Synchrony Financial
Form 424B5
December 02, 2015
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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-200374

PROSPECTUS SUPPLEMENT

TO THE PROSPECTUS DATED DECEMBER 11, 2014

$1,000,000,000

2.600% Senior Notes due 2019

We are offering $1,000,000,000 aggregate principal amount of 2.600% Senior Notes due 2019 (the notes).

Interest on the notes will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2016. The notes will mature on January 15, 2019. We may redeem the notes, in whole or in part, at any time before their maturity date at the applicable price described under Description of the Notes Optional Redemption.

The notes will be our senior obligations and will rank equally in right of payment with all of our other unsecured and unsubordinated obligations from time to time outstanding. The notes are not savings accounts, deposits or other obligations of any of our bank or non-bank subsidiaries and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

The notes will not be listed on any securities exchange or quoted on any automated quotation system. Currently, there is no public market for the notes.

Investing in the notes involves risks. See Risk Factors beginning on page S-12.

	Per Note	Total
Price to public(1)	99.974%	$ 999,740,000
Underwriting discount	0.400%	$ 4,000,000
Proceeds to us(1)	99.574%	$ 995,740,000

(1) Plus accrued interest, if any, from December 4, 2015.

Neither the Securities and Exchange Commission (the SEC) nor any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes to purchasers in book-entry form only through The Depository Trust Company, for the benefit of its participants, including Clearstream Banking, S.A. and Euroclear Bank S.A./N.V., on or about December 4, 2015.

Joint Book-Running Managers

Citigroup **Barclays** **Guggenheim Securities** **RBC Capital Markets**

Co-Managers

Academy Securities, Inc. **Blaylock Beal Van, LLC** **CastleOak Securities, L.P.**
Lebenthal Capital Markets **Mischler Financial Group, Inc.** **Ramirez & Co., Inc.**
The Williams Capital Group, L.P.

December 1, 2015

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part, the accompanying prospectus dated December 11, 2014, which is part of our Registration Statement on Form S-3, gives more general information, some of which may not apply to this offering.

This prospectus supplement and the information incorporated by reference in this prospectus supplement may add, update or change information contained in the accompanying prospectus. If there is any inconsistency between the information in this prospectus supplement and the information contained in the accompanying prospectus, the information in this prospectus supplement will apply and will supersede the information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus relating to this offering in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information in the accompanying prospectus.

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Neither we nor any of the underwriters have authorized anyone to provide any information other than that contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus relating to this offering prepared by us or on our behalf or to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you.

Neither we nor any of the underwriters is making an offer to sell or seeking offers to buy these securities in any jurisdiction where or to any person to whom the offer or sale is not permitted. The information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any free writing prospectus that we may provide you in connection with this offering or other offering material filed by us with the SEC is accurate only as of the date of those documents or information, regardless of the time of delivery of the documents or information or the time of any sale of the securities. Our business, financial condition, results of operations and future growth prospects may have changed since those dates.

For investors outside the United States: Neither we nor any of the underwriters has done anything that would permit this offering or possession or distribution of this prospectus supplement, the accompanying prospectus or any free writing prospectus we may provide to you in connection with this offering in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus supplement, the accompanying prospectus and any such free writing prospectus outside of the United States.

Certain Defined Terms

Except as the context may otherwise require in this prospectus supplement, references to:

- we, us, our and the Company are to SYNCHRONY FINANCIAL and its subsidiaries, which together represent the businesses that historically have conducted GE s North American retail finance business;

- Synchrony are to SYNCHRONY FINANCIAL only;

- GE are to General Electric Company and its subsidiaries;

- GECC are to General Electric Capital Corporation (a subsidiary of GE) and its subsidiaries;

- the Bank are to Synchrony Bank (a subsidiary of Synchrony);

- the Bank Term Loan Facility are to the term loan agreement, dated as of July 30, 2014, among Synchrony, as borrower, JPMorgan Chase Bank, N.A., as administrative agent and the lenders from time to time party thereto, as amended; and

FICO score means a credit score developed by Fair Isaac & Co., which is widely used as a means of evaluating the likelihood that credit users will pay their obligations.

For a description of certain other terms we use, including active account and purchase volume, see the notes to Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Other Financial and Statistical Data in our Annual Report on Form 10-K for the year ended December 31, 2014. There is no standard industry definition for many of these terms, and other companies may define them differently than we do.

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We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which, in our business and in this prospectus, we refer to as our partners. The terms of the programs all require cooperative efforts between us and our partners of varying natures and degrees to establish and operate the programs. Our use of the term partners to refer to these entities is not intended to, and does not, describe our legal relationship with them, imply that a legal partnership or other relationship exists between the parties or create any legal partnership or other relationship.

Synchrony and its logos and other trademarks referred to in this prospectus supplement, including, Optimizer plus® and CareCredit® belong to us. Solely for convenience, we refer to our trademarks in this prospectus supplement without the and ® symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our trademarks. Other service marks, trademarks and trade names referred to in this prospectus supplement are the property of their respective owners.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and may not contain all of the information that may be important to you. You should read this entire prospectus supplement and the accompanying prospectus carefully, including the information set forth in   Risk Factors,   our combined financial statements and the related notes thereto and the other information incorporated by reference herein, before making an investment decision.

Our Company

We are one of the premier consumer financial services companies in the United States. Our roots in consumer finance trace back to 1932, and today we are the largest provider of private label credit cards in the United States based on purchase volume and receivables. We provide a range of credit products through programs we have established with a diverse group of national and regional retailers, local merchants, manufacturers, buying groups, industry associations and healthcare service providers, which we refer to as our   partners.   Through over 300,000 locations across the United States and Canada, and their websites and mobile applications, we offer their customers a variety of credit products to finance the purchase of goods and services. During 2014 and the nine months ended September 30, 2015, we financed $103.1 billion and $81.2 billion of purchase volume, respectively, and at September 30, 2015, we had $63.5 billion of loan receivables and 62.8 million active accounts. Our active accounts represent a geographically diverse group of both consumers and businesses, with an average FICO score of 714 for consumer active accounts at September 30, 2015. Our business has been profitable and resilient, including through the recent U.S. financial crisis and ensuing years. For the years ended December 31, 2014 and 2013, we had net earnings of $2.1 billion and $2.0 billion, respectively, representing a return on assets of 3.2% and 3.5%, respectively, and for the nine months ended September 30, 2015, we had net earnings of $1,667 million, representing an annualized return on assets of 3.0%.

Our business benefits from longstanding and collaborative relationships with our partners, including some of the nation   s leading retailers and manufacturers with well-known consumer brands, such as Lowe   s, Walmart, Amazon and Ethan Allen. We believe our partner-centric business model has been successful because it aligns our interests with those of our partners and provides substantial value to both our partners and our customers. Our partners promote our credit products because they generate increased sales and strengthen customer loyalty. Our customers benefit from instant access to credit, discounts and promotional offers. We seek to differentiate ourselves through deep partner integration and our extensive marketing expertise. We have omni-channel (in-store, online and mobile) technology and marketing capabilities, which allow us to offer and deliver our credit products instantly to customers across multiple channels. For example, the purchase volume from our online and mobile channels increased by $1.7 billion, or 19.8%, to $10.5 billion for the nine months ended September 30, 2015 compared to the same period in 2014.

We offer our credit products primarily through our wholly-owned subsidiary, the Bank. Through the Bank, we offer, directly to retail and commercial customers, a range of deposit products insured by the Federal Deposit Insurance Corporation (FDIC   ), including certificates of deposit, individual retirement accounts, money market accounts and savings accounts, under our Optimizer^{+Plus} brand. We also take deposits at the Bank through third-party securities brokerage firms that offer our FDIC-insured deposit products to their customers. We have expanded and continue to expand our online direct banking operations to increase our deposit base as a source of stable and diversified low cost funding for our credit activities. We had $40.5 billion in deposits at September 30, 2015.

Retail Card is a leading provider of private label credit cards, and also provides Dual Cards and small and medium-sized business credit products. Payment Solutions is a leading provider of promotional financing for major consumer purchases, offering primarily private label credit cards and installment loans. CareCredit is a leading provider of promotional financing to consumers for elective healthcare procedures or services, such as dental, veterinary, cosmetic, vision and audiology.

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Recent Developments

On October 14, 2015, we received approval from the Board of Governors of the Federal Reserve System (the Federal Reserve Board) to become a stand-alone savings and loan holding company, to retain control of the Bank and to retain control of our nonbank subsidiaries following the completion of GE s offer to exchange shares of GE common stock for all of our shares of our common stock owned by GE (the exchange offer). The Federal Reserve Board s approval permits Synchrony to continue to engage in securitization activities as a savings and loan holding company, and, accordingly Synchrony withdrew its election in its application to be treated as a financial holding company. On November 17, 2015, we announced the completion of the exchange offer and our separation from GE. Also, the obligations of GECC and GE Consumer Finance, Inc. under the Capital, Assurance and Liquidity Maintenance Agreement with the Bank, dated as of January 11, 2013 (CALMA), terminated upon the consummation of the exchange offer. Synchrony remains subject to the obligations imposed on it under the CALMA. Following the separation, GE expects the Federal Reserve Board to act on its application to deregister as a savings and loan holding company (the GE SLHC Deregistration) in due course, but cannot predict the timing of the Federal Reserve Board s action.

Effective upon completion of the exchange offer, GECC waived certain of its rights under the Master Agreement, dated as of July 30, 2014, by and among GE, GECC and Synchrony (the Master Agreement), which would have otherwise been effective until the GE SLHC Deregistration, including:

- the right to have us comply with certain policies, including but not limited to advising GECC of any proposed changes to our risk appetite statement and affording GECC a reasonable opportunity to provide comments and advice before adopting any proposed change to such statement, and obtaining the prior written approval of GECC before adopting any change to such statement that could result in our risk profile being materially different;

- the right to pre-approve certain actions, except that we must still obtain GECC s prior approval to acquire stock in, or assets or control of, a bank or savings association, and to the extent subject to the notice requirements of section 163(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, consolidate into or merge with any person, or acquire stock in, or assets or control of, any person; and

- the right to designate one person for nomination for election to our board of directors when GE beneficially owns less than 10% of our common stock.

Notwithstanding GECC s waiver with respect to these rights, we must continue to comply with our other covenants and obligations in the Master Agreement not waived by GECC, including, for example, our covenant not to engage in any activity that is not permissible for a savings and loan holding company under applicable banking laws and regulations.

In addition, following the completion of the exchange offer, GE no longer owns any of our outstanding common stock. Therefore, all of GE s rights that are contingent on GE owning 10% or more of our outstanding common stock are no longer applicable.

Additional Information

Our corporate headquarters and principal executive offices are located at 777 Long Ridge Road, Stamford, Connecticut 06902. Our telephone number at that address is (203) 585-2400. Our internet address is www.synchronyfinancial.com. Information on, or accessible through, our website is not part of this prospectus supplement or the accompanying prospectus.

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The Offering

Issuer	SYNCHRONY FINANCIAL.
Notes offered	$1,000,000,000 aggregate principal amount of 2.600% Senior Notes due 2019.
Maturity date	The notes will mature on January 15, 2019.
Interest rate	Interest on the notes will accrue at a rate of 2.600% per year.
Interest payment dates	Interest on the notes will be payable semi-annually in arrears on January 15 and July 15 of each year, beginning on July 15, 2016.
Ranking	The notes will rank equally in right of payment with all of our existing and future unsecured and unsubordinated obligations, and senior in right of payment to all of our existing and future indebtedness that is expressly subordinated to the notes. The notes will not be obligations of or guaranteed by any of our subsidiaries. As a result, the notes will be structurally subordinated to all indebtedness and other liabilities of our subsidiaries (including deposit liabilities of the Bank), as well as the indebtedness and other liabilities of our securitization entities, which means that creditors of our subsidiaries (including depositors of the Bank) and our securitization entities will be paid from their assets before holders of the notes would have any claims to those assets. As of September 30, 2015, we had $10.2 billion of indebtedness that ranked equally with the notes, and our subsidiaries and securitization entities had outstanding $56.8 billion of total liabilities, including $54.2 billion of indebtedness and deposit liabilities (excluding, in each case, intercompany liabilities).
	The indenture under which the notes will be issued will not limit our ability, or the ability of our subsidiaries, to incur senior, subordinated or secured debt, or our ability, or that of any of our subsidiaries, to incur other indebtedness and other liabilities or, subject to limited exceptions, issue preferred stock. As a holding company, we depend on the ability of our subsidiaries, particularly the Bank, to transfer funds to us to meet our obligations, including our obligations to pay interest on the notes. See Risk Factors Risk Relating to This Offering We are a holding company

	and will rely significantly on dividends, distributions and other payments from the Bank to fund payments on the notes.
Optional redemption	At any time and from time to time prior to December 15, 2018 (one month prior to the maturity date of the notes), we may redeem the notes, in whole or in part, at our option, on at least 30 days and not more than 60 days prior notice, at a redemption price equal to the greater of: (i) 100% of the aggregate principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date for the notes to be redeemed; and

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(ii) the sum of the present values of the remaining scheduled payments of principal and interest in respect of the notes to be redeemed (not including any portion of interest accrued to, but excluding, the redemption date for the notes to be redeemed), discounted to such redemption date, on a semi-annual basis, at the applicable Treasury Rate plus 25 basis points, plus accrued and unpaid interest to, but excluding, the redemption date of the notes to be redeemed.

At any time and from time to time on or after December 15, 2018 (one month prior to the maturity date of the notes), we may redeem the notes, in whole or in part, at our option, on at least 30 days and not more than 60 days prior notice, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date of the notes to be redeemed.

See Description of the Notes Optional Redemption.

Sinking fund	None.
Denominations	The notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof.
Form of notes	The notes will be issued in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company (DTC). Beneficial interests in the notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. Clearstream Banking, S.A. and Euroclear Bank, S.A./N.V., as operator of the Euroclear System, will hold interests on behalf of their participants through their respective United States depositaries, which in turn will hold such interests in accounts as participants of DTC.
Use of proceeds	We estimate that the net proceeds to us from the sale of the notes in this offering will be $995,240,000, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds from this offering (or equivalent cash amounts) to prepay outstanding principal amounts under the Bank Term Loan Facility, to invest in liquid assets to further increase the size of our liquidity portfolio or for such additional uses as we may determine. See Use of Proceeds.

Trustee	The Bank of New York Mellon
Governing law	The notes will be, and the indenture under which they will be issued is, governed by and construed in accordance with the laws of the State of New York.

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No prior market	The notes are a new issue of securities and there is currently no established trading market for the notes. The notes will not be listed on any securities exchange. An active or liquid trading market may not develop for the notes. See Underwriting.
Risk factors	See the section entitled Risk Factors beginning on page S-12 and under the caption Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2014, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended (the Exchange Act), including our Quarterly Reports on Form 10-Q and our Current Reports on Form 8-K and any amendments thereof, for a discussion of some of the factors you should consider before investing in the notes.

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Summary Historical Financial Information

The following tables set forth selected historical consolidated and combined financial information. The selected historical consolidated and combined financial information at and for the nine months ended September 30, 2015 and 2014 is unaudited and has been derived from our unaudited historical consolidated and combined financial statements included in our Quarterly Report on Form 10-Q for the fiscal quarter ended September 30, 2015 which is incorporated by reference in this prospectus supplement. The selected historical consolidated and combined financial information at December 31, 2014 and 2013, and for the years ended December 31, 2014, 2013 and 2012 has been derived from our historical consolidated and combined financial statements, which have been audited by KPMG LLP and are included in our Annual Report on Form 10-K for the year ended December 31, 2014, which is incorporated by reference in this prospectus supplement. The selected historical combined financial information at December 31, 2011 and 2010, and for the year ended December 31, 2010 is unaudited and has been derived from our historical combined financial information not included or incorporated by reference in this prospectus supplement. The results for the fiscal quarter ended September 30, 2015 are not necessarily indicative of the results that may be expected for the full year. Additionally, our historical results are not necessarily indicative of the results expected for any future period. You should read this information in conjunction with the information under Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and our historical condensed consolidated and/or combined financial statements and the related notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2014 and in our quarterly reports on Form 10-Q which are incorporated by reference in this prospectus supplement and the accompanying prospectus.

Synchrony is a holding company for the legal entities that historically conducted GE s North American retail finance business. Synchrony was incorporated in Delaware on September 12, 2003, but prior to April 1, 2013, conducted no business. During the period from April 1, 2013 to September 30, 2013, as part of a regulatory restructuring, substantially all of the assets and operations of GE s North American retail finance business, including the Bank, were transferred to Synchrony. The remaining assets and operations of that business subsequently have been transferred to Synchrony.

We have prepared our historical combined financial statements as if Synchrony had conducted GE s North American retail finance business throughout all relevant periods. Our historical combined financial information and statements include the assets, liabilities and operations of GE s North American retail finance business.

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Condensed Consolidated and Combined Statements of Earnings Information

($ in millions, except per share data)	**Nine Months Ended September 30, 2015**	**2014**	**Years Ended December 31, 2014**	**2013**	**2012**	**2011**	**2010**
Interest income	$ 9,719	$ 8,982	$ 12,242	$ 11,313	$ 10,309	$ 9,141	$ 8,760
Interest expense	834	640	922	742	745	932	1,094
Net interest income	8,885	8,342	11,320	10,571	9,564	8,209	7,666
Retailer share arrangements	(2,004)	(1,877)	(2,575)	(2,373)	(1,984)	(1,428)	(989)
Net interest income, after retailer share arrangements	6,881	6,465	8,745	8,198	7,580	6,781	6,677
Provision for loan losses	2,129	2,120	2,917	3,072	2,565	2,258	3,151
Net interest income, after retailer share arrangements and provision for loan losses	4,752	4,345	5,828	5,126	5,015	4,523	3,526
Other income	305	323	485	500	484	497	481
Other expense	2,394	2,135	2,927	2,484	2,123	2,010	1,978
Earnings before provision for income taxes	2,663	2,533	3,386	3,142	3,376	3,010	2,029
Provision for income taxes	996	955	1,277	1,163	1,257	1,120	760
Net earnings	$ 1,667	$ 1,578	$ 2,109	$ 1,979	$ 2,119	$ 1,890	$ 1,269
Weighted average shares outstanding (in millions)							
Basic	833.8	731.0	757.4	705.3	705.3	705.3	705.3
Diluted	835.4	731.0	757.6	705.3	705.3	705.3	705.3
Earnings per share							
Basic	$ 2.00	$ 2.16	$ 2.78	$ 2.81	$ 3.00	$ 2.68	$ 1.80
Diluted	$ 2.00	$ 2.16	$ 2.78	$ 2.81	$ 3.00	$ 2.68	$ 1.80

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Condensed Consolidated and Combined Statements of Financial Position Information

($ in millions)	At September 30, 2015	At December 31, 2014	2013	2012	2011(1)	2010
Assets:						
Cash and equivalents	$ 12,271	$ 11,828	$ 2,319	$ 1,334	$ 1,187	$ 219
Investment securities	3,596	1,598	236	193	198	116
Loan receivables	63,520	61,286	57,254	52,313	47,741	45,230
Allowance for loan losses	(3,371)	(3,236)	(2,892)	(2,274)	(2,052)	(2,362)
Loan receivables held for sale		332				
Goodwill	949	949	949	936	936	938
Intangible assets, net	646	519	300	255	252	227
Other assets	1,831	2,431	919	705	1,853	4,438
Assets of discontinued operations						1,847
Total assets	$ 79,442	$ 75,707	$ 59,085	$ 53,462	$ 50,115	$ 50,653
Liabilities and Equity:						
Total deposits	$ 40,548	$ 34,955	$ 25,719	$ 18,804	$ 17,832	$ 13,798
Total borrowings	23,881	27,460	24,321	27,815	25,890	30,936
Accrued expenses and other liabilities	2,855	2,814	3,085	2,261	2,065	1,600
Liabilities of discontinued operations						13
Total liabilities	67,284	65,229	53,125	48,880	45,787	46,347
Total equity	12,158	10,478	5,960	4,582	4,328	4,306