

**ALLIANCE DATA SYSTEMS CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**

As adopted by the Nominating & Corporate Governance Committee of the  
Board of Directors on December 10, 2009

**Role of the Board of Directors**

The primary objective of Alliance Data Systems Corporation (the “Company”) is to optimize stockholder value over the long term. The business of the Company is managed under the direction of the Board of Directors (“Board”), which is elected by the stockholders. The basic responsibility of the Board is to exercise its business judgment to act in what each director reasonably believes to be in the best interests of the Company and its stockholders. The Board selects the senior management team, including the Chief Executive Officer, which is responsible for the day-to-day conduct of the Company's business.

**Qualification and Selection of Board Members**

1. *Qualification.* The Board will include at least a majority of directors who meet the criteria for independence established by the New York Stock Exchange and the Sarbanes-Oxley Act of 2002. The Board, or the Nominating & Corporate Governance Committee, will review the requisite skills and characteristics for new Board members. There are no firm prerequisites to qualify as a candidate for the Board, although the Board seeks a diverse group of candidates who possess the background, skill, expertise and time to make a significant contribution to the Board, to the Company and to its stockholders. Final determinations with respect to independence and other qualifications will be made by the full Board.

2. *Orientation/Education.* The Company will conduct an orientation program for new directors. The orientation program will include presentations by senior management with respect to the Company's policies, principal officers, strategic plans, financial reporting, code of ethics, and auditing processes. In addition, the Company requests that each director attend at least one endorsed director education course every two years or the Company may provide in-house training.

3. *Compensation.* Directors who are employees of the Company shall not receive additional compensation for service as a director. The compensation of directors who are not employees of the Company will be periodically reviewed by the Compensation Committee, or such other appropriate committee of the Board.

4. *Board Vacancies.* Although the Company's bylaws allow, but do not require, a Board vacancy to be filled without election until the applicable class of directors is up for election, the Company will require such replacement directors to be put up for election at the next annual meeting of stockholders.

**Board Leadership**

5. *Chairman.* The chairman of the Board will be selected by the Board, and the chairman of each Board committee will be selected by the members of such committee. The Board may also select from among its members a lead director to preside at meetings where the chairman does not preside.

## **Board Structure**

6. *Size of the Board.* The Board will assess its size from time to time. The Board believes that a size of eight is presently best for the Company.

7. *Committees of the Board.* The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating & Corporate Governance Committee. The committees will include independent directors as required under criteria established by the New York Stock Exchange and the Sarbanes-Oxley Act of 2002. The Board may from time to time establish such other standing or special committees, such as an Executive Committee, as necessary or appropriate. Committee members will be appointed by the Board. Consideration will be given to rotating committee members periodically, but rotation will not be mandated as a policy. Each committee will have its own charter. The charter will set forth the purpose of the committee as well as qualifications for committee membership. The chairman of each committee will determine the frequency and length of committee meetings and will develop the committee's agenda for each meeting.

8. *Director Time Commitments.* Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with his or her service as a director. Directors will advise the chairman of the Board in advance of accepting an invitation to serve on another public company board. In addition, no Board member may serve on more than four other public company boards.

9. *Term Limits.* The Board does not have term limits. Such limits may cause the Board to lose the contribution of directors who have been able to develop, over a period of time, increasing insight into the Company. As an alternative to term limits, the Board, or an appropriate committee of the Board, will review each director's continuation on the Board every three years. The mandatory retirement age from service on the Board is 72 years.

10. *Resignation.* Upon a significant job change, a director will submit for consideration by the Board a letter of resignation.

## **Board Processes**

11. *Agenda and Meetings; Board Information.* The Board has regularly scheduled meetings. In addition, special meetings may be called from time to time as appropriate. The chairman will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of items on the agenda and may raise at any Board meeting subjects that are not on the agenda for that meeting. Any Board member may invite guest attendees to any Board meeting for the purpose of making presentations, responding to questions, or providing counsel on specific matters within their areas of expertise.

Directors are expected to attend Board meetings and meetings of committees on which they serve and to spend the time needed to prepare for meetings. Information relating to the business to be conducted at a Board or committee meeting should generally be distributed to the directors early enough to properly prepare for the meeting. Proprietary or otherwise sensitive materials may be reserved for distribution at the meeting.

12. *Strategic Planning.* The Board will review the Company's long-term strategic plan during at least one Board meeting each year.

13. *Chief Executive Officer Evaluation.* The performance of the Chief Executive Officer will be reviewed by the Board at least annually. Such review will consider recommendations from the

Compensation Committee with respect to long- and short-term compensation goals and performance of the Chief Executive Officer.

14. *Management Succession.* The Chief Executive Officer will report annually to the Board on the Company's program for talent management and succession planning. The Chief Executive Officer should make available to the Board his or her recommendations and evaluations of potential successors.

15. *Access to Management.* Directors have full access to executive officers of the Company. Each director will use his or her judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate under the circumstances, coordinate any such contact with the Chief Executive Officer. The Board encourages management to include, from time to time, key managers in Board meetings who can share their expertise with respect to matters before the Board. This also enables the Board to gain exposure to key managers with future potential in the Company.

16. *Board Interaction with Company Constituencies and the Public.* Communications about the Company with the press, media and other constituencies should be made by management. Individual Board members may, from time to time, at the request of the Chief Executive Officer, meet or otherwise communicate with various constituencies of the Company.

17. *Executive Sessions.* The Lead Director will periodically lead the non-management directors in executive session as a part of regularly scheduled Board meetings. Such sessions may include discussions of the performance of the Chief Executive Officer, other members of senior management, and management succession planning.

18. *Board Evaluation.* The Board will conduct an annual self-evaluation of its performance, to include, as appropriate, evaluation of individual Board members.