

Alliance Data Systems Acquires Frequency Marketing, Inc.



February 13, 2002 – DALLAS, TX. Alliance Data Systems Corp. today announced it had acquired Frequency Marketing, Inc. (FMI), a leading provider of loyalty marketing services and technology based in Cincinnati, Ohio. FMI is a 20-year-old firm that specializes in the design and operation of loyalty marketing programs for Fortune 500 companies. Terms of the agreement were undisclosed.

FMI will operate as a unit of Alliance Data Systems under the direction of FMI's founder and CEO Richard G. Barlow. When announcing the sale, Barlow noted, "Alliance Data Systems brings us increased resources to grow as fast as the market will allow, additional distribution to accelerate that growth, and complementary technology to enhance our leverage in the most critical and profitable parts of our business."

Michael Beltz, Alliance Data Systems President, Transaction Services, said that the acquisition would add new products and services for the company's loyalty marketing offerings in the United States. "FMI brings us a valuable combination of unique expertise, best-in-class loyalty marketing solutions and blue chip client relationships," said Beltz.

Alliance Data expects the acquisition of Frequency Marketing to be accretive to earnings in 2003.

About Frequency Marketing, Inc.:

For two decades, Frequency Marketing, Inc. has provided complete resources and technology for the design, implementation and management of loyalty-marketing programs that recognize and reward customers based on their purchase behavior. FMI's Loyalty Solutions Platform™ allows companies to create and quickly launch flexible, fully customized loyalty programs that can support even the most creative program rules and structures. Additionally, FMI publishes COLLOQUY®, (www.colloquy.com) a magazine that reports exclusively on loyalty-marketing programs across all industries, around the globe. More information is available at www.frequencymarketing.com.

About Alliance Data Systems:

Based in Dallas, Alliance Data Systems is a leading provider of transaction services, credit services and marketing services, assisting retail, petroleum, utility and financial services companies in managing the critical interactions between them and their customers. Alliance Data each year manages over 2.5 billion transactions and 72 million consumer accounts for some of North America's most recognizable companies. The Company also operates and markets Air Miles, the largest coalition loyalty program in Canada. Alliance Data Systems employs over 6,500 associates at more than 20 locations in the United States, Canada and New Zealand. For more information about the company, visit its web site, www.alliancedatasystems.com.

Alliance Data Systems' Safe Harbor Statement/Forward Looking Statement

Statements contained in this press release, which are not historical facts, may be forward-looking statements, as the term is defined in the Private Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe" and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include, among other things, statements relating to growth strategy, global expansion, use of proceeds, dividend policy, projected capital expenditures, sales and marketing expenses, research and development expenditures, other costs and expenses, revenue, profitability, liquidity and capital resources, and development. Any and all of the forward-looking statements can be affected by inaccurate assumptions we might make or by known or unknown risks and uncertainties. Many factors, including the risks outlined in Alliance Data's Registration Statement on Form S-1, will be important in determining future results. Actual results may vary materially.

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"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this press release regarding Alliance Data Systems Corporation's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report or Form 10-K for the most recently ended fiscal year.