

**CATALINA MARKETING CORPORATION
CORPORATE GOVERNANCE GUIDELINES**

ADOPTED 7/22/04

The Catalina Marketing Corporation Board of Directors (the "Board") represents the owners' interest in promoting and supporting a successful business to optimize long-term financial return. The Board is responsible for acting in a manner which is consistent with ensuring that the Corporation is managed to achieve that result. The Board will evaluate management's strategies, review and monitor management's policies and decisions and effective execution of management's strategies and take all such actions as may be required to ensure the effective management of the Corporation's business through all business cycles.

I. Selection and Composition of the Board

A. Board Membership Criteria

The Nominating and Corporate Governance Committee is responsible for reviewing annually with the Board the appropriate skills and characteristics required of directors and assessing whether these skills and characteristics are available among members of the Board. This assessment should include consideration of the independence requirements set forth in sections 303A.01 and 303A.02 of the New York Stock Exchange ("NYSE") Listed Company Manual, expertise, skills, experience, gender and racial diversity, age and the exercise of good judgment.

B. Selection and Orientation of New Directors

The Board is responsible for selecting its own members and in recommending them for election by the stockholders. The Board delegates the screening process to the Nominating and Corporate Governance Committee which will act with the assistance of the Chairperson of the Board. All director nominations shall be approved by the Nominating and Corporate Governance committee and recommended to the Board. The Board and the Corporation have an orientation process for new directors that includes background material, meetings with senior management and representatives of the Corporation and visits to the Corporation's facilities.

C. Extending the Invitation to a Potential Director to Join the Board

An invitation to join the Board should be extended by the Board itself through a communication by the Chairperson of the Board or Chief Executive Officer of the Corporation, or other person designated by the Board, who will act in concert with the Chairperson of the Nominating and Corporate Governance Committee.

II. Board Leadership

The Board shall be free to select a Chairperson of the Board and a Chief Executive Officer using any approach it deems appropriate. The position of Chairperson of the Board and Chief Executive Officer may be held by the same individual and the role of Chairperson of the Board may be held by a director whether or not such director is an employee.

III. Board Composition and Performance

A. Size of the Board

In recent years, the Board has numbered 8 or 9 Directors which is viewed by the Board as the appropriate range for the number of members of the Board. The Board shall determine the size of the Board from time to time within any limits prescribed in the Bylaws and Certificate of Incorporation of the Corporation. An odd number of Directors is desirable but not required.

B. Mix of Management and Independent Directors

The Board shall be composed of a majority of independent Directors. On matters of corporate governance, decisions will be made by the independent Directors.

C. Definition of Independence for Directors

For purposes of defining an "independent director", the Board will, at a minimum, comply with the NYSE definition set forth in Section 303A.02 of the NYSE Listed Company Manual. Under such definition, a director would not be considered independent if: (a) the director has been employed by, or an immediate family member has been an executive officer of, the Corporation during the prior three years; (b) the director has received, or an immediate family member has received, more than \$100,000 per year in direct compensation from the Corporation, other than director and committee fees and pension and other forms of deferred compensation for prior service, during the prior three years; (c) the director has been affiliated with or employed by, or an immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Corporation, unless three years have passed since either the end of the individual's employment with such auditor or the end of the auditor's external audit relationship with the Corporation; (d) an executive officer of the Corporation has been on the compensation committee of the board of directors of a company that employed the director or an immediate family member as an executive officer during the prior three years; or (e) the director has been an executive officer or employee, or an immediate family member has been an executive officer, of another company that makes payments to, or receives payments from, the Corporation for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, unless three years have passed since falling below such threshold. In addition to clauses (a) through (e) above, no director qualifies as an "independent director" unless the Board affirmatively determines that the director has no material relationship with the Corporation.

In order for the Board to determine whether or not a director has a material relationship with the Corporation, the Board shall consider all relevant facts and circumstances, including the director's affiliation with companies, firms, organizations and persons that have a relationship with the Corporation. Ownership of a controlling amount of the Corporation's stock shall not alone disqualify a director for the purposes of determining independence.

A member of the Audit Committee may not receive any compensation from the Corporation except for compensation for services on the Board or on a Committee of the Board.

D. Former Chairperson of the Board and Chief Executive Officer's Service on the Board

It is expected that a Chairperson of the Board shall submit his/her resignation from the Board when that individual ceases to serve as Chairperson of the Board or Chief Executive Officer. The Board, through its Nominating and Corporate Governance Committee, can determine, in consultation with the new Chairperson of the Board or Chief Executive Officer, whether continuing Board membership for such person would be appropriate at the time.

E. Directors Who Change Job Responsibility

It is expected that when a director's principal occupation or business association changes substantially, the director shall tender a letter of resignation to the Nominating and Corporate Governance Committee. The Committee will recommend action to be taken regarding the resignation based on the past participation and contribution of the individual while serving on the Board, the circumstances of retirement, if that is the case, or the responsibility and characteristics of the new position, and industry and business of the new company, in the case of a change of job.

Each independent director is encouraged to limit the number of other for-profit boards on which such director serves, taking into account board attendance conflicts, participation and effectiveness on multiple boards. Independent directors are expected to advise the Chairperson of the Board and the Chairperson of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another for-profit board. The Board or the

Nominating and Corporate Governance Committee may place limits on the number of boards of directors of which a director of the Corporation may be a member.

F. Term Limits

The Board does not believe that term limits would enhance the effectiveness of the Board. Term limits could result in the loss of the contribution of directors who have developed, over a period of time, increasing insight into the Corporation and its operations and provided an increasing contribution to the Board and therefore, whose untimely departure could be a detriment to the configuration and continuity of the Board and/or the Corporation. The Nominating and Corporate Governance Committee, in conjunction with the Chairperson of the Board, will formally review each director's continuation on the Board every three years, when the director is considered for reelection. This will also provide each director the opportunity to confirm his/her desire to continue as director.

G. Independent Director Compensation

The Nominating and Corporate Governance Committee, from time to time, may undertake a review of Board compensation considering, when appropriate, the compensation paid to board members of other comparable companies and other appropriate factors. In this regard, the Nominating and Corporate Governance Committee may seek the advice of independent experts. In order to create a direct linkage with corporate performance, a meaningful part of a director's total compensation should be provided and held in common stock or common stock units. The Board or the Nominating and Corporate Governance Committee may establish policies relating to required retention or ownership of equity in the Corporation for directors.

Changes in Board compensation may be proposed by the Nominating and Corporate Governance Committee from time to time, subject to approval by the Board after an appropriate full review and discussion.

H. Executive Sessions of Independent Directors

The independent directors of the Board will meet in Executive Session at least two times each year. Unless a lead independent director has been appointed for such purpose, Executive Sessions will have a rotating chairperson. The format and agenda of these meetings will be set by the acting chairperson for each upcoming meeting after consultation with the other independent directors.

I. Continuing Education

Directors shall participate in continuing education appropriate for the directors.

J. Assessing the Board's Performance

The Nominating and Corporate Governance Committee shall report annually to the Board on the results of the directors' assessment of the Board's performance and regarding each committee member's assessment of the applicable committee's performance, which will be reviewed and discussed by the full Board. The annual assessment shall include a review of the effectiveness of the Board and each committee, the Board's contribution as a whole and a specific review of areas in which the Board, the committees and/or the management believes a greater contribution could be made.

K. Independent Advisors

The Board has the authority to obtain advice and assistance from outside legal, accounting, governance, compensation or other advisors as deemed appropriate to perform its duties and responsibilities. The Corporation shall provide appropriate funding, as determined by the Board, for compensation to any advisors that the Board chooses to engage.

IV. Board Relationship to Senior Management

A. Regular Attendance of Non-Directors at Board Meetings

The Board expects the attendance at Board meetings of senior management of the Corporation and the Secretary on a regular basis. The Board should be responsive to requests from the Chairperson of the Board or the Chief Executive Officer to invite additional members of management to attend Board meetings on a regular basis.

B. Board Access by Senior Management

Directors shall have complete and free access to the Corporation's management. The Board encourages senior management to direct that managers who: (a) can provide additional insight into items being discussed, and/or (b) are individuals with future potential who senior management believes should be given exposure to the Board, attend Board meetings from time to time.

V. Meeting Procedures

A. Selection of Agenda Items for Board Meetings

The Chairperson of the Board will establish the agenda for each Board meeting. To the extent possible, a schedule of agenda subjects to be discussed for the ensuing year will be provided to the Board at the beginning of each fiscal year. Each director is free to suggest additional items be included on any agenda.

B. Board Materials Distributed in Advance

Information and data that is necessary and important to the Board's understanding of the business, strategy and prospects of the Corporation will be distributed in writing to the Board before the Board meets in a timely fashion.

C. Board Presentations

To the extent possible, presentations on specific subjects should be sent to the directors in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the specific subject or the business of the Corporation. It is understood that some matters may be too sensitive to be described in writing in advance of the meeting, although it is anticipated that such matters will be rare.

D. Meeting Responsibilities and Attendance

To the extent possible, each director is expected to be familiar with the Corporation's business and public disclosures, to review in advance of Board meetings all related materials distributed to the Board and to attend and participate in meetings of the Board and meetings of any committee of which such director is a member.

VI. Committees of the Board

A. Number, Structure and Independence of Committees

From time to time, the Board may form a new committee or disband a current committee. The four existing committees are Audit, Compensation, Finance, and Nominating and Corporate Governance.

Each committee shall have access to such outside advice as such committee in its sole discretion deems necessary or appropriate, including, but not limited to, attorneys, business, governance or compensation consultants and auditors.

The Audit, Compensation and Nominating and Corporate Governance committees shall consist solely of independent directors.

B. Assignment and Rotation of Committee Members

The Nominating and Corporate Governance Committee is responsible, after consultation with the Chairperson of the Board and with consideration of the desires of individual directors, for the assignment of directors to committees. The Board will give consideration to the rotation of committee members periodically at intervals to be determined with respect to each committee, but the Board does not feel that such rotation should be mandated as policy since there may be reasons at any time to maintain an individual director's committee membership.

C. Frequency and Length of Committee Meetings

Each committee Chairperson, in consultation with the respective committee members, will determine the frequency and length of the meetings of the committee.

D. Committee Agenda

Each committee Chairperson, in consultation with the respective committee members and management, will determine a committee's agenda. To the extent possible, each committee will issue a schedule of agenda subjects for the ensuing year at the beginning of each fiscal year. This forward-looking agenda will also be shared with the Board.

VII. Leadership Development

A. Formal Evaluation of the Chief Executive Officer

Each year, the Compensation Committee, using objective criteria including performance of the business, accomplishment of long-term strategic objectives, development of management, etc., should evaluate the Chief Executive Officer. The evaluation will be used by the Compensation Committee in the course of its deliberations to determine the compensation of the Chief Executive Officer.

B. Succession Planning

The Board expects a report, at least annually, from the Chief Executive Officer on succession planning. At all times, there should also be available to the Board the Chairperson of the Board's/Chief Executive Officer's recommendation for an immediate successor should the Chief Executive Officer be unexpectedly disabled.

C. Management Development

The Board expects a report, at least annually, from the Chief Executive Officer on the Corporation's program for management development. To the extent possible, this report should be given at the same time as the succession planning report.