

III. Documentation

"I have now lost 53lbs. I feel wonderful – I eat healthier, exercise routinely and have more energy and confidence in all parts of life" – Retail Services, a veteran associate.

"It was amazing we pulled it off, considering all the complications that arose. I just keep wondering, can we get a healthyAlliance incentive credit for this?" - Epsilon Data Services, an associate through the Epsilon acquisition, demonstrating the successful dissemination of healthyAlliance.

"Before I joined Alliance Data, I had worked out sporadically, but with the convenience of the fitness center and the culture of wellness, I was able to step up my efforts. I am as energetic as I was in my 20's" –Corporate Finance, a new hire associate.

The associate's participation and experiences are the most important element in the healthyAlliance program. In order to properly support the associate's experience, the healthyAlliance program is integrated in the company culture beginning with the new hire orientation process and continues throughout their career at all levels. In order to integrate the program into the culture, ongoing communications using different media modalities are distributed on a regular basis throughout the year. In addition to the usage of ongoing communications, Alliance Data requires associates to take an active role in achieving their optimal health by requiring participation in several different programs in order to achieve the incentive. With the incentive achievement at over 85%, we have seen a reduction in the number of health risks for the overall population as well as a greater decrease in health risks in those associates who participate in the health coaching programs. In addition to the reduction in overall health risks, Alliance Data evaluated the effect on claims by looking at benchmarking and percent of preventable claims as well as the affect on the productivity of our associates.

healthyAlliance Culture

Building a healthy culture at Alliance Data is crucial to our success. A healthy culture is vital to bringing our program to life. healthyAlliance embodies the values of Alliance Data: Work Together, Innovate and Create, Communicate, Teach and Learn, Give Back to our Communities and Have Fun.

Alliance Data has a healthyAlliance team that includes a dedicated Wellness Manager and Fitness Coordinator, sixteen location coordinators, and the benefit staff who ensures that the healthyAlliance spirit is engrained within the company. The entire healthyAlliance team attends annual meetings held at the renowned Cooper Clinic in Dallas, Texas to build camaraderie and share ideas.

Alliance Data ensures its associates engage in the healthyAlliance culture through the following options:

- Site activities on National Employee Health and Fitness Day such as group walks, fitness breaks and health quizzes.
- Site walk teams which include teams of different work schedule shifts.
- Location specific health-oriented contests such as:
 - **Operation Get Fit** - a six-week program that awards points for different physical activities, held each January.
 - **Healthy Holidays** – a weight maintenance challenge offered over the December and January holidays.
 - **Step It Up** – an online, pedometer-based campaign that encourages friendly competition with site teams and is available to associates and their families.
 - **Biggest Loser** – a contest among co-workers to see who can lose the most weight and get in shape.
 - **Eating for the Health of It** and **Eating for Good** – campaigns focused on improving eating habits.
 - **Route 66** and **Just a Minute** – campaigns that encouraged and tracked physical activity.

- Full service Fitness Center with cardiovascular & weight training equipment, fitness incentive contests, and 17 different weekly exercise classes at company headquarters, while other locations feature smaller fitness rooms with light exercise equipment or class options. In addition, associates may receive health club membership reimbursement to offset fitness club fees. The Wellness Reimbursement Program also provides reimbursement for expenses incurred with weight management programs.
- Lunch and Learn Seminars that cover topics such as heart disease, diabetes, cancer, healthy food options and the importance of physical activity, are offered at our locations.
- In addition to an ongoing tobacco cessation program that includes free nicotine replacement products, Great American Smoke Out kits are offered each November.
- Alliance Data provides company funded annual health fairs and events which include flu shots, health screenings, health information from local vendors, on-site blood drives, lab profiles and postural evaluations and education.
- Onsite Health and Fitness promotion and educational sessions conducted by Wellness Program and Fitness Center Manager at various worksite locations.
- Onsite massage therapy to relieve physical problems with the repetitive nature of the Alliance Data workforce jobs and reduce the physical and mental effects of stress, thus reducing burnout.
- Cross-support of company values and facility efforts:
 - Annual participation of the charity event, Corporate Challenge. Our associates compete with other area employers in 22 athletic and non-athletic events throughout the months of September and October in support of Special Olympics.
 - Wild West Relay Team of Colorado in which co-workers ran in a 195 mile adventure relay race over three Colorado mountain passes benefiting Volunteers with a Purpose
 - March of Dimes, American Heart Association Walks, and Susan G. Komen Race for the Cure support in which associates gain sponsorship to raise funds for these agencies while participating in fitness walks.
 - Habit for Humanity in which associates work together to help build homes for those in need.
 - Annual charity picnic with fun athletic competitions for associates in support of Special Olympics and local food pantries.
 - Annual United Way drive in October includes a variety of fun fitness events such as bowling tournaments and office relay races.
 - In support of Alliance Data's "Going Green" efforts, we provided an environment-friendly stainless steel water bottle for one of our healthyAlliance campaigns.
 - The vending machines and cafeterias offer more than 25% of healthy food and beverage choices. These choices include sandwich and snack selections that are approximately 400 calories or less and contain no more than 30% fat or 500 mg sodium or less. These items are labeled with an "apple" sticker designating the healthy choices. Locations with on-site cafeterias offer a healthyAlliance meal of the day.
 - The stairwells were painted and the floors were tiled in inviting, vibrant colors to encourage associates to take the stairs instead of the elevator.
- Alliance Data's culture and healthyAlliance program has been recognized by The Council on Employee Benefits and The World Health Organization. Alliance Data has presented information and results around the healthyAlliance program, served on client panels, and been included in a study to demonstrate the link between health assessment risks and claims cost.
- Most recently, Alliance Data was recognized by the American Heart Association as a Platinum Achievement Fit-Friendly Company.



Communications

The healthyAlliance program has a recognizable brand and uses a variety of communication methods including print, email, online, meetings and location based events. Alliance Data understands that associates learn and respond to different types of communication. The healthyAlliance brand includes four simple words in which to incorporate health: Work, Play, Live, and Learn.

Alliance Data ensures that the brand is represented throughout the company by distributing quarterly healthyAlliance newsletters, directing associates to the healthyAlliance portal, featuring associate success stories in the company newsletter, providing a healthy tip of the week on the intranet home page, guiding new hires through training that includes information on healthyAlliance, educating consumers through joint messages with healthyAlliance and the medical and pharmacy providers, sending annual birthday cards to encourage proper preventive care and online and mail fitness and nutrition campaigns at least twice annually.

SPOTLIGHT ON...

THE WILD WEST RELAY TEAM

Epsilon associates and relay team members included Heather Wilkerson, Mike Penney, Janet Muller, Chad Elmendorf, Heather Halus Dix, and Kris Mann, all from our Lafayette, Colorado, office.

Mike Penney was surprised at the amount of interest Janet Muller's email generated among the Lafayette, Colorado, Epsilon team. Who could have guessed so many people would be excited about running a 195-mile relay (that's 32.5 miles per person) over three mountain passes from Fort Collins to Steamboat Springs?



WHAT INITIALLY MOTIVATED EVERYONE TO RUN THIS RELAY?

Mike: We had all run independently in different races, but none of us had done anything like this before. When Janet emailed everyone just to find out who might want to form a team, we really got a surprising amount of interest! Looking back, this is one of the coolest things I've ever done.

Chad: It was amazing we pulled it off, considering all the complications that arose. I just keep wondering, can we get a healthyAlliance incentive credit for this?

WHAT WERE SOME OF THE MOST CHALLENGING ASPECTS OF THE WHOLE EXPERIENCE?

Chad: What made this race so hard was not only the distance, but the conditions. We actually experienced the hottest day of the year during the day, and temps in the high 90s at night. Not to mention the wind and dust...

Mike: But our goal was to finish one way or another. We didn't care about what we finished, and we certainly didn't do it for the fame — of the money!

Chad: Going into the race, our attitude was, "let's not worry about it and not be too intense." But when you get six motivated people together who work for a high-performing company, you don't want to let anyone down — it's game on! In the end, we all gave 100 percent the entire time.

YOUR TEAM WAS MADE UP OF SIX PEOPLE WHEN MOST TEAMS INCLUDED 12. HOW DID YOU KEEP UP?

Mike: We actually didn't struggle too much to keep up; out of 120 teams, we finished 50th. We all just had to run a lot more — each of us ran six legs of the race instead of three.

Janet: When I didn't think I could finish at one point, Kris came along, cracked a joke, and it made everything better. A sense of humor is just so important.

Chad: For me, it was all about motivation. You'd see someone else really digging deep on those roads, it made you want to try harder — to keep that going. When it's 3 a.m. and you've been running for 21 hours, the support of your team and a positive attitude can carry anything through. With a good attitude, you can take a miserable experience of some painful experiences and make them fun. We laughed a lot. People were extremely encouraging to the other runners.



Heather Wilkerson runs a leg of the relay through the Colorado mountains along the Wild West Relay.



Just to the right: Heather Wilkerson, Mike Penney, Janet Muller, Chad Elmendorf, Heather Halus Dix, and Kris Mann celebrate a successful finish at the Wild West Relay.



Even though the team wanted to finish with medals, having a sense of humor, staying motivated, and not letting anyone down were the keys to success. Mike Penney says the team "didn't care about what we finished, and we certainly didn't do it for the fame — of the money!"

Heather Wilkerson says the team "didn't care about what we finished, and we certainly didn't do it for the fame — of the money!"

ON Inview

For more photos from the Wild West Relay, visit [inview](#). Click on Company Information > News > Insight.

** Did you know that the Wild West Relay begins in the foothills of the Rocky Mountains and finishes in the resort town of Steamboat Springs? Much of the course runs through National Forests or on dirt roads.*

Local Challenge featured in Alliance Data's company magazine, Insight

Get Out. Get Fit!

Hit the road and Get Fit on Route 66!

As you progress on Route 66, make stops along the way for:

- Learn about sites and cities along the route.
- Final health review from the Route 66 Coach.
- Choose links to six different ways to get fit.

Complete the final evaluation at the end of Get Fit on Route 66 to earn 25 points toward your 2009 healthyAlliance Incentive.

If you have any questions about the Get Fit on Route 66 campaign, please call the StayWell Healthline at 800-926-5455.

healthyAlliance StayWell

Get Fit on Route 66 Campaign Poster

Eating for Good™

Do you know what you're eating?

Are you interested in changing your eating habits for good? Are you tired of feeling exhausted and out of shape? This is how your nutrition choices can make you feel.

Sign up for Eating for Good, a four-week campaign designed to help you learn about healthier food options, and then incorporate healthier choices into your life.

Here's how to participate:

- Sign up for Eating for Good by April 7, 2009. You have three options to register:
 - Register through your email invitation sent to you the week of March 27, 2009. Or
 - Log into the healthyAlliance site and click on the "Eating for Good" logo on the right navigation bar. Or
 - Call the StayWell HelpLine at 800-926-5455.
- You'll receive your participation kit as shown in the mail.
- Keep track of your campaign activity each day using the activity sheets found in your participation kit.
- At the end of the campaign, reply to the completion email to confirm your completion of the campaign and to receive your free meal-and-lunch bag.
- If you have any questions about the Eating for Good campaign, please talk with your healthyAlliance Coordinator.

StayWell

Eating for Good Campaign Flyer

It's about DETERMINATION.

Your Determination!

It takes effort to make a change. But when it comes to your health, it's worth it. Taking the Health Assessment can provide you with the knowledge you need to make a healthy change.

Required Activity: Health Assessment - 30 points
Available October 27, 2008 - December 10, 2008

Choose Your Activities:

- Active and Fit program (Maximum of 10 points in this category)
- Friends or Family Coaching - 25 points
- Health Club Membership - 25 points
- Weight Management Program - 25 points
- Campaigns - 25 points each
- Health Coaches - 10 points each

Health Coaching
(Maximum of 25 points in this category)

- Meal - 25 points
- Phone - 25 points
- Online Healthy Living Program - 25 points

For further questions, please contact your local onsite coordinator or call the StayWell HelpLine at 1-800-926-5455.

It's about YOU.

Incentive Email Reminder

healthyAlliance

Current Points Earned: 40

Welcome to the healthyAlliance Incentive Tracker!

Each year Alliance Data offers an incentive for participation in the healthyAlliance program.

Here's what you need to do in 2009 to earn the healthyAlliance Incentive:

15 points - Required Annual Health Assessment (25 points) - Health-related activities in 2009 (100 points) = healthyAlliance Incentive

NEW!

Go the extra mile and when you reach 150 points, you'll be eligible for our prize drawings at the end of the year. Remember, 15 points must be earned with the required Health Assessment.

That's it... Complete the annual Health Assessment (15 points) and an additional 85 points from other activities by December 31, 2009 and you'll receive the healthyAlliance incentive, a \$20 per pay period discount on your 2010 Alliance Data medical premiums. The annual Health Assessment is only available during open enrollment each fall but you can earn your other points.

Completed each enrollment

Click on the tabs above for program details

Please allow time for points to process and appear online.

FAQ

Health Club Form

Online Incentive Tracker

Earn Your healthyAlliance INCENTIVE

Get rewarded for healthy habits with the healthyAlliance incentive premiums. All you have to do is complete the online Health Assessment.

It Pays To Be Healthy

Having a healthy heart, weight and lifestyle all help reduce your chances for serious and costly illnesses. And, you'll enjoy a higher quality of life when you look and feel good. With this in mind, Alliance Data partners with StayWell to offer healthyAlliance, our health improvement program that gives you information and tools to help you get and stay well. Here's what's available:

Take the online, confidential Health Assessment during your enrollment period. You'll receive a personalized profile of your health risks and a \$20 per paycheck discount on our medical coverage.

HEALTH CAMPAIGNS

- Specific health improvement campaigns offered during the year. Participation in these campaigns helps you earn points toward next year's incentive.

HEALTH COACHING

- StayWell's health coaching program provides phone or mail-based coaching to help you work on your health risks.
- Online Healthy Living Program
- Online tutorial on various health-related topics such as heart health, diabetes, diet, fitness, nutrition and stress management.

ONLINE HEALTH EDUCATION CENTER

After your initial enrollment, you'll need to participate in various healthyAlliance programs throughout 2009 to earn the incentive for next year. You earn points for programs and activities you complete. The Incentive Tracker shows you how many points you've earned toward next year's incentive, the value of each program or activity, as well as dates and deadlines for participating.

WELLNESS REIMBURSEMENT

- For health club membership or a qualified exercise program, get reimbursed for 50% of the cost, up to \$100/year with a 12-month contract. Associates working at locations with an on-site, full-service fitness center are not eligible.
- For weight loss programs, get reimbursed for 50% of the program fee, up to \$150.
- For smoking cessation programs, get reimbursed up to \$500 per pay period for nicotine patches in Missouri gov.

For more information or to take the Health Assessment, go to www.alliancedatabenefits.com and click the healthyAlliance link, or call the StayWell HelpLine at 800-926-5455. For questions about the Wellness Reimbursement Programs, contact Corporate Administration at 972-246-5126.

Notice of Privacy Practices

Alliance Data takes the protection of your health information seriously. Alliance Data's Notice of Privacy Practices is our written policy describing how your health information is safeguarded, the circumstances in which your health information may be used and your legal rights. Our Notice of Privacy Practices is accessible online at www.alliancedatabenefits.com, or you may request a copy by contacting the Alliance Data Benefits Service Center.

Sharon Irving, TX

New Hire Guide

for your benefit

WWW.ALLIANCEDATABENEFITS.COM

Winter 2009

John and Brent LaFayette, CO

Get Ready To STEP IT UP!®

Get moving and start earning points with the first healthyAlliance campaign of 2009.

Step It Up! was so popular in the past, we're offering it again for 2009. It's easy to participate in Step It Up! - just keep track of your steps. The goal of this campaign is to make you more aware of your activity level by counting the number of steps you take in a day.

By participating in this campaign, you'll receive a free pedometer to track your steps and earn 25 points toward your 2010 healthyAlliance incentive.

The campaign kicks off March 23. Simply log on to www.alliancedatabenefits.com and click

healthyAlliance or call the StayWell HelpLine at 800-926-5455 to register from March 24 to April 3.

Step It Up! Flashback

In 2007, associates who participated in the campaign increased both the amount of time they exercised per day and the number of days they exercised per week. Participants logged an average of 6,524 daily steps at the end of the campaign compared to an average of 6,368 at the beginning - that's an improvement of 2,556 steps per day!

Dallas Scales Back

Health took a front seat during the "Healthy Holidays" contest in Dallas. This contest invited associates to pick an exercise buddy and stay physically active during the holiday season. The challenge was to lose up to 10 pounds AND gain no more than 6 pounds. Participants joined group exercise classes, lifted weights and took part in other wellness activities to meet their exercise goals. The 34 registered participants collectively lost 18 pounds. Way to go Dallas!

Real Life, REAL RESULTS

"I'm as energetic as I was in my 20s!"

Sharon Morris
Dallas, TX

- Leaves Administrator in Finance Department, Corporate
- Began working for Alliance Data November 12, 2008

Real Results - Employee Sheds 31 Pounds and 2 Pant Sizes!

Sharon's workouts have changed Sharon Morris' life. In just a few months, she's shed 31 pounds and two pant sizes. And she couldn't have done it without help from Alliance Data.

Before I joined Alliance Data, I had worked out sporadically," Sharon said. "But with the convenience of the fitness center and the culture of wellness, I was able to step up my efforts." Sharon's recipe for success? A combination of cardio, resistance training and stretching at least five days a week. She even steps by some weekends to get in an extra day! Sharon also attributes her success to the early morning workout. She says that she's able to stay more committed to her program than when she exercises at lunch or after work. I was just too tired at the end of the day, and that made it easy to skip my program," she admits.

In addition to losing weight, Sharon has also lowered her blood pressure, cholesterol and glucose levels. Another bonus: she's feeling "10x as energetic as I was in my 20s!" Sharon explains.

Want To Reach Your Goals?

If you don't have a fitness center at your location, you can still meet your fitness goals by working out at a health club near you. And, this year, Alliance Data has increased the health club membership reimbursement amount from \$40 to \$60 to make staying in shape more affordable.

More Incentive Points. More Opportunity!

Feeling really ambitious? Turn up the heat on your fitness goals and you can be eligible for prize drawings at the end of the year.

IF YOU EARN AT LEAST 160 HEALTHYALLIANCE POINTS, you can be part of this elite group committed to improving its health. So participate in a few extra activities and log your points on the healthyAlliance Incentive Tracker at www.alliancedatabenefits.com. Prices are just part of the payoff when you put your health first!

Quarterly Newsletter with healthyAlliance Story

healthyAlliance Magnet

DAILY PRESCRIPTION FOR HEALTH

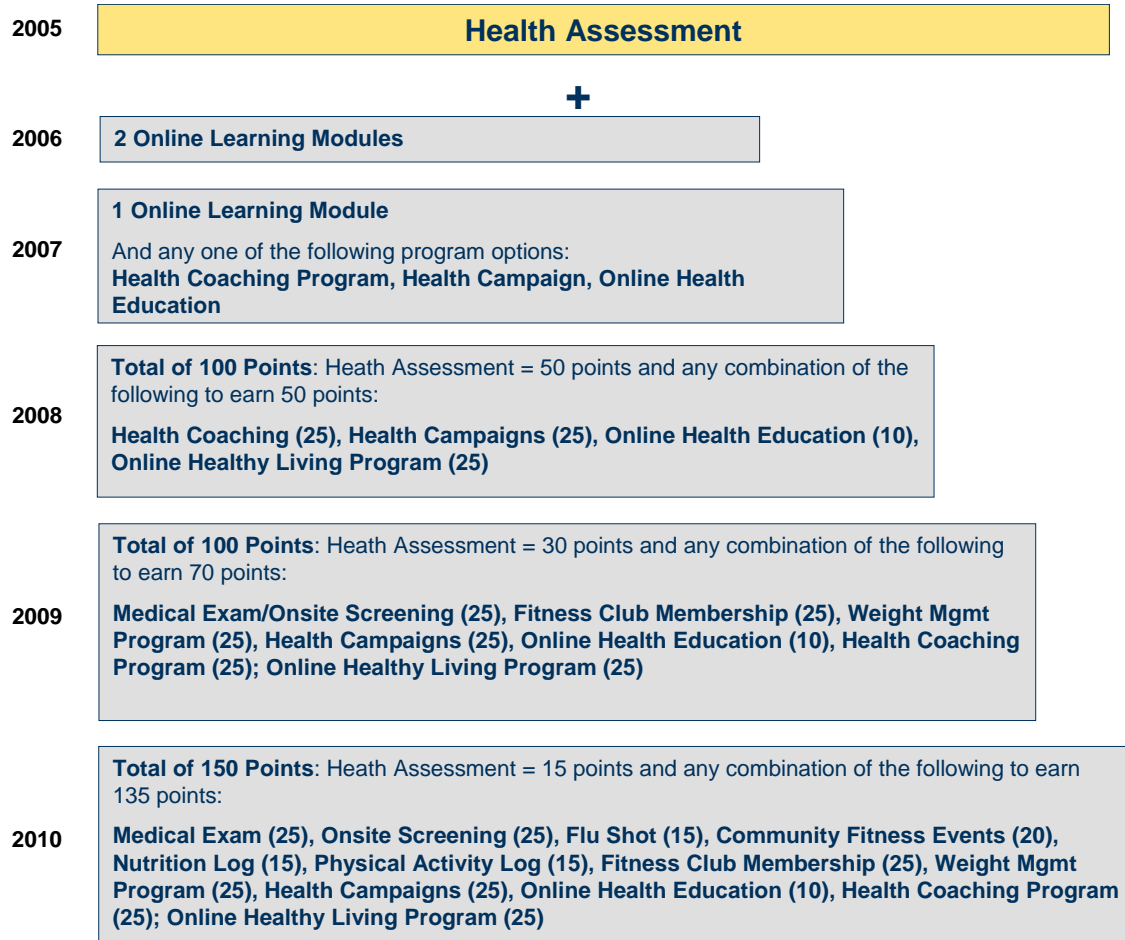
1. Just move.
2. Eat 5-9 fruit and veggie servings.
3. Practice portion control.
4. Color your plate with variety.
5. Take a daily multi-vitamin.
6. Drink water.
7. Rest and relaxation.
8. Sleep 7-9 hours.
9. Laugh out loud - often!
10. Engage in fun activities.

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The Associate's Role

Alliance Data believes that the associates are instrumental to its success. In order to be a successful associate, they are held accountable to achieving certain goals to make them more productive. In addition to job performance metrics, associates are challenged with completing a certain amount of activities to gain knowledge around being healthy and achieving optimal health.

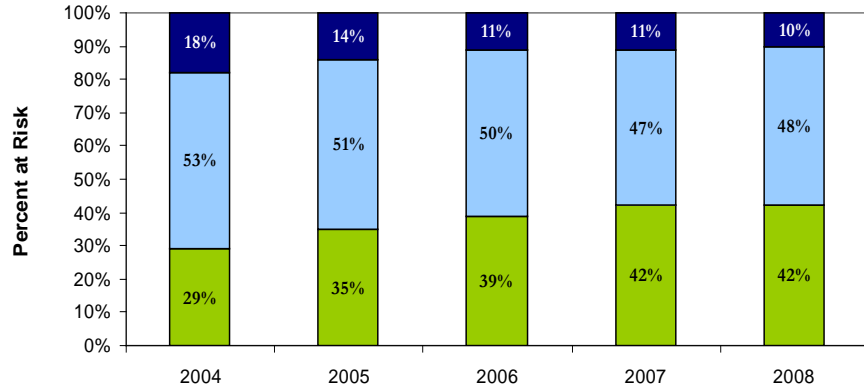
Since the inception of the healthyAlliance program, Alliance Data has consistently increased the requirements to achieve the annual incentive. In the first year, associates were only required to complete the health assessment. The illustration below demonstrates the progression of the incentive. Currently, associates have a choice on how they earn points to achieve the incentive, as well as the opportunity to earn bonus points for an additional reward. Each year, associates must complete the health assessment as part of the requirements to earning the incentive. The year over year health assessment requirement allows Alliance Data to measure the progress of its associates' health status and the cultural impact.



Health Risk Reduction

The healthyAlliance program strives for each associate to reach their optimal health. One way to measure this is to look at the change in health risks over time. Since each associate is required to complete the health assessment to achieve their incentive and overall participation has consistently been nearly 90%, the health assessment results provide an accurate picture of the overall population's health risks.

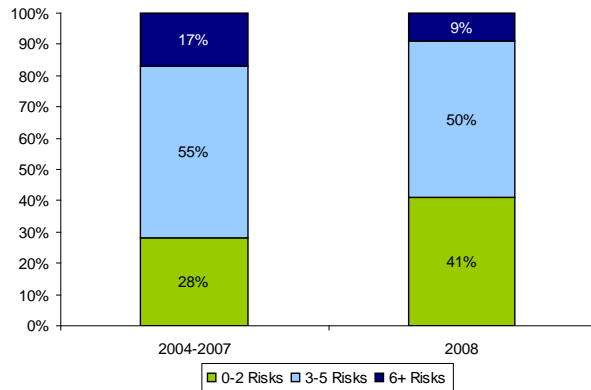
Health Behavior Risk Change in the Overall Alliance Data Population



Population health status is moving in the right direction as shown in the Health Behavior Risks Change in the Overall Population graph. Since program initiation, the number of low risk associates (0-2 health risks) has increased steadily from 29% in year one to 42% in year five while the number of high risk associates (6+ health risks) has decreased from 18% in year one to 10% in year five.

To maintain low risk status and manage the high risk and chronic disease states as the population ages, Alliance Data offers free phone-, web- and mail-based health coaching programs, disease prevention programs, annual health action campaigns, and disease management programs for certain conditions prevalent in the Alliance Data population. To combat Alliance Data's prevalent weight risks in their call centers, Alliance Data teamed with StayWell to create a new onsite weight management group series lead by a weight management health coach.

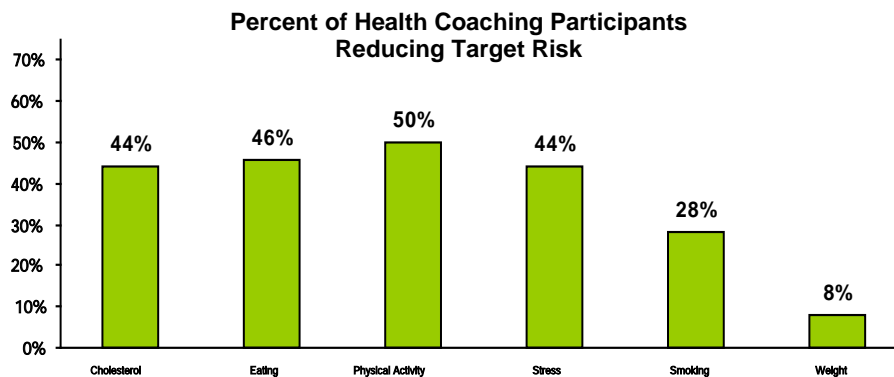
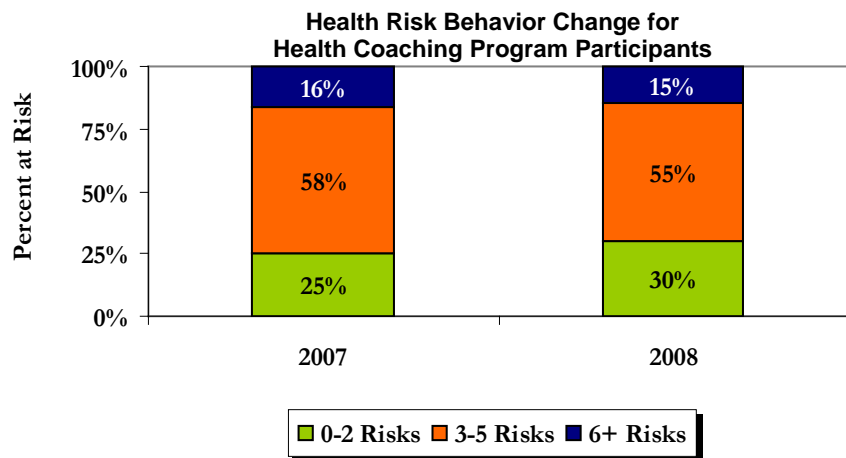
Health Behavior Risk Change in Participants with 5 Health Assessment Completions Between in 2004 - 2008



For participants who have completed an annual health assessment in each program year, the average health risk decreased from 3.7 to 3.1 (17% decrease).

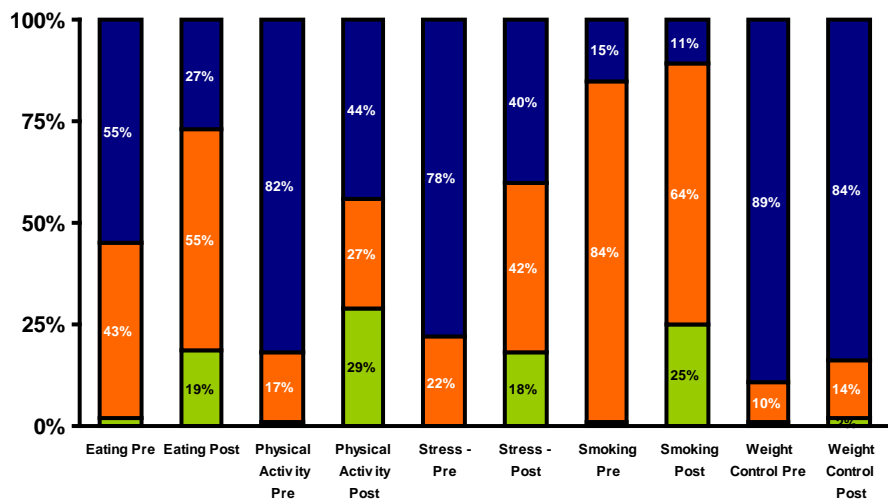
The risk factors included in this evaluation include: weight, exercise, blood pressure, stress, eating, exams, wellbeing, cholesterol, alcohol, smoking, driving, and back care.

Health Coaching Impact



	Cholesterol	Eating	Physical Activity	Stress	Smoking	Weight Control
N	45	176	165	126	125	358
Pre-Post Interval	2.5 year	1.7 year	2.1 year	2.1 year	2.0 year	2.0 year

Impact of Health Coaching Programs on Target Risk Acuity



- Health improvement programs resulted in a significant decrease in target risk in associates who completed a program.
- In 2008, over 40% of associates identified through the health assessment as having high/moderate health risks participated in a health improvement program, compared to 34% across StayWell's Book of Business.
- In 2008, Alliance Data achieved a 5.3% decrease in the average number of health risks for health improvement program participants, compared to 2% across StayWell's Book of Business and 5% across organizations with best-in-class programs.

Cost Impact Analysis

A best practice approach to demonstration of cost impact would be to analyze medical and pharmacy claims data for participants and non-participants, comparing cost trends from pre-program launch to post-program follow up. The feasibility of such a quasi-experimental study design was explored but several factors prevented such an approach, including lack of access to pre-program claims data, a small sample size, and nearly census level participation in some aspect of the comprehensive program.

In lieu of a quasi-experimental study design, two other claims-based analyses were conducted to demonstrate the impact of the program on health care cost trends. The first relied on a benchmarking approach, which compares the observed health care trend for Alliance Data to health care trends for similar companies. The second approach uses existing claims data to predict future health care cost trends and then compare actual trends observed to projected trend. While these alternative study designs would not necessarily attribute superior health trend patterns to the healthyAlliance program, the program's comprehensive nature sets Alliance Data apart from similar organizations. Trends observed after 2004 represents the time period when program impacts are expected to influence trends.

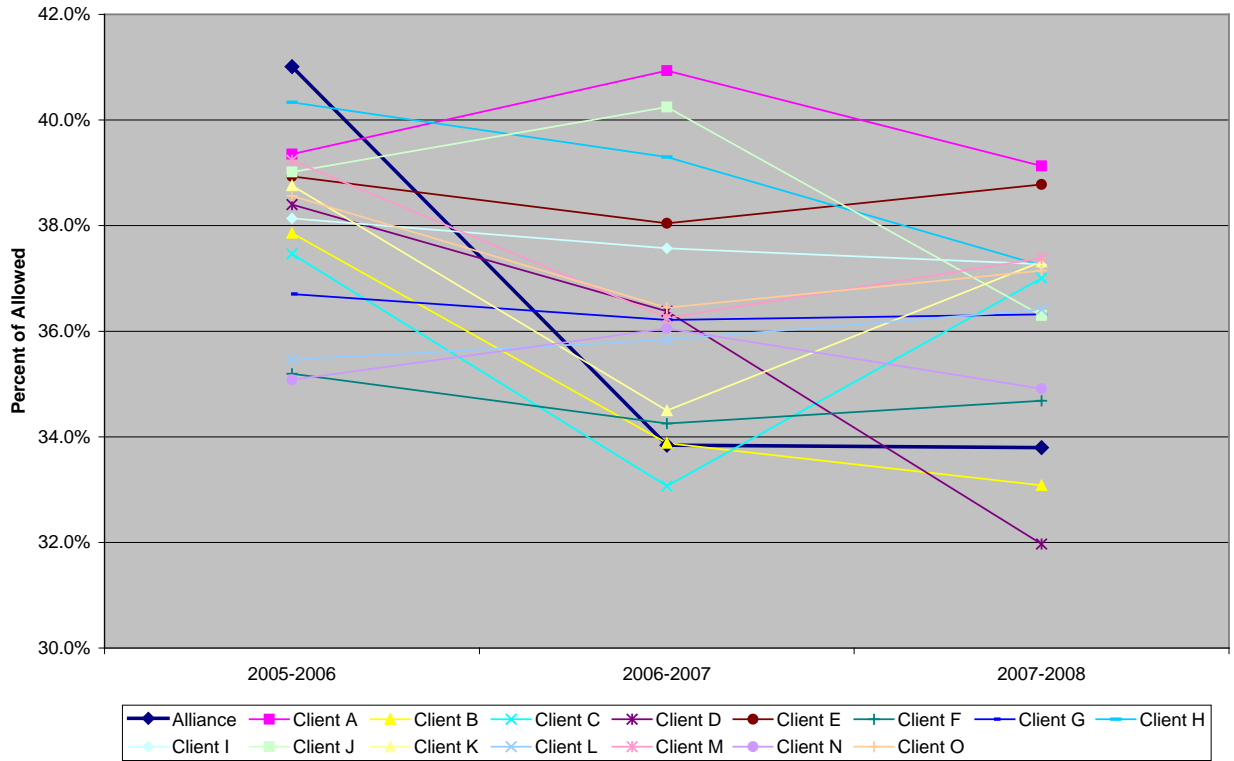
Trend and Benchmarking Analysis

We compared four successive years of experience of Alliance Data's active members, who receive the program benefits, to four successive years of experience for active members in 15 comparison companies. These companies were chosen from among 45 companies with data in the same data warehouse. A major selection criterion was having three years of complete and accurate data.

Twelve months of incurred claims (with three months of run-out) were used in each year for every company. Incurred claims align with delivery of program services and remove variation due to when claims are processed. Eligibility and claims data were validated for completeness and accuracy against reports produced independently by the companies and plan administrators. Allowed charges (the sum of payments by the plan sponsor and member out-of-pocket) were analyzed to neutralize the impact of differences in discounts and in plan designs.

Alliance Data	2005-2006	2006-2007	2007-2008
Total Allowed Medical PMPY	\$2,319	\$2,577	\$2,840
Preventable Allowed Medical PMPY	\$951	\$872	\$960
Percent Preventable of Allowed	41.0%	33.8%	33.8%

Percent of Preventable Claims



Alliance Data's total medical trend was higher than all but two of the comparison companies over the four year period. But, its trend for claims associated with preventable conditions was lower than all but two of the comparison companies. The fact that trend for non-preventable claims remained high throughout the study but claims cost levels and trend for preventable conditions declined may indicate that Alliance Data's healthyAlliance program had a pronounced impact upon plan costs. Alliance Data did not make any other plan or program changes during these years that could explain these diverging trends.

The portion of claims due to therapeutic or later stage treatment of preventable conditions declined more for Alliance Data than for any comparison company. The percent of allowed claim expenses associated with preventable conditions declined from 41% to 34%. In 2005, when its program began, Alliance had the highest portion of claims associated with preventable conditions. By 2008 only two comparison companies had lower percents of claims associated with preventable conditions. Only companies B and D showed similar, but not as dramatic patterns as Alliance Data of non-preventable claims trend remaining high, much lower and declining preventable claims trends and a very significant decrease in the percent of claims associated with preventable conditions.

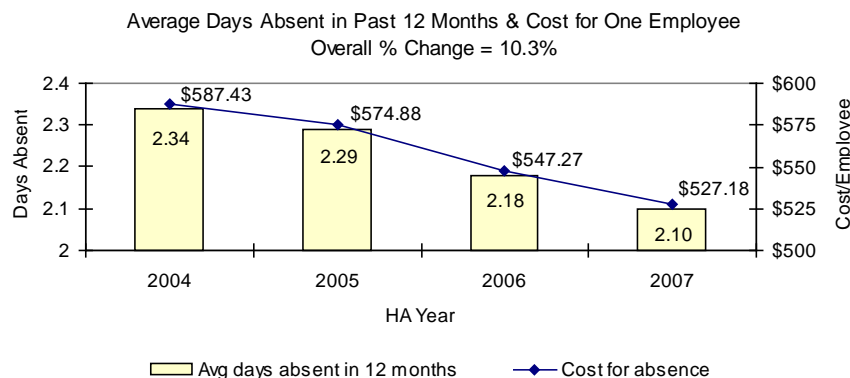
While this is correlation and not causation, the positive direction and level of metrics and trends for Alliance Data compared to fifteen (15) other large employers is impressive, and reflects the positive impact of Alliance Data's healthyAlliance program.

Productivity Impacts

Because there is a demonstrated relationship between health and productivity, additional analyses were conducted to demonstrate how changes in productivity contribute to cost savings. This analysis relied on two measures that were added to the health assessment in 2004. The first measures productivity loss in the form of time away from work due to poor health (e.g., incidental absence, workers compensation, and non-occupational disability). The second measures Presenteeism, or the amount of productivity lost while on the job due to one's poor health. The analysis relied on a prospective cross-sectional approach, which assesses the amount of productivity reported by all individuals in a given program year. Further, the cross-sectional analysis maximizes the amount of data that can be included in the analysis, providing a more accurate estimate of productivity-related costs. Information on the specific measures and monetization procedures are available in a recently-published study (Riedel et al, 2009).¹

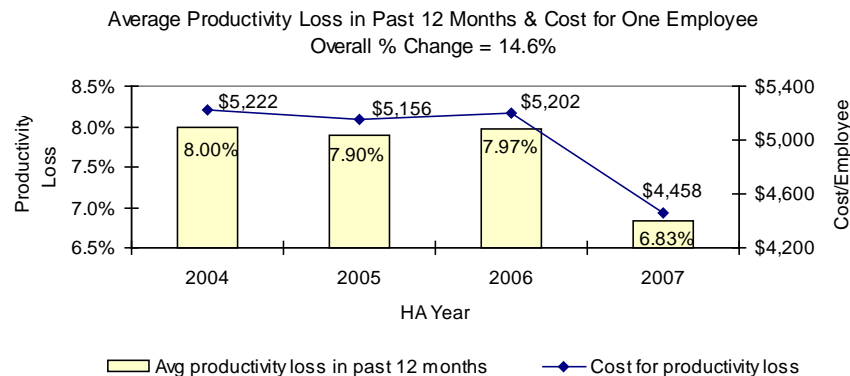
Absenteeism

On average, the number of days missed from work due to illness or injury in the last 12 months decreased 10.3%, from 2.34 days in 2004 to 2.10 days in 2007. To monetize the average annual cost for absence from work for one employee, the average number of days absent was multiplied by hourly compensation. This product was multiplied by an assumed 8 hours worked per day. The average annual cost for absence for one employee dropped by \$60.25 (\$587.43 - \$527.18) from 2004 to 2007.



Presenteeism

On average, productivity loss on-the-job due to health problems decreased 14.6%, from 8.0% in 2004 to 6.83% in 2007. To monetize the average annual cost for productivity loss for one employee, the average productivity loss was multiplied by hourly compensation. This product was multiplied by 2,080 hours paid in a year. The average annual cost for productivity loss for one employee dropped by nearly 15% (\$5,222 vs. \$4,458) from 2004 to 2007.



¹ Riedel JE, Grossmeier J, Haglund-Howieson L, Buraglio C, Anderson DR, Terry PE. Use of a normal impairment factor in quantifying avoidable productivity loss because of poor health. JOEM. 2009; 51(3):283-295.