), provide the Company Parties with the data described in Schedule 14.6.2(a) (Evaluation Data) and any updates relating thereto (the "**Evaluation Data**"); provided, that in the event of an Evaluation Event pursuant to Section 14.6.1(a) in which Bank delivers an Early Termination Notice, Bank's delivery of an Early Termination Notice shall constitute Company's request for purposes of this Section 14.6.2(a).

(b) Bank shall provide Evaluation Data to DIC as soon as reasonably practicable after DIC's request following an Evaluation Event in accordance with Section 14.6.2(a), but in any event, within thirty (30) days of receipt of such request, or in the event of an Evaluation Event pursuant to Section 14.6.1(a), within thirty (30) days of Bank's delivery of such Early Termination Notice. Company shall obtain a customary confidentiality agreement, in a form of which is set forth in Exhibit D (Form of Confidentiality and Non-Disclosure Agreement) ("**Customary NDA**") from any third party Potential Purchaser to which Evaluation Data is provided, prior to providing such Evaluation Data, and Bank shall be made a third party beneficiary. The Parties agree to review the form of the Customary NDA on an annual basis to determine whether any updates are needed to such Customary NDA. As further described in Schedule 14.6.2(a) (Evaluation Data), the Company Parties may share the Evaluation Data provided to Company under this Section 14.6.2 with up to [***] Potential Purchasers and Representatives of the Company Parties for the sole purpose of evaluating a potential purchase of the Program Assets.

14.6.3 Continued Operation of the Program. The Parties acknowledge and agree that certain functions of the Program shall continue beyond the Agreement Termination Date through the later of the Closing Date and the Purchase Option Expiration Date (the "**Wind-**

Down Period"). Upon commencement of and during the Wind-Down Period, Bank shall continue to perform its obligations under this Agreement, including, continuing to: (a) originate new Accounts; (b) approve credit on existing Accounts; (c) service Accounts; (d) perform its obligations in connection with the Loyalty Program; (e) fund and use existing funds in the Joint Program Fund and (f) pay compensation and comply with the other economic terms each as set forth in Schedule 6.1 (Compensation and Other Economic Terms). Upon commencement of and during the Wind-Down Period, Company shall continue to perform its obligations under this Agreement, including: (i) promote the Program in all Company Channels; (ii) acquire Accounts; (iii) process Purchase transactions; and (iv) perform its obligations in connection with the Loyalty Program.

14.7 Purchase Option.

14.7.1 DIC Purchase Option Election.

(a) In the event that DIC determines not to pursue a purchase of the Program Assets at any time following the Evaluation Event and until the last day upon which Company may issue an Exercise Notice under Section 14.8.1, DIC shall provide Bank with a written notice of no interest ("**No Interest Notice**").

(b) If DIC provides an Exercise Notice in accordance with Section 14.8.1, Bank and DIC shall in good faith, use commercially reasonable efforts to consummate the purchase of the Program Assets in accordance with the terms of this Agreement (including terms of a purchase agreement contemplated under Section 14.8) at a price determined in accordance with Section 14.8.3. DIC shall notify its Designated Purchaser (unless DIC is the Designated Purchaser) of DIC's expectation that the Designated Purchaser shall in good faith use commercially reasonable efforts to consummate the purchase of the Program Assets at a price determined in accordance with Section 14.8.3. Bank will provide such Designated Purchaser with the information set forth on Schedule 14.7.1(b) (Diligence File Information) within thirty (30) days of the Exercise Notice, and no later than thirty (30) days from the delivery of a written request by such Designated Purchaser to Bank, Bank will provide such Designated Purchaser with commercially reasonable access to additional information relating to the Program Assets that is customary for due diligence investigations with respect to transactions of the size and nature contemplated by the acquisition of the Program Assets at times and in a manner to be determined by Bank (in its commercially reasonable discretion); provided that Bank will not be required to share any of the information provided pursuant to this Section 14.7.1(b) (or on Schedule 14.7.1(b) (Diligence File Information) with such Designated Purchaser unless and until such Designated Purchaser executes a separate confidentiality agreement with Bank.

14.7.2 No Purchase. If a Purchase Option Expiration Date occurs, the Program shall be liquidated pursuant to the provisions of Schedule 14.10 (Liquidation Process); provided, however, that nothing in this Section 14.7.2 shall be construed as limiting or relieving the obligation of Bank and DIC (and any Designated Purchaser) to use commercially reasonable efforts to consummate the purchase of the Program Assets after delivery of an Exercise Notice. For the avoidance of doubt, as long as DIC uses commercially reasonably efforts to consummate such purchase, DIC shall not be liable for a Designated Purchaser's failure for any reason to

purchase the Program Assets and in no event shall DIC be obligated to purchase the Program Assets for itself unless otherwise agreed in writing by DIC.

14.8 Purchase Mechanics.

14.8.1 Exercise Notice.

(a) Following an Evaluation Event, DIC shall notify Bank in writing of DIC's intent to pursue the purchase of the Program Assets, naming therein one Person from among the Potential Purchasers as the designated purchaser (which may be DIC) ("**Designated Purchaser**") no later than [***] after occurrence of the Evaluation Event ("**Exercise Notice**").

(b) In connection with the sale of the Program Assets, as expeditiously as practicable after DIC has provided an Exercise Notice to Bank, Bank, and the Designated Purchaser shall negotiate in good faith, execute and deliver all necessary agreements, instruments and other documentation customary for a transaction of this kind, including a purchase and sale agreement, which agreement may require each of Bank and a Designated Purchaser to agree to certain representations, warranties, covenants, indemnities, transition services and other terms and conditions usual and customary for a transaction of this kind, and Bank will (i) keep the Company Parties apprised of such negotiation, including, to the extent permitted by Bank's confidentiality obligations, the status of such negotiation, conversion date, purchase price and termination rights and (ii) negotiate in good faith such that the purchase agreement with the Designated Purchaser will permit Bank to disclose the status, conversion date, purchase price and termination rights in the purchase agreement. All such agreements shall be in a form reasonably acceptable to Bank and the Designated Purchaser.

(c) Bank shall in good faith use commercially reasonable efforts to (and Company shall in good faith use commercially reasonable efforts to cause Designated Purchaser to) consummate the sale and simultaneous conversion of the Program Assets (the "**Closing Date**") no later than the Agreement Termination Date, or in the event of Early Termination, [***] after DIC has provided Bank with its Exercise Notice; provided, that in the event the Closing Date fails to occur within the period set forth in Section 14.8.1, conversion assistance will continue to be provided during the Extension Period, or until the end of the extended Closing Date.

(d) Notwithstanding paragraph (c),

(i) if the Closing Date would occur on a date between October 15 of a given calendar year and January 15 of the following calendar year (the "**Blackout Period**"), the Closing Date (and the obligations under Section 14.6.3) may be extended to a date not to exceed thirty (30) days following the end of the Blackout Period, at DIC's or Bank's request (or for such longer period as may be mutually agreed in writing by DIC and Bank);

(ii) if DIC and the Designated Purchaser are unable to obtain regulatory approval for the purchase of the Program Assets within the contemplated timeframe, DIC shall have the right to request an extension of the applicable Closing Date (and the obligations under Section 14.6.3 and for a period of up to [***] (or such longer period as may be

mutually agreed by DIC and Bank) for DIC and the Designated Purchaser to obtain regulatory approval; and

(iii) if DIC determines that a Designated Purchaser is unlikely to execute a purchase agreement or if the Designated Purchaser fails to purchase the Program Assets and the purchase and sale agreement between Bank and the Designated Purchaser terminates due to the Designated Purchaser's failure to purchase the Program Assets or the failure of the conversion of the Program Assets to occur by the date set forth in the purchase and sale agreement, and DIC desires to arrange for another Designated Purchaser ("**Replacement Designated Purchaser**") to purchase the Program Assets, DIC shall have the right to request an extension of the Closing Date (and the obligations under Section 14.6.3) for a period of up to [***] (or such longer period as may be mutually agreed by Company and Bank) for the Replacement Designated Purchaser to consummate the purchase of the Program Assets.

(e) In any event, Bank shall and DIC shall cause the Designated Purchaser to in good faith use commercially reasonable efforts to expeditiously take all such additional actions as may be reasonably required in order to consummate the purchase of the Program Assets as contemplated by this Section 14.8.1 in a manner that minimizes any adverse impact on the Program or Cardholders.

14.8.2 Purchase Option Expiration Date. In the event that any of the following events may occur, subject to Section 14.8.1, the DIC Purchase Option shall expire upon the date on which the earliest of such events may occur ("**Purchase Option Expiration Date**"):

(a) DIC issues a No Interest Notice,

(b) the time period for DIC to issue an Exercise Notice under Section 14.8.1 has expired without DIC issuing such Exercise Notice,

(c) the time period for the Designated Purchaser to consummate the purchase of the Program Assets under the purchase agreement(s) (and any extension thereof under Section 14.8.1(d)) has expired and the Designated Purchaser has not consummated such purchase as set forth in this Section 14.8; or

(d) Designated Purchaser fails to purchase the Program Assets on the Closing Date and the Parties and the Designated Purchaser fail to reach mutual agreement on a Closing Date extension.

14.8.3 Purchase Price. The purchase price for the Program Assets shall be [***] (the "**Purchase Price**").

14.9 Conversion Assistance.

14.9.1 General. Following the entry of Bank and the Designated Purchaser into the purchase and sale agreement, Bank will, subject to the terms thereof, provide customary conversion data files, data dictionaries, and commercially reasonable access to Bank's portfolio conversion experts and a project manager experienced in portfolio de-conversions, and

facilitating access or interaction between the Designated Purchaser or its third party vendors, as applicable, and Bank's third party vendors.

14.9.2 Account Numbers. [***].

14.9.3 Conversion Costs. Each Party shall bear its own costs associated with the sale and conversion of the Program Assets.

14.10 Liquidation Process. The Parties additional rights and remedies following the Purchase Option Expiration Date shall be as set forth in Schedule 14.10 (Liquidation Process).

14.11 Communication with Cardholders.

14.11.1If the Designated Purchaser does not purchase the Accounts, then each Party shall provide the other Party with prior written notice of all communications with Cardholders or press releases, in each case regarding the termination of this Agreement and the Program, for the other Party's review and written approval (which approval shall not be unreasonably withheld, conditioned or delayed); provided, that nothing in this Section 14.11 will be interpreted to prohibit Bank from sending Customer Communications required by Applicable Law or communications in the ordinary course of servicing the Accounts (except to the extent such communications reference the termination of the Program, in which case, Bank shall be required to obtain Company's prior written approval (which such approval shall not be unreasonably withheld, conditioned or delayed)). Notwithstanding the foregoing, (a) any such communications with Cardholders pursuant to this Section 14.11 shall not refer to Company or a new Company credit program in a negative or derogatory manner, and (b) Bank shall not use Company Marks (but may use Company's name in the nominative sense) in connection with any changes to the Credit Terms.

14.11.2If Company or the Designated Purchaser purchases the Program Assets, following the Closing Date, Bank shall have no residual rights in such Program Assets. Bank and its Affiliates may not utilize the list (including any derivations) of Cardholders to market or otherwise specifically target market based on the prospect's status as a Cardholder any other Credit Card or other financial product or service to such Cardholders for any purpose without Company's prior written consent, which may be withheld in Company's sole discretion.

14.12 Future Company Programs. Nothing in this Agreement shall be deemed to prohibit Company, following the Purchase Option Expiration Date, from entering into any other agreement for a Credit Card program similar to the Program with any other Credit Card issuer or other party, to become effective no earlier than the Liquidation Date, regardless of whether Company has issued its Exercise Notice. Company may engage in general solicitations in connection with any new Credit Card program, including by use of the Customer List with respect to the Loyalty Program.

14.13 Effect of Termination on Loyalty Program.

14.13.1Company shall have the right to continue operation of the Loyalty Program in connection with a future Credit Card program or as a tender neutral program. Bank and Company shall cooperate to implement an orderly transition of the operational functions of

the Loyalty Program from Bank to Company, the Designated Purchaser, or their designated partner. Each Party shall bear its own costs associated with transition of the operational functions from Bank to Company, the Designated Purchaser, or their designated partner. Company will honor all Cardholder rewards earned or fulfilled through their expiry and will provide appropriate notice to Loyalty Program participants of the termination or any material modification of the Loyalty Program.

14.13.2With respect to Accounts retained by Bank after the Purchase Option Expiration Date, Bank shall (a) at Company's reasonable request, provide notice of its plans and consult with Company regarding the discontinuance of the Loyalty Program; and (b) provide reasonable notice to Cardholders of the discontinuance the Loyalty Program by the end of the Soft Landing Period.

ARTICLE 15

INDEMNIFICATION

15.1 Indemnification by Company. Company agrees to indemnify, defend and hold harmless Bank, its Affiliates, and the shareholders, employees, officers, and directors of each of Bank and its Affiliates, from and against any and all Indemnified Losses to the extent such Indemnified Losses arise out of, are connected with, or result from the items referenced below.

15.1.1 (a) any defect in Goods and Services purchased with a Program Card or the failure of Goods and Services purchased with a Program Card to comply with Applicable Law and (b) any products and services offered or sold through Company Channels, including any advertising or documentation related thereto (including advertising via Statement Communications), offered or sold through Company Channels to Cardholders (other than to Accounts).

15.1.2 any transaction, contract, understanding, promise, representation or relationship, actual, asserted, or alleged, between Company and any Cardholder relating to Goods and Services or the sale thereof;

15.1.3 any false or misleading representation by Company to a Cardholder or Applicant (other than at the written direction or instruction of Bank) relating to an Account;

15.1.4 any breach by a Company Party of any of the terms, covenants, representations, warranties, or other provisions contained in this Agreement;

15.1.5 the failure by Company to comply with Company Applicable Law in connection with its business generally or its obligations under this Agreement, including its obligations under Section 2.3 and Section 3.2.1.

15.1.6 any other act, or omission where there was a duty to act, by Company or its respective Affiliates, employees, officers, directors, shareholders, agents or licensees or any service providers or independent contractors relating to the Program, an Account (including a Recovery Account), a Cardholder, an Applicant or Indebtedness;

15.1.7 infringement of the Intellectual Property of a third party by the Company Technology, Company Owned Modifications, Company Program Technology, and any Technology that Company contributes in connection with the development of any jointly owned Technology;

15.1.8 the operation of a Secondary Provider Program by a Person other than Bank, excluding any breach by Bank of its obligations under this Agreement in connection with such Secondary Provider Program;

15.1.9 the unauthorized use or disclosure of any Program Information provided by Bank to Company or any third party at Company's request;

15.1.10 a Security Incident suffered by Company or its Affiliates, agents, employees, subcontractors or vendors;

15.1.11 Bank's use of the Company Marks in accordance with the terms of this Agreement;

15.1.12 any Tender Neutral Loyalty Program; or

15.1.13 the Loyalty Program, other than Bank's obligations regarding the Loyalty Program set forth in Section 9.1.2(a) and Section 15.2.13;

provided, however, that in no event shall a Company Party be obligated to indemnify Bank under this Section 15.1 against any Indemnified Losses to the extent such Indemnified Losses result from (a) the willful or negligent acts or omissions of Bank, or (b) any act or omission taken by Company that would be indemnifiable by Bank pursuant to Section 15.2.13.

15.2 Indemnification by Bank. Bank agrees to indemnify, defend and hold harmless the Company Parties, their respective Affiliates, and the shareholders, employees, officers, and directors of each of the Company Parties and their respective Affiliates, from and against any and all Indemnified Losses to the extent such Indemnified Losses arise out of, are connected with, or result from the items referenced below.

15.2.1 the failure of the Program to comply with Bank Applicable Law or the Network Rules except to the extent failure of the Program to comply with Bank Applicable Law or the Network Rules was caused by Company's failure to comply with (i) its obligations in this Agreement, including Section 2.3.2, or (ii) instruction or direction provided by Bank pursuant to Section 2.3.1(b) or Section 2.3.4;

15.2.2 any credit or other products and services, including Bank Products, and any documentation related thereto (other than those related to the Program), offered or sold by Bank, or its agents and independent contractors, to Cardholders;

15.2.3 any transaction, contract, understanding, promise, representation or relationship, actual, asserted, or alleged, between Bank and any Cardholder relating to an Account (other than for the sale of Goods and Services) (including in connection with the origination, servicing, collection and recovery of the Accounts and Program Cards);

15.2.4 any and all descriptions of the Program, including its terms and conditions, in any advertising, promotions and marketing programs, documents or materials relating to the Program the content, presentation and delivery of which have been approved in writing by Bank prior to their use, so long as such materials were used in accordance with Bank's approval;

15.2.5 any breach by Bank of any of the terms, covenants, representations, warranties or other provisions contained in this Agreement;

15.2.6 any other act, or omission where there was a duty to act, by Bank or its employees, officers, directors, shareholders, agents or licensees or any independent contractors hired by Bank relating to an Account (including a Recovery Account), a Cardholder, an Applicant or Indebtedness;

15.2.7 infringement of the Intellectual Property of a third party by Bank Technology, Bank Owned Modifications, Bank Program Technology, and any Technology that Bank contributes in connection with the development of any jointly owned Technology;

15.2.8 materials approved by Bank under Section 3.2.1(a) that failed to comply with Bank Applicable Law;

15.2.9 Bank's and its service provider's performance of the Loyalty Program obligations set forth in Section 9.1.2(a);

15.2.10 unauthorized use or disclosure by Bank of any Company Independent Information provided by a Company Party to Bank or of any Program Information;

15.2.11 a Security Incident suffered by Bank or its Affiliates, agents, employees, subcontractors or vendors;

15.2.12 any actions or omissions taken by a Company Party in the manner instructed or directed by Bank with respect to the Program's compliance with Bank Applicable Law, as required under Section 2.3.2 or in compliance with the Expectations, except where Company Party would have been otherwise required to take such action (or refrain from acting) absent such request or direction; or

15.2.13 any changes to the Program made by Bank pursuant to Section 4.3.1(b) and Section 5.14;

provided, however, that in no event shall Bank be obligated to indemnify a Company Party under this Section 15.2 against any Indemnified Losses to the extent such Indemnified Losses result from the willful or negligent acts or omissions of a Company Party.

15.3 Notice. If a Party receives notice of any Third Party Claim for which indemnification may be available under this Agreement (the "**Indemnified Party**"), the Indemnified Party must promptly notify the other Party (the "**Indemnifying Party**") in writing of the Third Party Claim, including, if possible, the amount or estimate of the amount of liability arising from it. The Indemnified Party shall use its commercially reasonable efforts to provide

notice to the Indemnifying Party no later than five (5) Business Days after receipt by the Indemnified Party in the event a suit or action has commenced, or thirty (30) days under all other circumstances; provided, however, that the failure to give such notice shall not reduce or otherwise affect the obligation of an Indemnifying Party to indemnify the Indemnified Party except to the extent the Indemnifying Party is materially prejudiced by such failure.

15.4 Right to Defend Third Party Claims; Coordination of Defense. The Indemnifying Party shall have the right to defend any such Third Party Claim at its expense and in the name of the Indemnified Party, and shall select the counsel for the defense of such Third Party Claim as approved by the Indemnified Party, such approval not to be unreasonably withheld, conditioned or delayed, and shall reasonably cooperate with the Indemnified Party in the conduct of the defense against such Third Party Claim. Notwithstanding the foregoing, the Indemnifying Party shall not have the right to defend any such Third Party Claim if: (a) it refuses to acknowledge fully its obligations to the Indemnified Party (but only as to the obligations specific to the Indemnifying Party in the event a Third Party Claim gives rise to indemnification obligations of more than one (1) Party); (b) it contests (in whole or in part), its indemnification obligations (but only as to the obligations specific to the Indemnifying Party in the event a Third Party Claim gives rise to indemnification obligations of more than one (1) Party); (c) it fails to employ appropriate counsel approved by the Indemnified Party to assume the defense of such Third Party Claim or refuses to replace such counsel upon the Indemnified Party's reasonable request, as provided for herein; (d) the Indemnified Party reasonably determines that there are issues which could raise possible conflicts of interest between the Indemnifying Party and the Indemnified Party or that the Indemnified Party has claims or defenses that are separate from or in addition to the claims or defenses of the Indemnifying Party; or (e) such Third Party Claim seeks an injunction, cease and desist order, or other equitable relief against the Indemnified Party. In each such case described in clauses (a) through (e) above, the Indemnified Party shall have the right to direct the defense of the Third Party Claim and retain its own counsel, and the Indemnifying Party shall pay the cost of such defense, including reasonable attorneys' fees and expenses; provided, that in the case of a conflict of interest, each Party shall be entitled to participate in directing the defense of the Third Party Claim. The Parties agree to cooperate in good faith to coordinate the defense of any Third Party Claim that may give rise to indemnification obligations of more than one (1) Party or that may include allegations that are not subject to indemnification.

15.5 Indemnifying Party Election. If the Indemnifying Party elects and is entitled to compromise or defend such Third Party Claim, it shall within thirty (30) days (or sooner, if the nature of the Third Party Claim so requires) notify the Indemnified Party of its intent to do so, and the Indemnified Party shall, at the expense of the Indemnifying Party, reasonably cooperate in the defense of such Third Party Claim. In such case, the Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it. Except as provided in Section 15.4 and Section 15.9, the fees and disbursements of such counsel shall be at the expense of the Indemnified Party.

15.6 Settlement of Claims. The Indemnifying Party shall have no obligation to pay the monetary amount of the settlement of any Third Party Claim entered into by the Indemnified Party without the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld or delayed). Notwithstanding the Indemnifying Party's right to direct the

defense against any Third Party Claim, the Indemnifying Party shall not have the right to compromise or enter into an agreement settling any Third Party Claim which imposes liability or obligations on or involves an admission of the Indemnified Party without the prior written consent of the Indemnified Party (which consent shall not be unreasonably withheld or delayed). Notwithstanding the foregoing, the Indemnifying Party may, upon prior written notice to and consultation with, the Indemnified Party, compromise or enter into a settlement agreement that involves solely the payment of money by the Indemnifying Party; provided that such settlement includes a complete, unconditional, irrevocable release of the Indemnified Party with respect to such Third Party Claim.

15.7 Subrogation. The Indemnifying Party shall be subrogated to any Third Party Claims or rights of the Indemnified Party as against any other Persons with respect to any amount paid to the Indemnifying Party under this Article 15. The Indemnified Party shall reasonably cooperate with the Indemnifying Party, at the Indemnifying Party's expense, in the assertion by the Indemnifying Party of any such claim against such other Persons.

15.8 Indemnification Payments. Amounts owing under this Article 15 shall be paid promptly upon written demand for indemnification containing in reasonable detail the facts giving rise to such liability.

15.9 Apportionment of Costs. The Parties recognize and acknowledge that Third Party Claims may be made as part of an action, suit, investigation or proceeding that may give rise to the indemnification obligations of more than one Party or that may include allegations that are not subject to indemnification, and the Parties agree that they shall cooperate in good faith to fairly apportion the Indemnified Losses relating to such Third Party Claims. Indemnified Losses incurred in defending Third Party Claims shall be apportioned to the respective Party who has responsibility for each specific Third Party Claim, but only to the extent that those Indemnified Losses directly arise from such Third Party Claim.

15.10 Limitation on Liability.

15.10.1In no event shall Bank or the Company Parties be liable to the other for (a) any indirect, punitive, special or consequential losses or (b) lost profits and/or lost business relationships/opportunities with third parties, that the other Party incurs or claims to have incurred arising out of this Agreement; provided, however, that these limitations shall not apply with respect to a Party's (i) gross negligence, willful misconduct or fraud, (ii) breach of Article 10 (Confidentiality, Privacy and Data Security) or Article 11 (Proprietary Information; Intellectual Property), (iii) infringement of licensed marks or (iv) indemnification obligations with respect to Third Party Claims.

15.10.2Except as provided herein, there are no express or implied warranties, including the implied warranties of merchantability and fitness for a particular purpose, respecting the services and/or other products sold or provided by a Party pursuant to this Agreement.

ARTICLE 16

SECURITIZATION

Bank and its Affiliates may securitize, participate or otherwise convey or transfer an interest in, or pledge or create a lien in respect of, any or all of the Accounts and/or Indebtedness at any time during the Term; provided, however, that (a) Bank shall not purport to grant any rights under this Agreement to a third party in connection with any such securitization or other financing transaction (including the right to use Company Marks), nor shall any third party have any recourse against a Company Party or its Affiliates with respect to any such securitization or other financing transaction, (b) Bank shall securitize and enter into other financing transactions only on terms and conditions that permit such arrangements to be unwound or that allow removal or substitution of Program Assets in accordance with Section 14.8 in the event that the Designated Purchaser purchases the Program Assets pursuant to the terms hereof, and (c) neither Bank nor any Person who is a party to such securitization, participation, or other financing transaction involving Indebtedness (or Recovery Accounts) or any legal or beneficial interest therein shall have the right to use the Company Marks or otherwise refer to a Company Party or its Affiliates in connection with any securitization, participation, or financing in any disclosure material other than in accordance with traditional and customary standards, or as required under Applicable Law. If the Designated Purchaser elects to purchase the Program Assets at the end of the Term, Bank shall transfer the Program Assets to the Designated Purchaser free and clear of all liens, claims, and encumbrances; provided, however, that Bank shall have sufficient time prior to the Closing Date to obtain a release of the Program Assets from the securitization or other financing transaction.

ARTICLE 17

MISCELLANEOUS

17.1 Assignability.

17.1.1 This Agreement shall be binding on the Parties and their respective successors and permitted assigns. Except as provided in this Section 17.1, neither Company, DIC nor Bank may assign its respective rights and obligations under this Agreement except with the prior written consent of the other Party (which consent shall not be unreasonably withheld, delayed or conditioned).

17.1.2 Notwithstanding the foregoing, a Party may, upon advance notice to the other Party, assign all or a portion of its rights and obligations under this Agreement to a Permitted Affiliate of such Party without the prior written consent of the other Party, including assignments to such a Permitted Affiliate in connection with a sale, exchange or transfer of all or substantially all of such Party's business and assets or any other form of business combination of such Party with or into its Permitted Affiliates; provided, however, that no such assignment to a Permitted Affiliate shall release such Party from its obligations under this Agreement; and provided, further, that in the event of any internal reorganization of a Party, such Party shall not be released from its obligations under this Agreement until a replacement reasonably acceptable to the other Party is provided. In addition, subject to Company's right to terminate this Agreement pursuant to Section 14.4.2 and/or Section 14.4.3 (as applicable), Bank may assign

this Agreement without the written consent of the Company Parties in connection with any transaction that results in a Person or group of Persons acquiring a majority of the total aggregate receivables of the "Citi Retail Services" division (or successor or replacement thereto) of Citibank, N.A., regardless of the structure of such transaction; provided that (a) Bank shall provide Company with written notice of such assignment as soon as reasonably practicable following such assignment and (b) such assignee has adequate and sufficient resources and ability to perform the assigned obligations in a manner substantially similar to the performance of the obligations prior to the assignment, but no less than the performance required under this Agreement.

17.2 Entire Agreement; Amendment. This Agreement, together with the Schedules and Exhibits which are expressly incorporated by reference herein and made a part hereof, is the entire agreement of the Parties with respect to the subject matter hereof and supersedes all other prior understandings and agreements between the Parties with respect to the subject matter hereof, whether written or oral. This Agreement may not be amended except by written instrument signed by Bank, Company and DIC. In the event of any conflict between a provision in the body of this Agreement and in a Schedule or Exhibit, the provision in the body of this Agreement shall prevail unless otherwise expressly stated in such Schedule or Exhibit, as applicable.

17.3 Force Majeure.

17.3.1 If the performance by a Party of its respective non-monetary obligations under this Agreement is delayed or prevented (in whole or in part) by acts of God, fire, floods, storms, explosions, accidents, epidemics, pandemics, quarantine restrictions, public health emergency of international concern (as defined by the World Health Organization), war, civil disorder, strikes, labor dispute, work stoppage, terrorism, nuclear or biological disaster, work stoppage, riot, or any other similar or dissimilar event or cause not reasonably within such Party's control, whether or not specifically mentioned herein (any such event, a "**Force Majeure Event**"), subject to the terms of this Section 17.3.1, such Party shall be excused, discharged and released of performance to the extent such performance or obligation is so delayed or prevented by the Force Majeure Event without liability of any kind; provided, however, that (a) the occurrence of a Force Majeure Event shall not excuse a Party from following the procedures set forth in its disaster recovery plan; and (b) the non-FM Notifying Party shall have the termination rights set forth in Section 14.5.1.

17.3.2 The Party subject to a delay or prevention as contemplated herein (such Party, the "**FM Notifying Party**") shall, as soon as practicable following the occurrence of a Force Majeure Event (but in any event within five (5) Business Days following the occurrence of a Force Majeure Event), notify the other Party in writing of such Force Majeure Event, which notice shall set forth: (a) the nature of the Force Majeure Event; (b) its expected effect(s) and duration; (c) any expected development which may further affect performance hereunder; and (d) the efforts undertaken or to be undertaken to cure such Force Majeure Event or provide substitute performance.

17.4 Non-Waiver. No delay by a Party in exercising any of its rights hereunder, or in the partial or single exercise of such rights, shall operate as a waiver of that or any other right.

The exercise of one or more of a Party's rights hereunder shall not be a waiver of, nor preclude the exercise of, any rights or remedies available to such Party under this Agreement or in law or equity.

17.5 Severability. If any provision of this Agreement is held to be invalid, void or unenforceable, all other provisions shall remain valid and be enforced and construed as if such invalid provision were never a part of this Agreement.

17.6 Governing Law; Jurisdiction and Venue; Waiver of Jury Trial.

17.6.1 Governing Law. This Agreement and all rights and obligations hereunder, including matters of construction, validity and performance, shall be governed by and construed in accordance with the laws of the State of New York without regard to its conflict of laws provisions.

17.6.2 Jurisdiction and Venue.

(a) Action by Company. In the event that a Company Party brings any action against Bank, Bank hereby irrevocably and unconditionally submits, for itself, its successors and assigns, and its property, to the jurisdiction of federal court, to the extent permitted by law, or state court, in each case, sitting in the Southern District of New York, and hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in federal court, to the extent permitted by law, or state court in each case sitting in the Southern District of New York. The Company Parties hereby irrevocably and unconditionally waive, to the fullest extent it may legally and effectively do so, any objection, including the defense of an inconvenient forum, that it may now or hereafter have to the laying of venue of any suit, action or proceeding brought by a Company Party arising out of or relating to this Agreement in federal court to the extent permitted by law, or state court, in each case sitting in the Eastern District of Arkansas.

(b) Action by Bank. In the event that Bank brings any action against a Company Party, each Company Party hereby irrevocably and unconditionally submits, for itself, its successors and assigns, and its property, to the jurisdiction of federal court, to the extent permitted by law, or state court, in each case, sitting in the Eastern District of Arkansas, and each Company Party hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding shall be heard and determined in federal court, to the extent permitted by law, or state court, in each case, sitting in the Eastern District of Arkansas. Bank hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection, including the defense of an inconvenient forum, that it may now or hereafter have to the laying of venue of any suit, action or proceeding brought by Bank arising out of or relating to this Agreement in federal court to the extent permitted by law, or state court, in each case sitting in the Southern District of New York.

17.6.3 Waiver of Jury Trial. Each Party waives the right to a trial by jury in any legal proceeding arising out of this Agreement, including tort claims.

17.7 Further Assurances. Each Party agrees to execute all such further documents and instruments and to do all such further things as the other Parties may reasonably request in

order to give effect and to consummate the transactions contemplated hereby, and to provide access to the other Parties and the Governmental Authority with jurisdiction over the other Party to the extent necessary for the other Party to comply with Applicable Law and Network Rules.

17.8 Notices. All notices, demands and other communications hereunder shall be in writing and shall be sent by certified mail return receipt requested, by hand, by electronic mail with confirmation of receipt, or by nationally recognized overnight courier service addressed, to the Party to whom such notice or other communication is to be given or made at such Party's address and contact information as set forth below, or to such other address as such Party may designate in writing to the other Party from time to time in accordance with the provisions hereof as follows:

If to Company:	Dillard's Inc. 1600 Cantrell Road Little Rock, Arkansas 72201 Attention: Chief Financial Officer Email: [***]
with a copy to:	Dillard's Inc. 1600 Cantrell Road Little Rock, Arkansas 72201 Attention: General Counsel Email: [***]
If to DIC:	Dillard Investment Co., Inc. 11011 Sage Park Drive Las Vegas, Nevada 89135 Attention: President
with a copy to:	Dillard Investment Co., Inc. 1600 Cantrell Road Little Rock, Arkansas 72201 Attention: General Counsel Email: [***]
If to Bank:	Citi Retail Services 1515 Woodfield Rd Schaumburg, Illinois 60173 Attention: General Manager – Dillard's Program Email: [***]

with a copy to: Citi Retail Services
1515 Woodfield Rd
Schaumburg, Illinois 60173
Attention: Legal Department

provided, however, that (a) if any of the Parties shall have designated a different address by notice to the other, then to the last address so designated; (b) notices required to be delivered pursuant to Article 14 (Term and Termination) and Article 15 (Indemnification) may not be delivered by email, although duplicate and/or advance copies of such notices may be delivered by email as mutually agreed by the Program Managers for convenience (it being understood that such duplicative or advance copies of such notices shall not be effective notice under this Section 17.8) and (c) notices under Article 3, Section 5.1, and Section 5.10; written approvals; and routine operational communications may be provided by electronic mail to the receiving Party's Program Manager. Any notice provided pursuant to this Section 17.8 shall be deemed given (i) if sent by certified mail, three (3) Business Days after being sent, (ii) if sent by nationally recognized overnight courier service, on the next day on which such courier service makes deliveries in the ordinary course of its business, (iii) if delivered by hand, on the day of delivery, and (iv) if sent by electronic mail, upon confirmation of receipt.

17.9 No Third Party Beneficiaries. Nothing in this Agreement is intended or shall be deemed to confer any rights or benefits upon any Person other than Bank, DIC and Company or to make or render any such other Person a third party beneficiary of this Agreement.

17.10 Broker and Commission. All negotiations relative to this Agreement as contemplated by and provided for in this Agreement have been conducted by and among DIC, Company and Bank without the intervention of any Person or other party as agent or broker (except Greenhill & Co). DIC, Company and Bank represent and warrant to each other that there are not and shall not be any broker's commissions or fees payable in connection with this Agreement by reason of the Parties' respective dealings, negotiations or communications.

17.11 No Agency. Nothing contained in this Agreement shall authorize, empower or constitute the Company Parties or Bank as agent of the other in any manner; authorize or empower the Company Parties and Bank to assume or create an obligation or responsibility whatsoever, express or implied, on behalf of or in the name of the other; or authorize or empower a Company Party and Bank to bind the other in any manner or make any representation, warranty, covenant, agreement or commitment on behalf of any other Party or permit a Company Party and Bank to hold itself out as having the authority to do any of the foregoing.

17.12 Relationship of Parties. The Parties hereby acknowledge that it is not their intention to create between themselves a partnership, joint venture, fiduciary or employment or agency relationship for purposes of this Agreement, or for any other purpose whatsoever, and nothing contained in this Agreement shall be construed to constitute Bank, DIC and Company as partners, joint venturers, principal and agent, or employer and employee. No Party will be responsible to the other or to any third Person for any expense incurred by such other Party or on the part of any person employed by such other Party, other than as may be expressly set forth in

this Agreement. No Party shall hold itself in a capacity contrary to the terms of this Agreement, and no Party shall become liable by reason of any representations, acts or omissions of the other contrary to the provisions hereof.

17.13 Cumulative Remedies; Waivers. Except as otherwise expressly provided herein, all remedies provided for in this Agreement shall be cumulative and in addition to and not in lieu of any other remedies available to any Party, whether at law, in equity, or otherwise. No release, discharge or waiver of any provision hereof shall be enforceable against or binding upon any Party unless in writing and executed by a duly authorized officer of each of the Parties. Neither the failure to insist upon strict performance of any of the agreements, terms, covenants or conditions hereof, nor the acceptance of monies due hereunder with knowledge of a breach of this Agreement, shall be deemed a waiver of any rights or remedies that any Party may have or a waiver of any subsequent breach or default in any of such agreements, terms, covenants and conditions.

17.14 Successors and Assigns. This Agreement shall be binding on the Parties and their respective successors and permitted assigns.

17.15 Internet Gambling. Company shall not knowingly permit any Program Card issued under this Agreement to be used to place, receive, or otherwise knowingly transmit a bet or wager by any means which involves the use, at least in part, of the internet where such bet or wager is unlawful under any applicable federal or state law in the state or tribal lands in which the bet or wager is initiated, received, or otherwise made. For the avoidance of doubt, this provision shall not prevent a Party from offering, promoting or assisting in the offering or promotion of games of chance (such as sweepstakes or raffles) or contests that comply with any federal or state Applicable Law in the state or tribal lands in which such games of chance or contests are initiated, received or otherwise made.

17.16 Compliance with Applicable Law. Notwithstanding anything in this Agreement, under no circumstances shall any Party be required to perform any obligation hereunder or to refrain from taking any action that would cause such Party or its Affiliates to violate Applicable Law or Network Rules.

17.17 Survival.

17.17.1A Party shall continue to be responsible after termination or expiration of this Agreement for all of its obligations under this Agreement with respect to any act, omission or Cardholder transaction that occurred before termination or expiration of this Agreement. No termination or expiration of this Agreement shall in any way affect or impair the powers, obligations, duties, rights, indemnities, liabilities, covenants or warranties and/or representations of the Parties with respect to times and/or events occurring prior to such termination or expiration. The provisions of this Agreement shall survive termination or expiration of this Agreement as provided in this Section 17.17, except that any terms of this Agreement that specify the period during which a provision shall apply shall be effective notwithstanding anything in this Section 17.17.

17.17.2Section 14.6 (Effect of Agreement Expiration or Termination) through Section 14.9 (Conversion Assistance) will survive through the Wind-Down Period. The following provisions shall survive indefinitely after the Wind-Down Period (or, if terminated pursuant to Section 14.5.3, the termination date): Section 6.3 (Taxes), Section 10.1 (Confidentiality), Section 10.2.1(a) (Privacy), Section 10.2.2 (Data Security) (with respect to Bank, to the extent Bank retains Company Independent Information, and with respect to the Company Parties, to the extent the Designated Purchaser does not purchase the Program Assets and Company retains Program Information), Section 10.2.4 (Proper Disposal of Records), Section 10.3 (Public Announcements), Section 11.1.1 (Common Information), Section 11.2.1 (Company Independent Information), Section 11.2.2(a) (Program Information), Section 11.5 (Intellectual Property; Technology), Section 12.4.4 (Reserve), Section 14.5.3(c), Section 14.10 (Liquidation Process) through Section 14.13 (Effect of Termination on Loyalty Program), Article 15 (Indemnification), Article 16 (Securitization), and this Article 17.

17.18 Multiple Counterparts and Electronic Signatures. This Agreement may be executed in any number of multiple counterparts, all of which shall constitute but one and the same original. Electronic signatures or signatures delivered via PDF to this Agreement shall be effective.

17.19 Joint and Several Obligations. The obligations of Company Parties under this Agreement will be the joint and several obligations of each of Company and DIC. Any discretionary action that the Company Parties are authorized or permitted to take under this Agreement (e.g., exercising a termination right) may be made or taken only by Company. Whenever this Agreement requires that payments be made to Company Parties, Bank may make such payments directly to DIC and Bank will have no obligation to ensure and no liability for the correct application of such payments by Company Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their respective officers or duly authorized agents as of the Effective Date.

DILLARD'S, INC.

By: /s/ Phillip Watts

Name: Phillip Watts

Title: Senior Vice President, Principal Financial Officer and Principal Accounting Officer

CITIBANK, N.A.

By: /s/ Doug Krapcho

Name: Doug Krapcho

Title: Vice President

DILLARD INVESTMENT CO., INC.

By: /s/ Andrea Armstrong

Name: Andrea Armstrong

Title: Vice President/Assistant Secretary

EXHIBIT A

DEFINITIONS

[***]

"**Account**" means any open-end revolving credit account established by Bank pursuant to a Program Card Agreement (or by the Previous Issuer and included in the Back Book Assets) whereby a Cardholder may finance purchases of goods or services on credit pursuant to the terms of such Program Card Agreement, which credit is to be used for personal, family or household purposes.

"**Account Documentation**" means with respect to an Account, any and all documentation relating to such Account, including Program Cards, Program Card mailers, Program Card Applications, Program Card Agreements, Charge Transaction Data, Credit Records, checks and stubs, receipts, credit bureau reports, adverse action information, change of terms notices, correspondence, memoranda, documents, instruments, certificates, agreements and invoices, including any and all amendments or modifications thereto, however stored or kept, and any other written information relating to an Account; provided, however, that the term "**Account Documentation**" shall not include (i) materials used for general advertising or solicitation, including advertising or solicitations of credit-based promotions, (ii) POS or welcome brochures, or (iii) Company's or any of its Affiliates' register tapes, invoices, sales or shipping slips, delivery or other receipts or other indicia of the sale of Goods and Services, any reports, analyses or other documentation prepared by the Company or its Affiliates for use in the retail business operated by Company and its Affiliates except to the extent such documentation serves a dual purpose of documenting the Account Documentation, in which case such materials shall be considered Account Documentation as well as Company Independent Information.

[***]

[***]

"**Affiliate**" means any entity that Controls, is Controlled by, or is under common Control with, a specified Person or Persons.

"**Aggregate Outstanding Balance**" means the total outstanding balance on all Accounts, including finance charges, late charges and other charges billed and/or accrued, as reduced by any credit balances, but excluding balances of all Recovery Accounts and all Chargebacks.

[***]

[***]

[***]

[***]

[***]

"**Agreement**" has the meaning set forth in the Preamble.

"**Agreement Termination Date**" means either the expiration of the Term or the effective date of the termination of this Agreement pursuant to an Early Termination.

[***]

"**Anti-Corruption and AML Laws**" means all laws, rules, and regulations, as amended, concerning or relating to money laundering, bribery or corruption, including, without limitation, the U.S. Foreign Corrupt Practices Act of 1977, and all other applicable anti-bribery, anti-money laundering and corruption laws.

"**Applicable Law**" means all (i) federal, state, and local laws (including common law), codes, statutes, ordinances, rules, regulations, and regulatory bulletins, (ii) written or oral interpretations, guidance, substantive recommendations, regulatory examinations or orders, decrees and orders of any Governmental Authority, and (iii) any written interpretations, policies, guidelines or determinations of, or any other requirements imposed by, any Governmental Authority, in each case to the extent applicable to the Program or a Party. If a Party is exercising its rights and obligations hereunder with respect to Applicable Law described in subclauses (i), (ii), or (iii) of this definition that is not publicly available ("Non-Public Guidance"), upon the request of the other Party, such Party must certify in writing that such action is necessary or advisable pursuant to such Non-Public Guidance, which certification shall include a reasonably detailed summary of the Non-Public Guidance and the circumstances in which it was given and identifying the particular Governmental Authority issuing such Non-Public Guidance (or, if the Party is not permitted to disclose such summary, such information regarding the Non-Public Guidance as reasonably determined by such Party is permitted to be disclosed).

"**Applicant**" means a Person who has submitted a Program Card Application.

"**Applicant Identifying Information**" has the meaning set forth in Section 11.3.2.

"**Application Procedure(s)**" means, as applicable, Bank's proprietary application procedures in which Applicant information is communicated to Bank in a form and through a process determined by Bank in consultation with Company.

[***]

"**APR**" means the annual percentage rate as defined by the Truth in Lending Act.

[***]

"**Audited Party**" has the meaning set forth in Section 8.2.1.

"**Auditing Party**" has the meaning set forth in Section 8.2.1.

"**Back Book Assets**" means the Credit Card accounts issued by the Previous Issuer pursuant to the program agreement between Company, DIC and the Previous Issuer, together with associated receivables (other than accounts and receivables that have been previously

written off, or should have been written off, by the Previous Issuer in accordance with Applicable Law or the terms of the program agreement between Company, DIC and the Previous Issuer or that are customarily excluded in credit card portfolio acquisitions), documentation, and data in each case purchased by Bank pursuant to the Back Book Purchase Agreement, and any other assets purchased by Bank pursuant to the Back Book Purchase Agreement.

"**Back Book Assets Closing Date**" means the date on which the purchase and sale of Back Book Assets closes in accordance with the terms of the Back Book Purchase Agreement.

"**Back Book Conversion**" means Bank's conversion of the Back Book Assets onto Bank's servicing platform in accordance with the terms of the Back Book Purchase Agreement.

"**Back Book Conversion Date**" means the date on which Back Book Conversion occurs.

"**Back Book Purchase Agreement**" means the agreement between Bank and the Previous Issuer to which Bank agrees to purchase the Back Book Assets from the Previous Issuer, and which governs Bank's and the Previous Issuer's respective obligations for converting the Back Book Assets to Accounts and Bank's servicing platform.

[***]

"**Bank**" has the meaning set forth in the Preamble.

"**Bank Applicable Law**" has the meaning set forth in Section 2.3.1(a).

"**Bank Campaign Data**" has the meaning set forth in Section 11.2.2(d).

"**Bank Change in Control**" means, after the Effective Date, any of the following events: (i) any Person or group of Persons, other than a Permitted Affiliate, acquires Control of Bank, whether through a sale of Bank's ownership interests or voting interests or a reorganization; or (ii) all or substantially all of the assets of Bank are sold or otherwise disposed of to a Person or group of Persons, other than a Permitted Affiliate, in one transaction or series of related transactions.

"**Bank Channels**" means (i) Bank direct mail marketing channels, and (ii) Bank Website or any other internet website or mobile application that is maintained and operated under the control of or through contractual arrangements by Bank, through which Bank offers products and services to Persons within the Territory, excluding (a) any application programming interface (API), plug-in or other application to support a Company Channel and (b) solely for purposes of the applicable Program Card Application, any online Bank Channel which processes a Program Card Application, the applicant for which was redirected to such online Bank Channel through an online Company Channel.

[***]

"**Bank Design Specifications**" means Bank's standard requirements for the design, form and non-customizable content of certain Cardholder communications (including Program Marketing Communications) that are applicable to substantially all of [***] and delivered by

Bank to the Company Parties prior to the Program Launch Date, and as updated by Bank from time to time.

"**Bank Event of Default**" has the meaning set forth in Section 13.1.

[***]

"**Bank Marks**" means the marks contained in [***] (or any successors thereto).

"**Bank Matters**" has the meaning set forth in Section 4.3.1.

"**Bank Owned Modifications**" has the meaning set forth in Section 11.5.2(a)(ii).

"**Bank Products**" has the meaning set forth in Section 3.3.

"**Bank Program Manager**" means the individual appointed by Bank to administer Bank's obligations hereunder and to serve as Company's primary contact for all matters relating to this Agreement, including any substitute individual acting as such contact.

"**Bank Program Team**" has the meaning set forth in Section 4.1.2(b).

"**Bank Program Technology**" has the meaning set forth in Section 11.5.2(a)(ii).

"**Bank System**" means the computerized system used by Bank or its third party service provider for servicing Accounts, including the processing of Program Card Applications, electronic authorization of credit transaction requests, computation of finance charges, preparation of periodic bills, processing of payments, maintenance of Cardholder information, creation of management reports and collection of Accounts, as such computerized system may be modified from time to time.

"**Bank System Change**" has the meaning set forth in Section 5.3.1(a).

"**Bank Technology**" has the meaning set forth in Section 11.5.2(a)(ii).

"**Bank Website**" means, collectively, the internet website primarily branded with Bank Marks and any other internet website or digital platform maintained, operated or controlled by Bank for purposes of offering Bank products or services, including Bank Products (any successor URL(s)).

"**Batch Prescreen**" means a process where Bank's offer of credit is made to certain customers prequalified by Bank (per its criteria), in a batch mode (often but not exclusively within a direct to consumer environment).

[***]

"**Billing Statement**" means the periodic statement of transactions on an Account (including Purchases, credits, interest, fees, and other charges accrued during the relevant period) and payment due, prepared and delivered in accordance with the Program Card Agreement and Bank Applicable Law.

[***]

"**Blackout Period**" has the meaning set forth in Section 14.8.1(d)(i).

[***]

[***]

"**Breached Party**" has the meaning set forth in Section 10.2.3(a).

"**Business Day**" means any day except Saturday, Sunday, or any state, federal or postal holiday, which is a day on which banks are required or permitted to be closed in the State of New York.

"**Cardholder**" means a Private Label Cardholder or Co-Brand Cardholder, as applicable.

[***]

"**Change in Law**" means a final change in Applicable Law (including, by rulemaking, any change that would limit or condition Bank's ability to charge finance charges or fees (including late fees)) that is reasonably expected to (a) have a material adverse effect on (i) the Program or a Party's ability to perform its material obligations under this Agreement, or (ii) a Party's ability to exercise its material rights under this Agreement, or (b) result in a [***] drop in Net Credit Margin. A change in a Party's interpretation of, or risk assessment with respect to, existing Applicable Law shall not be considered, and the finalization of the Late Fee Regulation shall not be a "**Change in Law**" for purposes of this Agreement so long as the final Late Fee Regulation is limited to changing the safe harbor for late fees to the lesser of eight dollars ($8.00) and twenty-five percent (25%) of the minimum payment amount.

"**Change in Law Amendment**" has the meaning set forth in Section 14.5.2(a).

"**Change in Law Amendment Negotiation Extension Period**" has the meaning set forth in Section 14.5.2(b).

"**Change in Law Amendment Negotiation Period**" has the meaning set forth in Section 14.5.2(b).

"**Change in Law Notice**" has the meaning set forth in Section 14.5.2(a).

"**Charge Transaction Data**" means the Account or Cardholder identification and transaction information with regard to each Purchase completed using an Account, including returns or exchanges of goods or services or a credit on an Account as an adjustment for goods or services to a Cardholder, but excluding any information or data that Company provides in connection with the "country club" billing.

"**Chargeback**" means the reversal by Bank to Company of the dollar value, in whole or in part, of a transaction on an Account.

"**Chief Executives**" has the meaning set forth in Section 4.1.5.

[***]

"**Closing Date**" has the meaning set forth in Section 14.8.1(c).

[***]

[***]

"**Co-Brand Account**" means an open-ended credit account established by Bank pursuant to a Program Card Agreement and usable for the purpose of financing purchases (and all fees and charges relating thereto) of goods and services, including Goods and Services and Approved Bank Products, and for financing any other charges on credit pursuant to the terms of such Program Card Agreement, which credit is solely for personal, family or household services.

"**Co-Brand Card**" means a consumer Credit Card that bears a Company Mark and the trademarks, tradenames, service marks, logos or other proprietary source indicators of the Network, and may bear a Bank Mark, and that may be used to access a Co-Brand Account.

"**Co-Brand Cardholder**" means any individual who (i) has entered into a Program Card Agreement with respect to a Co-Brand Account with Bank, (ii) is an authorized user of a Co-Brand Account, or (iii) is or may become obligated under or with respect to a Co-Brand Account.

[***]

"**Common Information**" has the meaning set forth in Section 11.1.1(a).

"**Company**" has the meaning set forth in the Preamble.

"**Company Applicable Law**" has the meaning set forth in Section 2.3.2.

"**Company Change in Control**" means, after the Effective Date, any of the following events: (i) any Person or group of Persons, other than a Permitted Affiliate, acquires Control of Company, whether through a sale of Company ownership interests or a reorganization; or (ii) all or substantially all of the assets of Company are sold or otherwise disposed of to a Person or group of Persons, other than a Permitted Affiliate, in one transaction or series of related transactions. For clarity, stock repurchase transactions by Company or stock purchases or acquisitions made by the Dillard family (related by blood or marriage) or a Permitted Affiliate shall not be a "**Company Change in Control**".

"**Company Channel**" means any (i) Company Stores, and (ii) Company Website or any other internet website or mobile application, each of which is branded with the Company Marks, and is maintained and operated under the control of or through contractual arrangements by Company, through which Company sells Goods and Services to Persons within the Territory.

[***]

[***]

[***]

"**Company Event of Default**" has the meaning set forth in Section 13.2.

"**Company Independent Information**" means: (i) information about a Company customer that is obtained independently from the Program, including the Customer List, Loyalty Program and Tender Neutral Loyalty Program enrollment information, and such information about a Company customer provided by Company to Bank; (ii) sales transaction information collected by Company in connection with the sale of Goods and Services by Company and all transaction, search and experience information collected by or on behalf of Company or an Affiliate thereof with respect to a Company customer and all line item purchase data and SKU level data collected about such actual or prospective purchase of Goods and Services; (iii) customer information collected by Company pursuant to Section 11.3.1 and Section 11.3.2, or information derived from a Company customer or prospective customer using, entering or accessing Company Channels; (iv) such Company customer applying for membership in or being a member of any Tender Neutral Loyalty Program or the Loyalty Program; (v) any personally identifiable information regarding a Company customer that is otherwise obtained by (or on behalf of) Company or any of its Affiliates at any time (including prior to the Effective Date) other than in connection with the Program; (vi) all information derived from information described in preceding clauses (i) through (v).

"**Company Mark**" means the marks contained in [***] (or any successors thereto) or otherwise designated by Company to, and agreed by, Bank for use in connection with the Program.

"**Company Matters**" has the meaning set forth in Section 4.3.2.

"**Company Owned Modifications**" has the meaning set forth in Section 11.5.2(a)(i).

"**Company Program Manager**" means the individual or individuals appointed by Company to administer Company's obligations hereunder and to serve as Bank's primary contact for all matters relating to this Agreement other than customer service, including any substitute individual acting as such contact.

"**Company Program Technology**" has the meaning set forth in Section 11.5.2(a)(i).

"**Company Stores**" means those certain physical retail locations that are (i) branded with a Company Mark and (ii) owned (or leased) and operated by Company or its Affiliates, at which Company offers and sells Goods and Services.

"**Company System Change**" has the meaning set forth in Section 5.3.1(b).

"**Company Systems**" has the meaning set forth in Section 5.3.1(a).

"**Company Technology**" has the meaning set forth in Section 11.5.2(a)(i).

"**Company Website**" means, collectively, the internet website with the internet address www.dillards.com, and any other internet website maintained, operated or controlled by Company or its Affiliates, for purposes of offering Goods and Services, the Loyalty Program, or the Tender Neutral Loyalty Program.

[***]

[***]

"**Confidential Information**" of a Party means (i) information that is provided by or on behalf of such Party to the other Party or its agents in connection with the Program, or (ii) information about such Party or its Affiliates, or their respective businesses or employees, that is otherwise obtained by the other Party in connection with the Program, in each case including: (A) information concerning marketing plans, marketing philosophies, objectives and financial results; (B) information regarding business systems, methods, processes, financing data, programs and products; (C) information unrelated to the Program obtained by the other Party in connection with this Agreement, including by accessing or being present at the business location of the other Party; (D) proprietary technical information, including source codes; (E) competitive advantages and disadvantages, technological development, sales volume(s), goods and services mix, business relationships and methods of transacting business, operational and data processing capabilities, and systems software and hardware and the documentation thereof; (F) other information regarding the business or affairs of the other Party or its Affiliates or the transactions contemplated by this Agreement that such other Party or its Affiliates reasonably considers confidential or proprietary; and (G) any copies, excerpts, summaries, analyses or notes of the foregoing. The Parties agree that the terms of this Agreement shall be Confidential Information of all the Parties. The term "**Confidential Information**" of a Party shall not include information: (i) already in the possession of the other Party other than in connection with the structuring, negotiation and execution of this Agreement and the other related documents and the transactions contemplated herein that is not otherwise subject to an agreement as to confidentiality; (ii) that is obtained in the public domain or which became available in the public domain other than as a result of an unauthorized disclosure by the other Party or its directors, officers, employees or agents in violation of this Agreement; (iii) that is lawfully received by the other Party on a non-confidential basis from a third party authorized to disclose such information without restriction and without breach of this Agreement; and (iv) that is developed by the other Party without the use of any Confidential Information of such Party.

"**Consumer Credit Law**" means the subset of Bank Applicable Law that regulates open-end private label credit products, open-end co-brand credit products, or any Form Factor provided by Bank that is included in the Program, in each case, used for personal, family or household purposes, including such laws that relate to credit marketing, credit applications, extension of credit or collection of credit.

"**Control**" with regard to an entity, means the beneficial, equitable or legal ownership, either directly or indirectly, of fifty percent (50%) or more of the capital stock (or other ownership interest, if not a corporation) of such entity ordinarily having voting rights, or effective control of the activities of such entity (through contract, board representation or otherwise) regardless of the percentage of ownership.

[***]

[***]

"**Credit Card**" means a general purpose or private label credit card, or other device or Form Factor when it is used to access an open-ended consumer credit account with which the cardholder or authorized user may purchase goods and services, obtain cash advances or convenience checks, commonly known as a credit or charge card that is issued to individuals with postal mailing addresses in the Territory. The term "**Credit Card**" does not include the following types of cards, or the following types of other devices or Form Factors when it is used to access the respective types of products or accounts: (i) any gift card product or account; (ii) any debit, prepaid or stored value card product or account; (iii) any credit or charge card product or account underwritten as a corporate, purchasing or fleet credit or charge card product or account; or (iv) any BNPL Product.

[***]

"**Credit Limit**" means the maximum amount of credit to be extended to a Cardholder under an Account.

[***]

[***]

"**Credit Record**" means a sales credit receipt, register receipt, tape or other invoice or documentation, whether in hard copy or electronic draft capture form, in each case evidencing a return or exchange of Purchases to a Cardholder or correction of a misposting, in each case for credit on an Account.

[***]

"**Credit Terms**" means the annual percentage rates, fees and charges and all other key economic terms applicable to Accounts as described on [***], as modified from time to time in accordance with Section 5.10.2.

"**Customer Communications**" means any and all content, irrespective of medium, that is developed for communication with customers and/or Cardholders in connection with the Program, including general and targeted advertising, promotional and solicitation content that mentions the Program, Account servicing materials, Cardholder correspondence, and customer service documents and telephone scripts.

"**Customer List**" means any general, undifferentiated list of customers of Company, which neither (a) consists solely of Cardholders, nor (b) identifies or provides a means of differentiating any customers as Cardholders.

"**Daily Settlement Account**" has the meaning set forth in Section 5.5.2(b).

[***]

[***]

"**Designated Purchaser**" has the meaning set forth in Section 14.8.1(a).

"**DIC**" has the meaning set forth in the Preamble.

"**DIC Purchase Option**" has the meaning set forth in Section 14.6.1.

"**Disclosing Party**" means the other Party whose Confidential Information is received by the Receiving Party.

"**Discount Program**" has the meaning set forth in Section 5.10.2(d).

"**Disputed Matter**" has the meaning set forth in Section 4.2.1.

"**Early Termination**" means the termination of this Agreement by a Party, other than in accordance with Section 14.2.

"**Early Termination Notice**" means the provision of a written notice of Early Termination.

[***]

"**Effective Date**" has the meaning set forth in the Preamble.

[***]

"**Employee Card**" has the meaning set forth in Section 5.10.2(d).

[***]

"**Evaluation Data**" has the meaning set forth in Section 14.6.2(a).

"**Evaluation Event**" has the meaning set forth in Section 14.6.1.

[***]

"**Exercise Notice**" has the meaning set forth in Section 14.8.1(a).

"**Exigent Circumstances**" means circumstances that would or could reasonably be expected to require a Party to take action in order to avoid (i) a material loss or material fraud for a Party or the Program or (ii) violation of Applicable Law.

[***]

"**Expedited Review**" has the meaning set forth in Section 4.2.2.

"**Expedited Review Notice**" has the meaning set forth in Section 4.2.2(a).

"**Family Card**" has the meaning set forth in Section 5.10.2(e).

[***]

"**Financial Aggregator**" has the meaning set forth in Section 11.2.2(c).

[***]

[***]

[***]

"**FM Notifying Party**" has the meaning set forth in Section 17.3.2.

"**Force Majeure Event**" has the meaning set forth in Section 17.3.1.

"**Form Factor**" means an actual or virtual device or application, regardless of form and whether accessed online or offline or where the relevant account information is stored, including a digital wallet or mobile device application, that may be used to access an open-end private label or co-brand Credit Card account and is either (a) provided by the account issuer, or (b) is provided by a third party where the account issuer provides direct authorization for the device or application to access the issuer's account.

"**Forms**" means the Program Card Applications, the Program Card, Program Card Agreement, Program Card mailers, privacy notices, Billing Statements (including backers), Cardholder letters, templates and other documents and forms to be used under the Program which (i) relate to the Program, (ii) relate to Bank's and/or the Cardholder's obligations under a Program Card Agreement or Bank Applicable Law, (iii) are used by Bank in maintaining and servicing the Accounts; or (iv) are required by Bank Applicable Law.

"**Friends Card**" has the meaning set forth in Section 5.10.2(f).

"**GAAP**" means the generally accepted accounting principles in the United States.

"**GLBA**" means the Gramm-Leach-Bliley Act and any implementing regulations, as each may be modified from time to time.

"**Goods and Services**" means the tangible or intangible products and services sold, charged or offered by or through Company Channels, including accessories, delivery services, protection agreements, gift cards, shipping and handling, and work or labor to be performed for the benefit of customers of the Company Channels and any Sales Taxes relating to the foregoing charges and to such customers in connection therewith, provided, that Goods and Services do not include (A) any financial products or services, or (B) any of the goods or services set forth on Exhibit C (Prohibited Goods and Services), as such exhibit may be amended by from time to time by the Parties.

"**Governmental Authority**" means any government, any state or any political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory, or

administrative functions of or pertaining to government, whether federal, state, local or territorial.

"**Governmental Request**" has the meaning set forth in Section 10.1.1(c).

"**Indebtedness**" means all amounts charged and owing to Bank by Cardholders with respect to Accounts (including principal balances from outstanding charges, charges for Approved Bank Products, finance charges, late charges, and to the extent applicable to any Program Card from time to time in accordance with the terms hereof, charges in connection with balance transfers, convenience checks, cash advances, pay-by-phone fees, and any other fees and charges, whether or not posted or billed), less the amount of any credit balances owing by Bank to Cardholders (including in respect of any payments and any credits associated with returns of goods and/or services and other credits and similar adjustments), whether or not posted or billed.

"**Indemnified Losses**" means any and all losses, liabilities, taxes, costs, and expenses (including reasonable fees and expenses for attorneys, experts and consultants, interest and penalties, and the cost of enforcing any right to indemnification hereunder and the cost of pursuing any insurance providers), settlements, equitable relief, judgments, and damages, claims (including counter and cross-claims, and allegations whether or not proven), demands, offsets, defenses, actions, or proceedings.

"**Indemnified Party**" has the meaning set forth in Section 15.3.

"**Indemnifying Party**" has the meaning set forth in Section 15.3.

"**Initial Term**" has the meaning set forth in Section 14.1.

"**Instant Credit**" means a procedure whereby an Applicant is able to apply for a Program Card, either at POS or through online or other channels, in each case where Program Card Application information is collected from the Applicant directly or populated from information within Company's database in accordance with the Operating Procedures, the Program Card Application is processed in real time by Bank, and if approved, the Applicant will receive an instant credit line and Account number which that Person may use to purchase Goods and Services.

"**In-Store Payment**" means any payment on an Account made to Bank via Company in a Company Store by a Cardholder or a person acting on behalf of a Cardholder.

"**Intellectual Property**" has the meaning set forth in Section 11.5.1(a).

"**IVR**" means Interactive Voice Response Unit.

[***]

[***]

[***]

[***]

[***]

[***]

"**Late Fee Regulation**" means the final rule succeeding the Consumer Financial Protection Bureau's proposed rule modifying 12 C.F.R. §1026.52(b). at 88 Fed. Reg. 18906 (Mar. 29, 2023).

"**Launch Plan**" has the meaning set forth in Section 2.4.1(a).

[***]

[***]

"**Liquidation Date**" means either (i) the Closing Date, in the case that Company or the Designated Purchaser acquires the Program Assets pursuant to the DIC Purchase Option or (ii) the later of the Agreement Termination Date, the Purchase Option Expiration Date, and the end of the Soft Landing Period, in the case that the Designated Purchaser does not acquire the Program Assets pursuant to the DIC Purchase Option.

"**Loyalty Program**" has the meaning set forth in Section 9.1.1.

"**Management Committee**" has the meaning set forth in Section 4.1.1(a).

"**Marketing Manager**" means the individual appointed by each Party to foster the development of strategic, forward-thinking growth strategies for the Program.

"**Marketing Plan**" has the meaning set forth in Section 3.1.2(a).

"**Material Issue**" has the meaning set forth in Section 4.2.2.

"**Monthly Business Review**" has the meaning set forth in Section 4.1.6.

[***]

[***]

[***]

[***]

[***]

"**Net Credit Volume**" means, with respect to any period, the sum of the aggregate amount of Purchases on Accounts for such period as reflected in Charge Transaction Data received by Bank, less the aggregate amount of any Credit Records on Accounts, for such period

as reflected in Charge Transaction Data received by Bank, (as corrected by Bank in the event of computational error), calculated each Business Day.

[***]

[***]

[***]

"**Network Rules**" means, with respect to a Party, the operating rules, guidelines, and other requirements, as in effect from time to time, issued by any Network in which the Co-Brand Cards participate that apply to such Party with respect to the (i) Program, (ii) performance of such Party's obligations hereunder, or (iii) with respect to Company, Company's acceptance of Credit Cards generally, subject to any modification in any direct agreement between such Party and such Network that has been disclosed in writing to the other Party.

[***]

[***]

"**No Interest Notice**" has the meaning set forth in Section 14.7.1(a).

"**Non-Company Channels**" means any retail location, internet website or mobile application, other than Company Channels.

"**Non-Renewal Notice**" has the meaning set forth in Section 14.2.

"**Operating Procedures**" has the meaning set forth in Section 5.1.1.

"**Originate**" or "**Origination**" for purposes of Article 7 (Exclusivity), means to (i) directly issue or offer (e.g., establishing an account relationship with a consumer with respect to) credit products or (ii) directly assist any other Person in originating, including through taking or providing credit applications.

"**Other Party**" has the meaning set forth in Section 14.5.2(a).

[***]

[***]

[***]

[***]

[***]

"**Party**" and "**Parties**" have the meanings set forth in the Preamble.

[***]

"**Permitted Affiliate**" means (i) with respect to Bank, an Affiliate under the Control of Citigroup Inc. and (ii) with respect to a Company Party, an Affiliate under the Control of Dillard's, Inc. or Dillard Investment Co., Inc.

"**Permitted Uses**" has the meaning set forth in Section 11.2.1(b).

"**Person**" means any individual, firm, company, corporation, unincorporated association, partnership, limited liability company, trust or other entity. For purposes of the definition of "**Bank Change in Control**", the term "**Person**" shall include any group that is deemed to act together under Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended.

"**Personally Identifiable Information**" means (i) Account numbers and (ii) "nonpublic personal information", as defined in the GLBA or other Applicable Law, with respect to the Program.

"**POS**" means the physical point of sale of Goods and Services at Company Channels.

"**Potential Purchaser**" has the meaning set forth in Section 14.6.1.

[***]

"**Previous Issuer**" means Wells Fargo Bank, N.A.

"**Private Label Account**" means an open-ended credit account established by Bank pursuant to a Program Card Agreement and usable solely for the purpose of financing the purchase of Goods and Services (and all fees and charges relating thereto) through any Company Channel on credit pursuant to the terms of such Program Card Agreement, which credit is to be used solely for personal, family or household purposes.

"**Private Label Card**" means a consumer Credit Card that bears a Company Mark, and may bear a Bank Mark, and that may be used to access a Private Label Account.

"**Private Label Cardholder**" means any individual who (i) has entered into a Program Card Agreement with respect to a Private Label Account with Bank, (ii) is an authorized user of a Private Label Account, or (iii) is or may become obligated under or with respect to a Private Label Account.

"**Program**" has the meaning set forth in Section 2.1.1(a).

[***]

"**Program Assets**" means the Accounts, Program Cards, Program Information, Indebtedness, Account Documentation, Program Information, master file maintained by Bank or its service provider with respect to the Cardholders and Accounts, and Account numbers. For the avoidance of doubt, the term "**Program Assets**" shall not include Company Independent Information, which shall be and remain the property of Company.

"**Program Card**" means the Private Label Card or Co-Brand Card, as applicable, issued by Bank under the Program exclusively for use with the Program.

"**Program Card Agreement**" means the terms and conditions pursuant to which credit is extended to Cardholders, together with any amendments, modifications or supplements (and any replacement of such agreement).

"**Program Card Application**" means a credit application of an Applicant who wishes to become a Cardholder that is submitted to Bank or any third party acting on behalf of Bank.

"**Program Information**" means (i) information provided to Bank by Applicants, Cardholders, or third parties in connection with processing a Program Card Application, issuing Program Cards, or extending credit on or servicing Accounts; (ii) sales transaction information collected by Bank in connection with processing transactions with Program Cards on Accounts; and (iii) all information derived from information in preceding clauses (i) or (ii).

"**Program Innovation**" has the meaning set forth in Section 5.10.4(a).

"**Program Launch Date**" means the date that Bank first makes Program Cards commercially available on a general public basis.

"**Program Manager**" means Bank Program Manager or Company Program Manager, as applicable.

"**Program Marketing Communication**" means any consumer-facing or Cardholder-facing communication that mentions the Program, including any marketing, promotional, or advertising communication for the Program, except for Forms.

"**Program Month**" means (i) the period from the Soft Launch Start Date through the end of the first calendar month thereafter, and (ii) thereafter, each full calendar month during the Program Year.

"**Program Privacy Policy**" has the meaning set forth in Section 10.2.1(b).

"**Program Quarter**" means each consecutive three (3)-month period commencing on the first day of each Program Year.

"**Program Specific Technology Enhancement**" has the meaning set forth in Section 5.10.3(c).

"**Program Website**" means a webpage hosted by Bank or its agent that hosts a Program Card Application.

"**Program Year**" means each twelve (12)-month period commencing on January 1 of each calendar year and ending on December 31 of such calendar year; provided that (i) the first Program Year will commence on the Program Launch Date and end on December 31 of the calendar year in which the Program Launch Date occurs and (ii) the last Program Year will commence on January 1 in the calendar year that the Wind-Down Period ends and end at the end

of the Wind-Down Period. Any payment attributable to a partial Program Year shall be adjusted pro rata to account for the period less than twelve (12) full calendar months.

"**Provided Company Independent Information**" has the meaning set forth in Section 11.2.1(b).

"**Purchase**" means transactions completed with the Program Cards (including any applicable Sales Taxes) and billed to the Accounts, cash advances, balance transfers, foreign exchange fees or service fees and other transactions completed with a Program Card.

"**Purchase Option Expiration Date**" has the meaning set forth in Section 14.8.2.

"**Purchase Price**" has the meaning set forth in Section 14.8.3.

[***]

"**Real-Time Prescreen**" means a process where Bank's offer of credit is made to certain customers pre-qualified by Bank (per its criteria), in a real-time pre-approved manner, at the POS in any Company Channel at the time of a transaction.

"**Receiving Party**" means the Party that receives Confidential Information of the other Party.

"**Recovery Account**" means an Account written off by Bank in accordance with the Risk Management Policy.

"**Renewal Term**" has the meaning set forth in Section 14.2.

"**Replacement Designated Purchaser**" has the meaning set forth in Section 14.8.1(d)(iii).

"**Representative**" has the meaning set forth in Section 10.1.1(a).

"**Requesting Party**" has the meaning set forth in Section 14.5.2.

[***]

[***]

[***]

[***]

"**Retail Day**" means any day on which a Company Store is open for business.

[***]

"**RFP Process**" has the meaning set forth in Section 7.2.1(a)(i).

"**Risk Management Policy**" has the meaning set forth in Section 5.10.1(a).

"**Sales Taxes**" means any sales or similar gross receipts-based taxes or other indirect tax.

"**Sanctioned Jurisdiction**" means, at any time, a country or territory that is the subject of Sanctions.

"**Sanctioned Person**" means, at any time, (a) any Person listed in any Sanctions related list maintained by any Sanctions Authority, (b) any Person located, organized, or resident in a Sanctioned Jurisdiction, or (c) any other subject of Sanctions, including any Person Controlled by any subject or subjects of Sanctions.

"**Sanctions**" means economic, trade, or financial sanctions, requirements, or embargoes in each case, imposed, administered, or enforced from time to time by any Sanctions Authority.

"**Sanctions Authority**" means the United States (including, the Office of Foreign Assets Control of the U.S. Department of the Treasury and the U.S. Department of State), the United Kingdom (including, His Majesty's Treasury), the European Union and any EU member state, the United Nations Security Council, and any other sanctions authority applicable to a Party or this Agreement.

"**SEC**" means the U.S. Securities and Exchange Commission.

[***]

[***]

"**Security Incident**" with respect to a Party means (i) any event with respect to such Party that is deemed to be a security breach under any Applicable Law of Personally Identifiable Information, or (ii) any unauthorized use, disclosure of or access either (a) any Personally Identifiable Information, whether in paper, electronic or other form, in the possession of such Party or its service providers or agents, or (b) any unencrypted computer or other electronic or physical storage system of such Party or its service providers or agents that contains Personally Identifiable Information in a manner in which there is a reasonable possibility of harm from the misuse of the Personally Identifiable Information.

"**Security Incident Notice**" has the meaning set forth in Section 10.2.3(a).

"**Senior Executives**" has the meaning set forth in Section 4.2.1(b).

[***]

[***]

[***]

"**Service Provider**" has the meaning set forth in Section 8.1.5.

"**Settlement Amount Deficit**" has the meaning set forth in Section 5.5.2(b).

[***]

[***]

[***]

"**Solvent**" as to a Person, means (a) the present fair salable value of such Person's assets is in excess of the total amount of its liabilities, (b) such Person is presently able generally to pay its debts as they become due, and (c) such Person does not have unreasonably small capital to carry on such Person's business as theretofore operated and all business in which such Person is about to engage. The phrase "**present fair salable value**" of a Person's assets is intended to mean that value which can be obtained if the assets are sold within a reasonable time in arm's-length transactions in an existing and not theoretical market.

"**Statement Communications**" has the meaning set forth in Section 3.4.1.

"**Target Back Book Conversion Date**" has the meaning set forth in Section 2.1.1(b)(i).

[***]

"**Technology**" means any information, designs, drawings, specifications, schematics, software programs (including source and object codes), manuals and other documentation, data, databases, technical or business processes, methods of operation, or methods of production.

"**Technology Enhancements**" has the meaning set forth in Section 5.10.3(c).

"**Technology Features**" has the meaning set forth in Section 5.10.3(a).

"**Technology Industry Review**" has the meaning set forth in Section 5.10.3(a).

"**Technology Integration Agreement**" has the meaning set forth in Section 5.3.2(b).

"**Tender Neutral Loyalty Program**" has the meaning set forth in Section 9.2.

"**Term**" has the meaning set forth in Section 14.2.

"**Territory**" means the fifty states of the United States of America, its territories, and the District of Columbia.

"**Third Party Claim**" means any claim (including counter or cross-claim), assertion, event, condition, investigation or proceeding by any third party (including Governmental Authorities).

[***]

"**Tokenization**" means the process of substituting a piece of sensitive data such as an account number with a piece of non-sensitive data, such as a code containing anonymized information used to process a consumer credit transaction.

"**Token Provider**" has the meaning set forth in Section 5.3.2(a).

"**Token Provider Services**" has the meaning set forth in Section 5.3.2(a).

"**UCC**" means the Uniform Commercial Code, as amended, as in effect in the State of Delaware and in all other states in which Company is located.

"**Wind-Down Period**" has the meaning set forth in Section 14.6.3.

Exhibit 21

SUBSIDIARIES OF REGISTRANT
As of March 29, 2024

Name	State or Other Jurisdiction of Incorporation/ Organization	Name Under Which Subsidiary Is Doing Business
Condev Nevada, Inc.	Nevada	Condev Nevada, Inc. and Dillard's
Dillard Store Services, Inc.	Arizona	Dillard Store Services, Inc. and Dillard's
CDI Contractors, LLC	Arkansas	CDI Contractors, LLC
Construction Developers, LLC	Arkansas	Construction Developers, LLC and Dillard's
Dillard International, LLC	Nevada	Dillard International, LLC and Dillard's
Dillard Investment Co., Inc.	Delaware	Dillard Investment Co., Inc. and Dillard's
Dillard's Dollars, Inc.	Arkansas	Dillard's Dollars, Inc. and Dillard's
The Higbee Company, LLC	Delaware	The Higbee Company, LLC and Dillard's
U. S. Alpha, Inc.	Nevada	U. S. Alpha, Inc. and Dillard's
Dillard Texas, LLC	Texas	Dillard Texas, LLC and Dillard's
Dillard Tennessee Operating LP	Tennessee	Dillard Tennessee Operating LP and Dillard's
Dillard's Insurance Company Limited	Arkansas	Dillard's Insurance Company Limited
Dillard Texas Four-Point, LLC	Delaware	Dillard Texas Four-Point, LLC and Dillard's
Dillard Texas East, LLC	Delaware	Dillard Texas East, LLC and Dillard's
Dillard Texas South, LLC	Delaware	Dillard Texas South, LLC and Dillard's
Dillard Texas Central, LLC	Delaware	Dillard Texas Central, LLC and Dillard's
DSS Uniter, LLC	Delaware	DSS Uniter, LLC and Dillard's
Dillard's Properties, Inc.	Delaware	Dillard's Properties, Inc.
Higbee InvestCo, LLC	Delaware	Higbee InvestCo, LLC and Dillard's
600 Carnahan Drive Operations, LLC	Arkansas	600 Carnahan Drive Operations, LLC and Dillard’s
Dillard's Utah, Inc.	Utah	Dillard's Utah, Inc. and Dillard's
Higbee Louisiana, LLC	Delaware	Higbee Louisiana, LLC and Dillard's

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the registration statements (Nos. 333-239143, 333-220063, 333-218299, 333-202574, 333-181623, 333-167937, 333-164361, 333-156029, 333-147636, 333-126000, 333-89180, and 333-89128) on Form S-8 of our report dated March 29, 2024, with respect to the consolidated financial statements of Dillard's, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Dallas, Texas
March 29, 2024

Exhibit 31(a)

CERTIFICATIONS

I, William Dillard, II, certify that:

1. I have reviewed this annual report on Form 10-K of Dillard's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

   Date: March 29, 2024

/s/ William Dillard, II

William Dillard, II

Chairman of the Board and Chief Executive Officer

Exhibit 31(b)

CERTIFICATIONS

I, Phillip R. Watts, certify that:

1. I have reviewed this annual report on Form 10-K of Dillard's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2024

/s/ Phillip R. Watts

Phillip R. Watts

Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer

Exhibit 31(c)

CERTIFICATIONS

I, Chris B. Johnson, certify that:

1. I have reviewed this annual report on Form 10-K of Dillard's, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2024

/s/ Chris B. Johnson
Chris B. Johnson
Senior Vice President and Co-Principal Financial Officer

Exhibit 32(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Dillard's, Inc. (the "Company") on Form 10-K for the period ended February 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Dillard, II, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 29, 2024

/s/ William Dillard, II
William Dillard, II
Chairman of the Board and Chief Executive Officer

Exhibit 32(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Dillard's, Inc. (the "Company") on Form 10-K for the period ended February 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Phillip R. Watts, Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 29, 2024

/s/ Phillip R. Watts
Phillip R. Watts
Senior Vice President, Co-Principal Financial Officer and Principal Accounting Officer

Exhibit 32(c)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Dillard's, Inc. (the "Company") on Form 10-K for the period ended February 3, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Chris B. Johnson, Senior Vice President and Co-Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 29, 2024

/s/ Chris B. Johnson
Chris B. Johnson
Senior Vice President and Co-Principal Financial Officer

Exhibit 4(b)

DESCRIPTION OF REGISTRANT'S SECURITIES

The following is a brief description of the capital stock, and a summary of the rights of the stockholders, of Dillard's, Inc. (the "Company"). This description does not purport to be complete and is qualified in its entirety by reference to the Company's Amended and Restated Certificate of Incorporation, as amended (the "Charter"), and Amended and Restated Bylaws, as amended (the "Bylaws"), and the applicable provisions of the Delaware General Corporation Law ("DGCL").

General

Under the Charter, the Company has an authorized capitalization of 310,005,000 shares of capital stock, consisting of (i) 289,000,000 shares of Class A common stock, par value $0.01 per share, (ii) 11,000,000 shares of Class B common stock, par value $0.01 per share, (iii) 5,000 shares of 5% cumulative preferred stock, par value $100.00 per share and (iv) 10,000,000 shares of additional preferred stock, par value $0.01 per share. The rights, preferences and privileges of holders of the Company's Class A common stock are subject to the rights of the holders of any series of preferred stock that the Company may designate and issue in the future. Our Class A common stock is listed on the New York Stock Exchange the ("NYSE") under the symbol "DDS". No public market currently exists for the Company's Class B common stock.

Controlled Company Status

Holders of the Company's Class B common stock are entitled to certain rights unavailable to holders of the Company's Class A common stock. Specifically, holders of Class B common stock are empowered as a class to elect two-thirds of the directors serving on the Company's Board of Directors (the "Board"). This means currently that holders of Class A common stock are entitled to elect as a class five (5) members of the Board and that holders of Class B common stock are entitled to elect as a class ten (10) members of the Board. The Class B common stock is held almost entirely by a single stockholder, W.D. Company. As a result, W.D. Company can elect two-thirds of the directors of the Company. Accordingly, the Company qualifies as a "controlled company" under the listing standards of the NYSE. Our Class B common stock does not have cumulative voting rights.

Description of Class A Common Stock

The Company's Class A common stock is the only class of the Company's securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

Dividends. Each share of Class A and Class B common stock are entitled to participate equally in any dividends (other than dividends of common stock) which may be declared upon common stock and no dividends may be declared on shares of either class of common stock unless an equal dividend be declared on the other class; provided, however, that in the case of all dividends of common stock or stock split-ups, the Class A common stock will be entitled only to receive Class A common stock and the Class B common stock will be entitled only to receive Class B common stock.

Conversion. The Class A common stock has no conversion features. Shares of Class B common stock are convertible at any time at the option of any holder thereof into shares of Class A common stock at the rate of one share of Class B common stock for one share of Class A common stock.

Liquidation, Dissolution or Winding Up. Upon final liquidation of the Company, to the extent issued and outstanding, holders of 5% preferred stock are entitled to receive $100 per share plus accrued dividends before any distribution to holders of Class A or Class B common stock, and holders of Class A and Class B common stock, together as a single class, are entitled to share ratably in the distribution of the remaining assets of the Company.

Redemption. The common stock is not subject to redemption or a sinking fund.

Preemptive Rights. Under the DGCL and the Company's Charter, no holder of common stock has pre-emptive rights.

Issuance of Additional Shares. In case of the issuance of any shares of stock as a dividend upon the shares of Class A common stock or the shares of Class B Common stock or in the case of any sub-division, split-up, combination, or change of the shares of Class A common stock or shares of Class B common stock into a different number of shares of the same or any other class or classes of stock, or in the case of any consolidation or merger of the Company with or into another corporation, or in case of any sale or conveyance to another corporation of the property of the Company as an entirety or substantially as an entirety, the conversion rate must be adjusted so that the rights of the holders of Class A common stock and of Class B common stock are not diluted as a result of such stock dividend, sub-division, split-up, combination, change, consolidation, merger, sale, or conveyance. Adjustments in the rate of conversion are calculated to the nearest one-tenth of a share. The Company is not required to issue fractional shares of Class A common stock upon conversion of Class B common stock. If any fractional interest in a share of Class A common stock must be deliverable upon the conversion of any shares of Class B common stock, the Company may purchase such fractional interest for an amount in cash equal to the current market value of such fractional interest.

Voting. Generally, each share of common stock entitles the holder thereof to one vote, in person or by proxy, on all matters submitted to a vote of stockholders. Voting is non-cumulative. The outstanding shares of common stock are fully paid and non-assessable.

Preferred Stock

The Charter authorizes the Board to fix by resolution the designations, preferences, and relative rights, qualifications and limitations, of shares of preferred stock, from time to time.

Anti-Takeover Provisions

Advance Notice. In order to enhance the likelihood of continuity and stability in the composition of the Board and in the policies formulated by the Board and to discourage certain types of transactions that may involve an actual or threatened change of control, the Bylaws include provisions to establish advance notice requirements for nominations for election to the Board or proposing matters that can be acted upon by stockholders at stockholder meetings.

Exclusive Forum. The Bylaws provide that the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or other employee of the Company to the Company or the Company's stockholders; (iii) any action asserting a claim arising pursuant to any provision of the DGCL; or (iv) any action asserting a claim governed by the internal affairs doctrine must be a state or federal court located within the state of Delaware, in all cases subject to the court's having personal jurisdiction over the indispensable parties named as defendants.

Delaware Section 203. The Company is subject to Section 203 of the DGCL ("Section 203"), an anti-takeover law. In general, Section 203 prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder for a period of three years following the date such person became an interested stockholder, unless the business combination or the transaction in which such person became an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person that, together with affiliates and associates, owns, or within three years prior to the determination of interested stockholder status did own, 15% or more of a corporation's voting stock.

Limitation of Liability and Indemnification of Directors, Executive Officers and Employees

Limitation of Liability of Directors. Pursuant to the Charter, directors will not be personally liable to the Company or its stockholders for monetary damages for breach of a fiduciary duty as director, except for liability (i) for any breach of the director's duty of loyalty to the Company or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the

DGCL, or (iv) for any transaction from which the director derived any improper personal benefit. *Indemnification*. Each director and officer who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, by reason of the fact that such a person is or was a director or officer of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan ("indemnitee") will be indemnified and held harmless by the Company to the fullest extent authorized by the DGCL against all related expenses, liability and loss reasonably incurred or suffered by the indemnitee. *Indemnification of Employees and Agents*. The Company may, to the extent authorized from time to time by the Board, grant rights to indemnification, and to the advancement of expenses to any employee or agent of the Company to the fullest extent permitted under the Charter with respect to the indemnification and advancement of expenses of directors and officers of the Company.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is Computershare Inc.

Exhibit 97

DILLARD'S, INC.

POLICY FOR THE
RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

(Effective December 1, 2023)

1. **Purpose**. This Policy sets forth the terms on which the Company may recover erroneously awarded compensation received by an executive officer. This Policy is intended to comply with Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder and New York Stock Exchange Listed Company Manual Section 303A.14.

2. **Administration**. The Committee shall administer and interpret this Policy in accordance with New York Stock Exchange Listed Company Manual Section 303A.14, Section 10D of the Exchange Act and other applicable Federal securities laws. Except as limited by law, and subject to the provisions of this Policy, the Committee shall have full power, authority and sole and exclusive discretion to construe, interpret and administer this Policy. In addition, the Committee shall have full and exclusive power to adopt such rules, regulations and guidelines for carrying out this Policy as it may deem necessary or proper, all of which shall be executed in the best interests of the Company and in keeping with the objectives of this Policy.

3. **Definitions**. For purposes of this Policy, the following terms shall have the meanings set forth below.

   (a) "Board" means the Board of Directors of Dillard's, Inc.

   (b) "Committee" means the Stock Option and Executive Compensation Committee of the Board.

   (c) "Company" means Dillard's, Inc. together with each of its direct and indirect subsidiaries.

   (d) "Exchange" means the New York Stock Exchange.

   (e) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto.

   (f) "erroneously awarded compensation" has the meaning set forth in Section 4(d).

   In addition to the foregoing, the terms "executive officer", "financial reporting measures", "incentive-based compensation" and "received" shall have the meaning ascribed to them as set forth under Section 303A.14(e) of the New York Stock Exchange Listed Company Manual.

4. **Recovery of Erroneously Awarded Compensation.**

   (a) The Company shall recover reasonably promptly the amount of erroneously awarded incentive-based compensation in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) This Policy shall apply to incentive-based compensation received by a person (i) after beginning service as an executive officer, (ii) who served as an executive officer at any time during the performance period for that incentive-based compensation, (iii) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (iv) during the three completed fiscal years immediately preceding the date on which the Company is required to prepare an accounting restatement as described in Section 4(a). In addition to the last three completed fiscal years, this Policy shall apply to any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years. However, a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months would be deemed a completed fiscal year. The Company's obligation to recover erroneously awarded compensation is not dependent on if or when the restated financial statements are filed.

(c) The date on which the Company is required to prepare an accounting restatement as described in Section 4(a) is the earlier to occur of: (i) the date on which the Board, a committee thereof or the Company's officer(s) authorized to take such action if Board action is not required concludes, or reasonably should have concluded, that the Company is required to prepare an accounting restatement as described in Section 4(a); or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an accounting restatement as described in Section 4(a).

(d) The amount of incentive-based compensation subject to this Policy ("erroneously awarded compensation") is the amount of incentive-based compensation received that exceeds the amount of incentive-based compensation that otherwise would have been received had it been determined based on the restated amounts, and shall be computed without regard to any taxes paid, consistent with the calculation set forth in Section 303A.14(c)(1)(iii) of the New York Stock Exchange Listed Company Manual.

(e) Notwithstanding the foregoing, the Company shall recover erroneously awarded compensation in compliance with this Policy except to the extent that the Committee has made a determination that recovery would be impracticable consistent with Section 303A.14(c)(1)(iv) of the New York Stock Exchange Listed Company Manual.

5. **Method of Recovery**. The Committee shall determine, in its sole and absolute discretion, the method or methods for recovering erroneously awarded compensation, which methods need not be the same, or applied in the same manner, to each executive officer, provided that any such method shall provide for reasonably prompt recovery and otherwise comply with any requirements of the Exchange.

6. **Indemnification Prohibited**. The Company shall not indemnify any current or former executive officer against the loss of erroneously awarded compensation.

7. **Decisions Binding**. In making any determination or in taking or not taking any action under this Policy, the Committee may obtain and rely on the advice of experts, including employees of and professional advisors to the Company. Any action taken by, or inaction of, the Committee or its delegates relating to or pursuant to this Policy shall be within the absolute discretion of the Committee or its delegates. Such action or inaction of the Committee or its delegates shall be conclusive and binding on the Company and any current or former executive officer affected by such action or inaction.

8. **Disclosure**. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the Federal securities laws, including the disclosure required by the applicable filings of the Securities and Exchange Commission.

9. **Acknowledgement**. Each award agreement or other document setting forth the terms and conditions of any incentive-based compensation granted to an executive officer shall include a provision incorporating the requirements of this Policy. Each executive officer will be required to sign the Acknowledgement Form attached hereto as Exhibit A as a condition to receiving grants or awards of incentive-based compensation. The remedy specified in and any right of recovery under this Policy shall not be exclusive and shall be in addition to, and not in lieu of, any other remedies or rights of recovery, recoupment, forfeiture or offset that may be available to the Company pursuant to the terms of any other applicable Company policy, compensation or benefit plan, agreement or arrangement or other agreement or applicable law.

Exhibit A

DILLARD'S, INC.

POLICY FOR THE
RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Dillard's, Inc. Policy for the Recovery of Erroneously Awarded Compensation (the "Policy"). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "Acknowledgement Form") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any erroneously awarded compensation (as defined in the Policy) to the Company to the extent required by, and in a manner permitted by, the Policy.

_____
Signature

_____
Print Name

_____
Date