

Alliance Data
NYSE: ADS



**Third Quarter
Results**
October 22, 2008

Agenda

- Company Highlights
- Full Year Outlook
- Financial Review
- Questions and Answers

3rd Quarter Highlights

Alliance Data Delivers Above Guidance

30th Consecutive Quarter of Meeting or Exceeding Guidance

Revenue	\$511 Million	Up 4%
Operating EBITDA	\$185 Million	Up 4%
Adjusted EBITDA	\$170 Million	Up 1%
Cash EPS	\$1.22	Up 15%

3rd Quarter Highlights

Loyalty Services Delivers Tremendous Quarter In Both Revenue and Adjusted EBITDA Growth

- Hilton® Added As A New Sponsor
 - Collectors Can Earn Miles at 3,000 Global Locations
- Double-Digit Growth in Miles Issued and Redeemed
 - Speaks To The Dynamics of the Program
- Network Effect of Coalition Continues to Fuel Growth
- Resilient in a Recession
 - High frequency, non-discretionary spend
 - Consumers' desire for more value

3rd Quarter Highlights

Epsilon Marketing Services Posts Huge Surge in Adjusted EBITDA

- Recent Survey of Marketing Executives
 - Increase Spend In Interactive/Digital While 60% Decrease In Traditional Advertising
 - Study Reveals Reliance On Analytics, CRM Techniques And Other Measurable Marketing Strategies For New Customer Acquisition
- Clients Realizing Measurable ROI On Transaction-based Marketing Programs
 - Citi's ThankYou Network[®] Program Reduces Attrition by 50%
- Secured New Clients And Further Expansion In New Segments
 - Commerce Bank—Full Suite of Direct Market Services for Retail Bank
 - Beech-Nut Nutrition—Integrated Marketing Services for Leader In Baby Nutrition

3rd Quarter Highlights

Record New Program Signings for Private Label Services and Credit

- Added New Clients
 - Orchard Brands—A Leading Multi-channel Retailer
 - Southern Pipe and Supply Company—Commercial Card Program For One of the Nation's Largest Privately Held Wholesaler
 - Bealls Department Stores—Services for Its Multi-channel Operations
- Expanded Relationships With Key Clients
 - Gander Mountain—Private Label Program and Database Marketing
 - Ann Taylor—Co-brand Program
- Bright Spots In An Otherwise Tough Retail Environment
 - Private Label Provides Sustainable and Predictable Sales
 - Despite Decline In Traffic, Increase In Retailers' Sales Attributed to Loyal Customers

Full Year Outlook

Raising Guidance to \$4.40 Cash EPS Represents 13% Growth For The Year

- Loyalty Services Continues to Run Well Ahead of Plan
- Epsilon On Track For Another Strong Year
- Toughest Comps for Private Label Ease in 4th Quarter
- Double-digit Free Cash Flow Generation
- Repurchase Program Timely and Effective

3rd Quarter Consolidated Results

(\$MM, Except per Share)

	<u>3Q 2008</u>	<u>Growth</u>
Revenue	\$511	4%
Operating EBITDA	\$185	4%
Adjusted EBITDA	\$170	1%
Cash Earnings per Share	\$1.22	15%

3rd Quarter Segment Results

(\$MM)	<u>Revenue</u>	<u>Year Over</u> <u>Year</u>	<u>Adjusted</u> <u>EBITDA</u>	<u>Year Over</u> <u>Year</u>
Loyalty Services	\$188	25%	\$49	38%
Epsilon Marketing	\$131	6%	\$40	9%
Private Label Svcs	\$ 95	2%	\$31	26%
Private Label Credit	\$182	(12%)	\$60	(33%)

Balance Sheet

(\$MM)

As of September 30, 2008

Cash and Cash Equivalents	\$378
Redemption Settlement Assets (Trust Cash)	644
Total Assets	\$4,194

Deferred Revenue	\$1,142
CD's	346
Core Debt	1,598
Total Liabilities	\$3,682

Stockholders' Equity	\$512
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Key Metric:

- Net Core Debt / LTM Op. EBITDA (Op. Cash Flow) approx. 1.7x

2008 Guidance

Full Year
(\$MM)

• Revenues	\$2,050
• Op. EBITDA	\$ 700
• Adjusted EBITDA	\$ 660
• Cash EPS	\$4.40 ↑ 13%

- Cash EPS increased from \$4.35 to \$4.40
 - All metrics reflect impacts of
 - Q4 F/X
 - Liquidity “insurance”
 - I/O impact
- } (\$61MM) REVS/(\$34MM) Adjusted EBITDA

2009 Guidance

Full-Year
(\$MM)

BASE

- Loyalty 18%/20% revs/EBITDA
- Epsilon 8%/13% revs/EBITDA
- Private Label 12%/12% revs EBITDA
- Corporate O/H – Flat

ADJUSTMENTS TO BASE

- F/X (↓ 10¢)
- Funding/liquidity “insurance”
- Credit losses (100bps)

REVS

\$2,300

(\$80)

(\$25)

(\$44)

(\$150)

\$2,150

Adjusted EBITDA

\$770

(\$20)

(\$25)

(\$44)

(\$90)

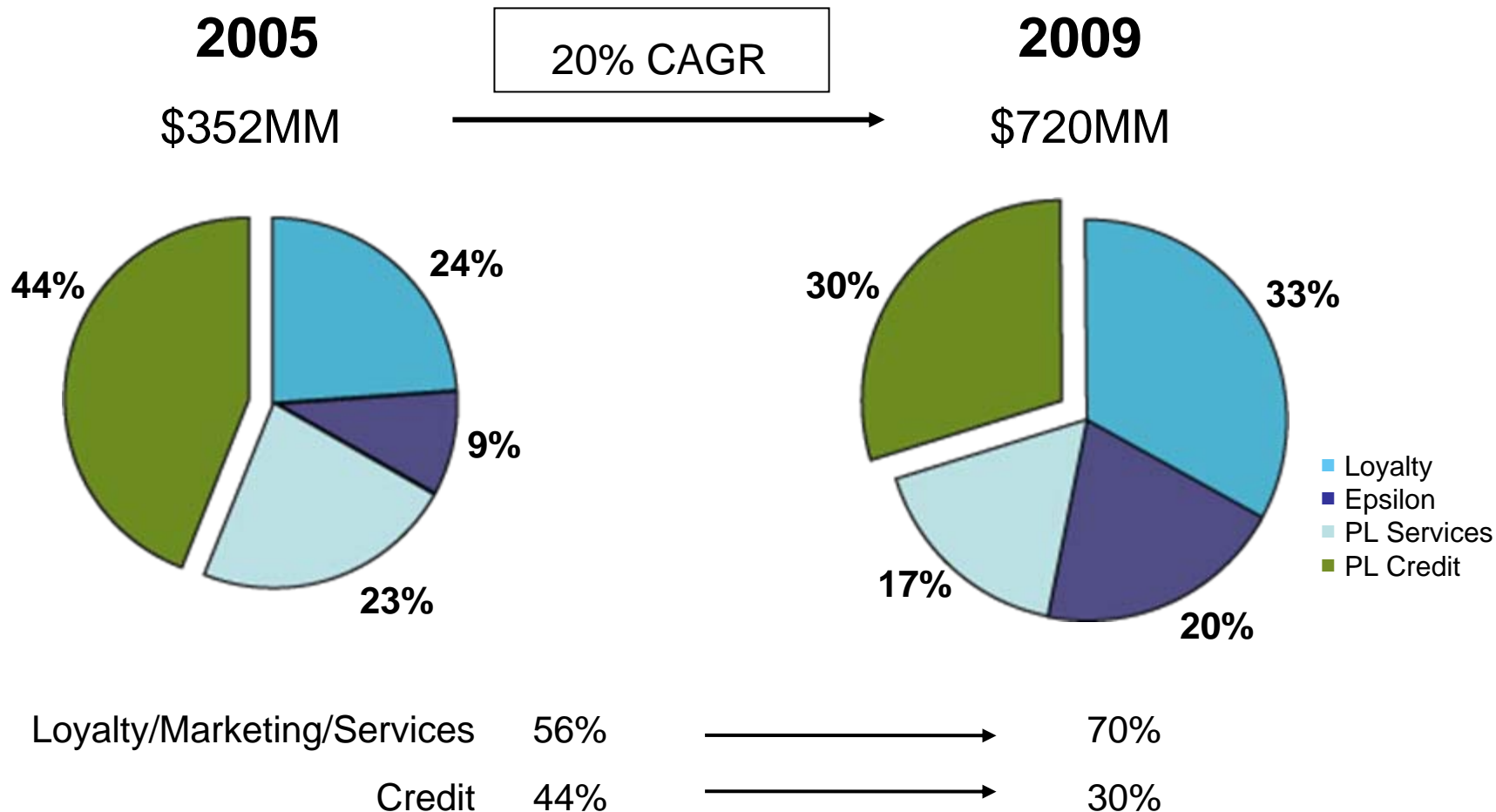
\$680

2009 Guidance

2009 Guidance

- Revenues: \$2,150MM
- Op. EBITDA: \$ 720MM
- Adjusted EBITDA: \$ 680MM
- Cash EPS: \$5.15 - \$5.20 ↑ 17% – 18 %

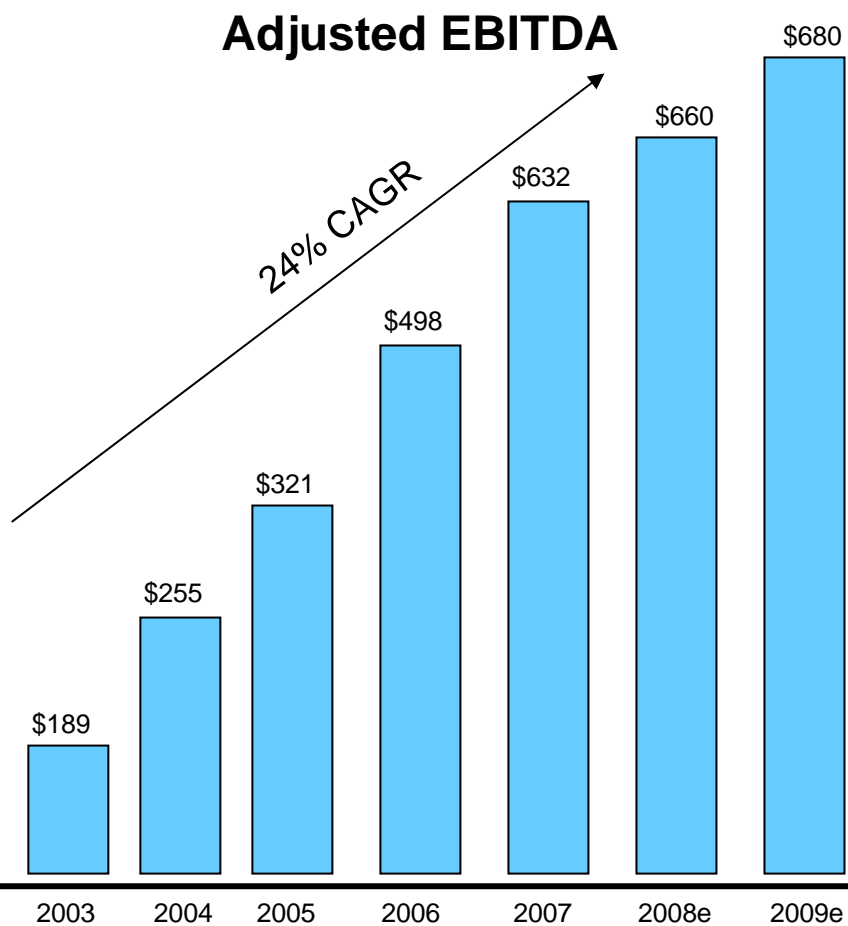
Growth & Shift In Operating EBITDA (Op. Cash Flow)



2003-2009e

(in \$MM, except per share)

Adjusted EBITDA



Cash EPS

