

**ALLIANCE DATA SYSTEMS CORPORATION**  
**CORPORATE GOVERNANCE GUIDELINES**  
As adopted by the Board of Directors on December 8, 2015

**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 (the “*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 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. The Board will annually review and determine the independence and qualifications of each director. In making its determination, the Board will carefully consider all facts and circumstances it deems relevant to the determination. Board members have an affirmative obligation to promptly inform the General Counsel of changes in their circumstances or any transactions or relationships that may impact their designation by the Board as “independent.”

Directors may be nominated by the Board or by stockholders in accordance with the Company’s Bylaws. 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 group of candidates who possess the requisite background, skill, expertise and time, as well as, where appropriate, diversity with respect to race/ethnicity and gender, 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, key employees, strategic plans, financial reporting, code of ethics, and auditing processes. In addition, the Company requests that each director attend endorsed director education courses as appropriate or any in-house training that the Company may provide.

3. *Director 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.

## **Board Leadership**

4. *Selection of Chairman and Chief Executive Officer.* The Board believes that whether to have the same person occupy the offices of chairman of the Board and Chief Executive Officer should be decided by the Board from time to time, in its business judgment after considering relevant circumstances. The Board currently believes having a non-executive chairman is the best practice. The chairman of the Board will be selected by the Board. The chairman of each Board committee will be selected by the Board. The Board may also select from among its members a lead director to preside at meetings where the chairman does not preside.

## **Board Structure**

5. *Size of the Board.* The Board will determine the appropriate size of the Board from time to time within the requirements set forth in the Company's Certificate of Incorporation and Bylaws.

6. *Committees of the Board.* The Board will at all times have an Audit Committee, a Compensation Committee, and a Nominating & Corporate Governance Committee. Each committee member must satisfy the membership requirements set forth in the relevant committee charter. The Board may from time to time establish such other standing or special committees, such as the Executive Committee, or remove existing committees 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. Any proposed changes to any committee charter shall be recommended to the Board for approval. The chairman of each committee will determine the frequency and length of committee meetings and will develop the committee's agenda for each meeting.

7. *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.

8. *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 evaluate the qualifications and performance of each incumbent director before recommending the nomination of that director for an additional term. The mandatory retirement age from service on the Board is age 75; provided, however, that upon attaining the age of 75, a director may continue to serve until the annual meeting of stockholders at which such director's term is set to expire; and, provided further, that if the Board determines that it is in the best interests of the Company and its stockholders, the Board, or an appropriate committee of the Board, may nominate a director for re-election who has already attained the age of 75.

9. *Change in Status.* When a director's principal occupation or business association changes substantially during his or her tenure as a director, the director shall tender his or her resignation for consideration by the Nominating & Corporate Governance Committee. The Nominating & Corporate Governance Committee will recommend to the Board the action, if any, to be taken with respect to the resignation.

### **Board Processes; Director Responsibilities**

10. *Agenda and Meetings; Board Information.* The Board will hold 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. Directors are expected to attend the Company's annual stockholder meeting.

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

12. *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.

13. *Management Succession.* The Chief Executive Officer, or his designee, 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.

14. *Access to Management and Advisors.* Directors shall have full access to executive officers of the Company as needed to fulfill their oversight responsibilities. 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.

The Board and each committee may retain financial, legal or other independent advisors, at the Company's expense, as the Board or such committee deems necessary and appropriate and as provided in each such committee's charter.

15. *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 on behalf of the Company.

16. *Executive Sessions.* The non-management directors shall meet 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.

17. *Annual Performance Evaluations.* The Board and its committees will conduct an annual self-evaluation of their performance, to include, as appropriate, evaluation of individual Board members to determine whether the Board and its committees are functioning effectively.

18. *Stockholder Communications with the Board.* Stockholders may send communications to the Board or any individual director by forwarding such communications to the Company's corporate secretary. Communications should be addressed to Corporate Secretary, Alliance Data Systems Corporation, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024. All communications will be compiled by the office of the corporate secretary.

19. *Policy Against Tax Gross Up Arrangements.* The Company shall not enter into any contract, agreement or arrangement with an executive officer of the Company that obligates the Company to pay directly or reimburse such executive officer for any portion of the executive officer's individual tax liability for benefits provided by the Company (a "*tax gross-up benefit*"); provided, however, that this policy shall not prohibit any tax gross-up benefit provided pursuant to (a) contracts, agreements or arrangements existing as of February 2, 2015 (the effective date of this policy); (b) contracts, agreements or arrangements assumed by the Company in connection with acquisitions; or (c) plans, policies or arrangements applicable to Company employees generally.