

Caring for Our Communities



About Alliance Data Systems

Alliance Data Systems is a leading provider of electronic transaction services, credit services, and loyalty and database marketing services. Based in Dallas, Texas, Alliance manages nearly 74 million consumer accounts and processes nearly two billion transactions annually. The company employs over 5,000 associates at more than 20 locations in the United States, Canada and New Zealand.



Wherever Alliance Data Systems operates, our focus goes beyond simply conducting business and striving to be an employer of choice. For us, being part of the community is also a matter of responsibility. With more than 5,000 associates in over 20 locations, we are

all deeply committed to making our communities better places to work and live.

At a corporate level, we are proud to support United Way in all of our U.S. locations.

In Canada, we are national sponsors of both Special Olympics and the Muscular Dystrophy Association. However, these partnerships represent only a fraction of the community work being undertaken. Alliance associates are involved in literally hundreds of community service activities: improving the lives of the disadvantaged; enhancing educational opportunities for youngsters; supporting research to cure dreaded diseases; and pitching in to strengthen families and build community connections.

Beyond what they accomplish as teams or facilities, many Alliance associates also volunteer on their own to make a positive difference. Regardless of the cause, they are energetic, creative and compassionate in doing what is needed.

Why do we make it our business to get so involved? Because the people, schools and organizations that benefit from these efforts include our families, neighbors, friends and fellow citizens.

The associates who give so generously of their time, talents and resources are an inspiration. This report recognizes their extraordinary efforts in helping tens of thousands of people around the world, and it reflects the quality of people who make up the Alliance Data Systems team.

A handwritten signature in black ink, appearing to read "Mike Parks".

Mike Parks
Chairman and CEO



A Sound Foundation for the Next Generation

The shortage of qualified workers is reaching crisis proportions in many industries. Some students are graduating high school with marginal math and reading abilities at a time when businesses require ever-increasing skill levels. Others entering the workforce may have excellent academic or technical backgrounds, but often lack the maturity and general business acumen necessary in today's workplaces. This is why Alliance Data Systems is taking a leading role in helping work-age students make successful transitions from the educational system to the business world.

One of the most innovative ventures is occurring in Westerville, Ohio, where Alliance is partnering with the school district in an exploratory course for high school juniors and seniors. The course helps prepare students for the professional workplace by covering the fundamental principles, language and practices of business and management. It simultaneously strengthens their basic reading, writing, math and communication skills. And, the course focuses on developing personal characteristics, attitudes, skills and habits that will enhance their success in the world of work. Alliance helped develop the curriculum, subsidizes the teacher's salary and provides on-site classroom space.

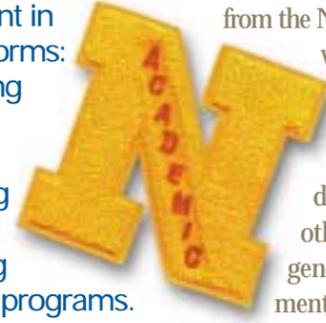
In the Dallas area, Alliance provides internships for developmentally challenged students. Besides gaining such practical skills as how to use presentation and spreadsheet software, the interns become more confident and assertive, improve their interpersonal relationships, and even learn time-management skills.

New technologies are raising the basic skills bar for today's workforce. So, by necessity, businesses are getting more involved in preparing the next generation of workers. Alliance and its associates are dedicated to helping students achieve their potential while grooming them to be productive members of society. This involvement in education takes many forms: teaching classes, tutoring students, helping with homework, supplying technology, contributing school supplies, providing career mentoring and creating internship programs. After all, these young people will make their own mark on our communities in the coming years.

Ensuring a well-equipped workforce

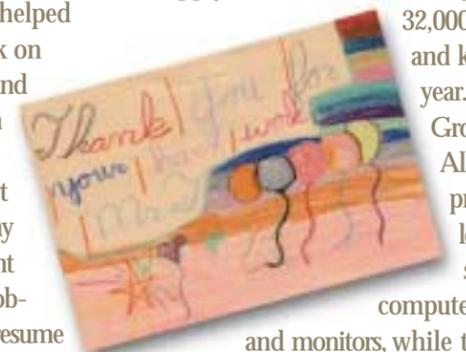
Collaborating with local high schools, Alliance creates a valuable bridge between the classroom and workplace – and helps students earn while they learn and grow. The Gahanna, Ohio facility is involved in three such programs. Through the PC Internship program Alliance helped pioneer, students learn to work on personal computers (assemble and rebuild, load software, etc.), then work at Alliance as on-site technicians. The Career Passport program helps students who may not go to college explore different career paths and gain practical job-seeking skills, such as writing a resume and interviewing. Alliance also offers internships aligned with the career interests of very motivated, high-performing students through the Gahanna High School LINC internship program. In Westerville, Alliance provides flexible, part-time jobs for high school band members to pay off their band fees, trips and other expenses. Many ultimately become full-fledged Alliance associates.

One mind at a time
Some students require extra help – or simply caring attention – to succeed in school and in life. In Columbus, Ohio, 39 associates who participate in “Special Friends Mentoring” spend time with at-risk elementary school children for an hour every week. Volunteers from the Northglenn, Colo., office work one-on-one all year with high school students who have difficulty reading. Many other Alliance associates generously devote time to mentor or read to children.



From sharp pencils to sharp minds

To ensure that local youngsters have the basic school supplies they need, Alliance participates in school supply drives in several communities. For example, the Lenexa, Kan., facility conducted a back-to-school drive for inner-city children that netted more than 4,000 school items. In Dallas, Alliance sponsors a school supply drive that is attended by more than 32,000 parents and kids each year. In Buffalo Grove, Ill., Alliance has provided a local high school with computer keyboards and monitors, while the Johnson City, Tenn., office contributed computers to an area elementary school. Other educational efforts include sponsoring academic programs, providing scholarships, introducing students to career opportunities, and sharing business skills through Junior Achievement programs.



From the unsung efforts of individual volunteers to ambitious company-sponsored projects, Alliance Data Systems plays a vital role in its communities. Many associates make a positive impact – whether on an individual, a family or a neighborhood. They build and refurbish homes, energetically support United Way campaigns, enable people with disabilities to participate more fully in society, and lift the spirits of the vulnerable and forgotten. Alliance associates selflessly invest their time, talents, compassion and resources to make their communities better places to live.



Building hope

Regardless of their Alliance jobs, many associates are pros when it comes to building, repairing or beautifying homes and community organization facilities. Several Alliance offices schedule these “constructive” activities at least once a year. All four of the Columbus-area facilities participated in “Christmas in April” rehabilitation projects benefiting United Way agencies or their clients.

For example, the Columbus, Westerville and Reynoldsburg facilities teamed up to complete



nearly \$12,000 worth of repairs on one home. Legions of volunteers painted, cleaned, tackled yard work and performed other maintenance. Volunteers in Gahanna worked the same magic for an elderly, disabled person whose home had fallen into disrepair.

As part of “Day of Caring” activities, Alliance’s Columbus-area management staff undertakes projects to upgrade, renovate and refresh public buildings. In one instance, they completed repairs, painted and cleaned up the grounds of a nonprofit camp. Associates from all four facilities have also demonstrated their ability to band together and build a home from the ground up. Through Habitat for Humanity, they built a home for a family of four, and contributed another \$9,000 to the cause.

Comfort in crisis

A number of service activities focus on the most vulnerable members of Alliance’s communities. Voorhees, N.J., associates initiated a project to help the local police department provide teddy bears to comfort children removed from abusive homes, or who experience other traumatic situations. Associates collect cash donations, sell candy bars and help secure the teddy bears. In Dallas, associates help with fund-raising activities for a local organization that supports victims of domestic abuse.



the funds or manpower to improve their own facilities. All good reasons why Alliance associates in Lenexa come out in force every year for United Way Day of Caring – many making it a family project.

Their efforts can involve individual homes or community centers. For example, at SafeHome, a shelter for battered women and children, Alliance volunteers painted the offices, restroom and laundry inside; outside they cleaned up the yard, removed brush, weeded the beds and planted flowers. The Economic Opportunity Foundation, a community action agency that helps low-income residents become self-sufficient and operates the county’s Head Start programs, benefited from a fresh paint job inside and out, too.

Alliance paid for paint, cleaning supplies, lunch and beverages. But credit for all the organizing, elbow grease and good spirits goes to the company’s associates. An advance team first identified the tasks to be done, then all participants met to divide up duties according to interests and capabilities. At the end of the day, the smiles of participants and recipients alike reflected the bright, shiny results.

Strengthening Families, Building Community



"Let me win. But if I cannot win, let me be brave in the attempt." The Special Olympics oath speaks volumes – not only about athletic competition, but also about work and life. Internationally, more than one million children and adults with mental retardation benefit from this program of year-round sports training and athletic competition.

Creating Vital Connections

In Canada, Special Olympics is sponsored nationally by The Loyalty Group, an operating division of Alliance Data Systems. The Loyalty Group manages the popular AIR MILES® Reward Program in Canada, which allows members to earn travel and other rewards for everyday purchases. Each year, The Loyalty Group donates 325,000 reward miles, enabling Special Olympics athletes, teams and coaches to fly to training camps and games throughout Canada and internationally.

The Loyalty Group also sponsors the Special Olympics Sport Celebrity Festival fund raisers nationally, hosting events, contributing additional AIR MILES and securing trip packages for prizes and silent auction bid items. Their annual golf tournament in Toronto brings in another \$25,000 each year.

Besides donating the reward miles, which assisted 358 individuals this past year, The Loyalty Group helps coordinate travel for the athletes. Associates also volunteer at local games, work with the Sport Celebrity Festival, or process telethon contributions of reward miles.

And, with The Loyalty Group's help and creativity, sponsors that issue miles are starting to get involved directly with Special Olympics. For example, Safeway, Inc. sought a local connection between its supermarkets and the community, and The Loyalty Group helped them establish a mutually beneficial sponsorship.



Relieving loneliness

The elderly, disabled or convalescing residents of nursing homes are often lonely and isolated from the rest of the community. Caring Alliance associates in several locations help make sure these people are not forgotten. In Voorhees, Alliance purchased the supplies, and volunteers donated their time, to make winter decorations for the Stratford Nursing Convalescence Center. Associates who delivered these decorations saw in the residents' faces how thankful they were for the time spent.

Associates from one Dallas office host a Valentine's Day party each year for residents of a nearby nursing home, providing table decorations and delivering valentines from Alliance associates. The Gahanna facility has "adopted" the Broadview Health Care facility. For the past several years, associates have participated in activities twice each month at Broadview: playing bingo, polishing the ladies' fingernails, doing crafts, sponsoring holiday events and visiting one-on-one with residents.

Civic-minded support

Alliance and its associates participate in a broad spectrum of family-oriented, cultural and environmental activities that strengthen community bonds at many levels.



For example, in Westerville, Alliance sponsors several local sports teams, including a girls' softball team and the world-traveling Blendon-Westerville Little League team. Since 1996, the office has also sponsored an annual country music show, with proceeds benefiting the Columbus Firefighters Museum and Learning Center.



In Northglenn, a Denver suburb, Alliance shares the community's concerns about pollution and traffic. So the company champions "Rush Hour Relief," a local government program that seeks to reduce the number of people who drive to work by encouraging workers to walk, ride their bikes or carpool instead. Each year, Northglenn associates also participate in "Ride Your Bike to Work Day."

Caring for kids

In Auckland, New Zealand, Alliance contributes to The Spirit of Adventure Trust, through which groups of disadvantaged children and teenagers are taken out to sea on a tall-rig sailing ship for up to 10 days. During this time, they acquire skills in leadership and communication, while gaining greater self-confidence. Columbus-area associates have participated for several years in "Bowl for Kids' Sake," a daylong fund raiser for the Big Brothers Big Sisters Association. This year, Alliance sponsored a bowling lane, and teams of bowlers collected pledges for every pin they knocked down. More than 75 associates volunteered or bowled to support mentoring programs benefiting more than 2,500 area children.



Lifting Burdens for the Less Fortunate

Hearing about local children who go hungry during the summer was too much to bear for Alliance Data Systems associates in the Columbus area. Before an eye-opening presentation about Operation Feed, they hadn't realized the

hardship faced by many families in their community simply to put food on the table. Many of them parents themselves, they decided on the spot rally all four Columbus-area Alliance

facilities to support this annual spring community-wide food drive.

Food collected through Operation Feed is distributed to 185 food pantries, soup kitchens and emergency shelters in six central Ohio counties. Together, the four facilities donated 4,500 meals and made a substantial cash gift.

The Reynoldsburg facility was especially imaginative in spurring donations. Its four departments competed to bring in the most food and cash contributions. A key

motivator was a "Kiss the Goat" contest. Once the donations were tallied, the manager of the winning department had to kiss a young goat brought in by an associate who raises them. Another good sport, a well-known project manager, also honored his promise to dye his hair any color chosen by the winning team. Pink it was.

At the end of Operation Feed, an Alliance truck gathered all of the contributions collected from the four facilities and participated in the citywide "Food Parade" to the Mid-Ohio Food Bank, which was broadcast live on local television.

Even in times of widespread prosperity, there are people in all communities who fall on hard times. Families who find themselves on the street due to the loss of employment or devastating medical bills. The frail elderly and disabled living on meager incomes. Alliance associates respond in force to the needs of their fellow citizens struggling in crisis or in poverty. Helping the less fortunate is a primary focus of their energies, evidenced by countless drives to collect food, warm clothing, blankets, toys and other necessities. These energetic and good-hearted individuals set a high standard through their many acts of kindness.

In some cases, Alliance facilities participate in highly visible, organized community programs; in other cases, individual associates may identify an unmet need or take up a cause and generate an outpouring of assistance. For example, San Antonio, Texas, associates regularly mobilize in times of natural disaster. They raise funds for victims of hurricanes, tornadoes, floods and wildfires, sending their contributions to the American Red Cross for distribution.

Holiday cheer

Many Alliance families approach the holidays mindful of those who go without basic necessities, much less seasonal niceties. The thought of children who might otherwise receive nothing prompts an avalanche of "adopt-a-family" activities, buying gifts specified on local "angel trees," and strong responses to toy drives. For example, each department within Alliance's Westerville facility sponsors a certain number of

children in need. Associates hold fund-raising events for "their kids," and buy the presents off their holiday wish lists. Supervisors pack food for holiday dinners, toys for the youngsters, and other gifts for the families.

Food for thought

From North America to New Zealand, food drives are one of the most prevalent Alliance community activities. Many facilities conduct annual drives prior to Thanksgiving and Christmas, while others remember their less fortunate neighbors all through the year. Alliance associates partner with area food pantries, church-based programs, shelters



and grassroots organizations to help provide adults and children with nutritious meals.



Warming hearts

Particularly when bitter winds

begin to blow, associates reveal their concern for the homeless and less privileged, generously donating new and used coats, winter clothes and blankets. Several facilities also hold clothing drives for area shelters throughout the year, such as one drive in Lenexa where associates collected 10 vanloads of clothing. In addition, Lenexa associates conduct annual drives to collect personal hygiene products, books and other items as they learn of needs.



Women aren't the only ones who suffer with breast cancer. Their pain, as well as their battles to survive, are endured by children, husbands, family members, friends and co-workers. Considering that a woman is diagnosed with this life-threatening disease every three minutes, it's not surprising that Alliance Data Systems associates have made it their business to make a difference. That's why many have united in the fight to advance breast cancer research, education, screening and treatment.

Taking a Healthy Interest



Facilities in Dallas, Lenexa, Voorhees and Gahanna sponsor activities benefiting the Susan G. Komen Breast Cancer Foundation. Groups of associates run, walk, raise funds or volunteer in "Race for the Cure" events held across the country, often with additional company support.

As an example, the Alliance facility in Lenexa is a Bronze-level sponsor of the Kansas City Race for the Cure. To raise funds for their contribution, associates have devised such creative fund raisers as a lunch cookout, pink carnation sale, "Build Your own Sundae" event, and a silent auction featuring handmade crafts and other donated items.

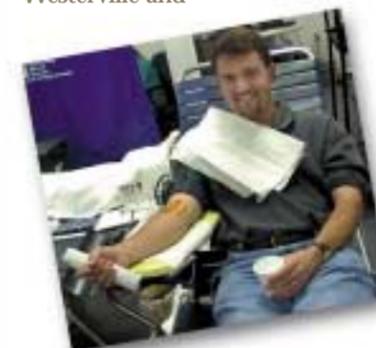
For several weeks prior to the actual race, they also create a Race for the Cure wall in the cafeteria. Displayed on the wall are cards reading "In Memory of..." or "In Celebration of..." completed by associates to honor an individual who inspires them. Not only do the cards show support, but they enhance trust and communication among coworkers.



When it's a matter of health, Alliance associates clearly have hearts of gold. They're tireless in their efforts to fight devastating disease and alleviate the pain of others. They go to great lengths supporting research and organizations that help prevent, treat and ultimately find cures for many illnesses.

A vital force

Many associates make generous – and essential – donations of blood to ensure that a safe supply is available to save precious lives. At least five Alliance facilities participate in regular blood drives. In Dallas and San Antonio, Westerville and



Northglenn, associates roll up their sleeves four times a year during on-site drives; twice a year in Columbus. At a recent drive in Lenexa, associates donated a total of 76 pints, and even more volunteered. In San Antonio, associates also volunteer as bone marrow donors.

Whether opening up their wallets, walking with heads held high in marches and races, or lining up to donate blood, Alliance associates are determined advocates for health-related causes. They help shine the spotlight on birth defects, breast cancer, AIDS and muscular dystrophy, and demonstrate compassion for families coping with serious illness.

Walking the talk

For example, associates at The Loyalty Group participate in annual AIDS walks in both Toronto and Calgary to fund AIDS research. The Toronto team was honored for raising more than \$35,000 in the last AIDSWalk. The Loyalty Group is also a national sponsor of the Muscular Dystrophy Association in Canada, donating nearly 300,000 reward miles each year to transport patients and their families for assessment and treatment. Approximately 200 individuals benefited in the past year.



Both the San Antonio and Lenexa facilities actively support the March of Dimes in its work to prevent birth defects, culminating in the annual WalkAmerica event. In fact, the Lenexa team earned recognition as one of the Top 10 Kansas City businesses for donations over the last three years. Lenexa associates teamed to raise more than \$11,500 during the last campaign.

Easing pain

Associates at both the Dallas and Voorhees facilities reach out to hospital patients and their families. In Dallas, supervisor teams periodically go to the Ronald McDonald House and prepare a meal or bring desserts for families whose children are critically ill. Voorhees associates also support a local hospital that specializes in heart and lung care by conducting weekly pretzel sales and making other contributions.



Values in Action

Like many companies, Alliance Data Systems has a clearly defined corporate Mission and Vision. To guide our associates in achieving them, we operate under a set of core Values – seven principles that define what we stand for.

Community involvement is a value we obviously take to heart, both as a corporation honored to have a presence in dozens of communities, and as a team of over 5,000 associates. Yet it's how we undertake this community involvement that underscores our commitment to *all* of the Alliance Values.

In many of our community efforts, we **work together** to achieve shared goals, often in teams that transcend departments and even facilities.

Such unity requires clear and frequent **communication** in which ideas, opinions and feedback are openly shared among associates, regardless of title or responsibilities.

Hand-in-hand we focus on **building relationships**, both within and outside the corporation – relationships based on trust, mutual respect and common objectives.

Fueling our efforts is a healthy dose of **creativity and innovation**, as evidenced by the many instances in which we go beyond the call of duty to achieve exemplary results in our community involvement.

Teaching and learning is a natural outgrowth of this process. And while we extend our knowledge and skills to others through community involvement, we're just as likely to learn about ourselves as well.

Having fun injects energy and enthusiasm into supporting serious causes – and good humor becomes a tonic of its own. In the end, recognition of achievements and celebrations of success leave behind memories that are as lasting as the accomplishment itself.

At Alliance Data Systems, service to community reflects our Values in action – making a positive impact through meaningful efforts.



Mission

To create exceptional value by initiating, building and keeping profitable customer relationships through innovative marketing, information and business solutions.

Vision

Alliance Data Systems will lead the marketing revolution in managing value-driven customer relationships.

Values

- Work Together
- Build Trusting Relationships
- Communicate Openly
- Innovate and Create
- Teach and Learn
- Participate in our Communities and Industries
- Have Fun!

