

ALLIANCE DATA SYSTEMS CORPORATION

COMPENSATION COMMITTEE CHARTER

Revised as of December 10, 2009

Function

The Compensation Committee is a Committee of the Board of Directors (the “Board”) of Alliance Data Systems Corporation (the “Company”). Its primary function is to oversee matters relating to executive compensation and benefit plans of the Company. The Compensation Committee may invite to its meetings any member of management, including the Chief Executive Officer (“CEO”), and such other persons as it deems appropriate in order to carry out its duties and responsibilities.

Responsibilities

In meeting its responsibilities, the Compensation Committee shall:

- Recommend for approval matters to be decided by the Board.
- Prepare annually a report of the Compensation Committee for inclusion in the Company’s annual proxy statement. The report shall include information required by the Securities and Exchange Commission and the New York Stock Exchange Listed Company Manual.
- Review and discuss with management the Compensation Discussion and Analysis to be included in the Company’s annual proxy statement.
- Recommend to the Board whether the Compensation Discussion and Analysis should be filed in the Company’s annual proxy statement.
- Approve the basis for compensation and compensation policies applicable to members of the Company’s Executive management.
- Review and approve corporate goals and objectives relevant to compensation of the CEO, evaluate the CEO’s performance in light of such goals, and recommend to the Board for approval the CEO’s compensation level based on such evaluation.
- Review and approve the Company’s compensation philosophy, programs and plans for associates.
- Approve grants and vesting of restricted stock and restricted stock units to associates other than Section 16 officers.
- Approve technical amendments to the Company’s long-term equity incentive plans.
- Review and approve the Company’s succession plan for key associates.

- Carry out all responsibilities of the Compensation Committee as described under the Company’s 401(k) and Retirement Savings Plan, as amended (“401(k) Plan”), and all other compensation, benefit, health and welfare plans now in effect and as later amended (collectively referred to as the “Other Plans”), including the delegation of authority to one or more sub-committees as the Compensation Committee deems appropriate, such sub-committees to include the Investment and Benefits Administration Committees provided for under the terms of the 401(k) Plan and such other sub-committees as may be provided for under the 401(k) Plan or under the Other Plans or such other sub-committees as the Compensation Committee deems appropriate.
- Periodically review director compensation practices in relation to comparable companies, and recommend to the Board, as appropriate, revisions to director compensation practices.
- Report Compensation Committee actions to the Board with such recommendations as the Compensation Committee may deem appropriate.
- Review the Compensation Committee’s charter annually and update when appropriate.
- Evaluate the performance of the Compensation Committee at least annually.
- Meet at least once a year or more frequently as circumstances require. The Compensation Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.
- Retain consultants as necessary to advise it with respect to the Company’s salary and incentive compensation benefits.
- Minutes of each meeting are to be prepared and sent to Compensation Committee members and the Company’s directors who are not members of the Compensation Committee. If the secretary or assistant secretary of the Company has not taken the minutes, they should be sent to him or her for permanent filing.

Membership

The membership of the Compensation Committee shall consist of at least two independent members of the Board who shall serve at the pleasure of the Board.

The duties and responsibilities of a member of the Compensation Committee are in addition to those duties set out for a member of the Board.

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for the directors of the Company or members of the Compensation Committee. The purposes and responsibilities outlined in this Charter are meant to serve as guidelines rather than as inflexible rules, and the Compensation Committee is encouraged to adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.