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## Rewards Network Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you. (Operator Instructions) Your first question comes from Gary Prestopino – Barrington Research.

#### Gary Prestopino – Barrington Research

A couple of housekeeping questions, Chris, can you give me the component, the numbers for interest and other income and interest expense and financing costs? Do you have them handy?

#### Christopher J. Locke

Yes I can give you the breakdown between interest expense and interest income. For the quarter it was \$446 of interest expense and \$229 of interest income.

#### Gary Prestopino – Barrington Research

Just another housekeeping question, what was your D&A for the quarter? Depreciation and amortization?

#### Christopher J. Locke

\$4.2 million.

#### Gary Prestopino – Barrington Research

Just a couple of other questions, non-housekeeping. This amended facility with RBS when you said for working capital, can you use that facility for the Dining Credits portfolio?

#### Christopher J. Locke

Yes.

#### Gary Prestopino – Barrington Research

In terms of what's going on in the restaurant industry right now, I mean all we're hearing is doom and gloom, could you see you taking that months to consume Dining Credits down from 7.5 days as we go forward just more of a tightening of the credit parameters? Is that something that you're entertaining?

**Ronald L. Blake**

I think in a very realistic fashion we're assessing all the same information that you're seeing in the marketplace. We have implemented a number of changes, including risk based pricing to the portfolio which gives us some comfort about the kinds of deals that we're doing. But yes we are looking and have tightened up on the amount that we were willing to purchase especially for, I would say, the lower rated credits but Chris add to that?

**Christopher J. Locke**

No that's right on Gary. We are obviously watching very closely what's going on in the market. We have a significant amount of data on the dining industry and we're adjusting real time in terms of what we feel is appropriate risk given the credit profile, the restaurant, the sale trends that we're seeing and their performance on the program. We – I think it is safe to say that we will become more conservative.

**Gary Prestopino – Barrington Research**

In terms of given that we're reading that dining out is – the growth is slowing and/or declining, is your sales force now seeing more high quality restaurants that probably wouldn't have entertained using your program now at least amenable to talking with you because we're seeing sluggishness on the dining level?

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