

ALLIANCE DATA SYSTEMS CORP

Form S-4

October 03, 2014

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As filed with the Securities and Exchange Commission on October 2, 2014

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ALLIANCE DATA SYSTEMS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7389
(Primary Standard Industrial
Classification Code Number)
7500 Dallas Parkway, Suite 700

31-1429215
(I.R.S. Employer
Identification Number)

Plano, Texas 75024

(214) 494-3000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Leigh Ann K. Epperson

Senior Vice President, General Counsel and Secretary

Alliance Data Systems Corporation

7500 Dallas Parkway, Suite 700

Plano, Texas 75024

(214) 494-3000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Joseph L. Motes III

John Pitstick

Stewart L. McDowell

**Akin Gump Strauss Hauer & Feld
LLP**

Chief Financial Officer

Gibson, Dunn & Crutcher LLP

1700 Pacific Avenue, Suite 4100

Conversant, Inc.

555 Mission Street, Suite 3000

Dallas, Texas 75201

**30699 Russell Ranch Road, Suite
250**

San Francisco, California 94105

(214) 969-4676

Westlake Village, California 91362

(415) 393-8322

(818) 575-4500

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement becomes effective and all other conditions to the proposed merger described herein have

been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
 If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common stock, par value \$0.01 per share	4,631,324	N/A	\$1,197,729,415	\$139,176.16

(1)

Based upon the estimated maximum number of shares of Alliance Data Systems Corporation's common stock issuable in connection with the merger described herein.

- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rules 457(c) and 457(f) under the Securities Act of 1933, as amended. The proposed maximum aggregate offering price of the common stock was calculated based on the market value of shares of Conversant, Inc.'s common stock (the securities being cancelled in the merger) as follows: (A) the product of (x) the amount equal to \$35.00, multiplied by (y) 65,813,899, the estimated maximum number of shares of Conversant, Inc. common stock (calculated based upon Conversant restricted stock award grants vested as of September 30, 2014 and Conversant stock option awards vested and exercisable as of August 29, 2014) that may be exchanged for shares of Alliance Data Systems Corporation's common stock in the merger, less (B) the estimated aggregate amount of cash to be paid by Alliance Data Systems Corporation in exchange for shares of Conversant, Inc.'s common stock (which equals \$1,105,757,056).
- (3) Determined in accordance with Section 6(b) of the Securities Act by multiplying the proposed maximum aggregate offering price by 0.0001162.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further Amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This document shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY SUBJECT TO COMPLETION DATED OCTOBER 2, 2014

PROPOSED MERGER YOUR VOTE IS VERY IMPORTANT

The board of directors of each of Alliance Data Systems Corporation, or Alliance Data, and Conversant, Inc., or Conversant, has approved an agreement and plan of merger, which we refer to as the merger agreement, pursuant to which Alliance Data will acquire Conversant through the merger of Conversant with and into a newly formed, wholly-owned subsidiary of Alliance Data, with the new subsidiary surviving the merger as a wholly-owned subsidiary of Alliance Data.

In the proposed merger, Conversant stockholders will receive for each share of Conversant common stock the combination, which we refer to as the Base Consideration, of (x) 0.07037 of a share, which we refer to as the Fixed Exchange Ratio, of Alliance Data common stock and (y) an amount in cash equal to \$35.00 minus the product of the volume weighted average price per share of Alliance Data common stock on the New York Stock Exchange, or the NYSE, for the consecutive period of fifteen trading days ending on the close of trading on the second trading day immediately preceding the closing of the merger, which we refer to as the Parent Closing Trading Price, multiplied by the Fixed Exchange Ratio, which cash portion of the Base Consideration is referred to as the Per Share Cash Consideration. Notwithstanding the foregoing, the Per Share Cash Consideration will not exceed \$18.62, which we refer to as the Per Share Cash Cap, and will not be less than \$14.98, which we refer to as the Per Share Cash Minimum. In the event that the Per Share Cash Cap or Per Share Cash Minimum is reached, the Per Share Cash Consideration will be fixed at the Per Share Cash Cap or the Per Share Cash Minimum, as applicable, and the value that Conversant stockholders will receive for each share of Conversant common stock will fluctuate below or above \$35.00, as applicable. Shares of Conversant common stock (i) held in Conversant's treasury, (ii) held by Alliance Data or any of its subsidiaries, (iii) issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger, or (iv) as to which the holder has properly exercised appraisal rights will not receive the merger consideration (except that shares of Conversant common stock that were issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger shall be entitled to receive the consideration described under the heading "The Merger Treatment of Conversant Stock Options and Other Equity Awards"). For more information regarding the merger consideration provisions contained in the merger agreement, see "The Merger Consideration to be Received in the Merger."

In lieu of the Base Consideration, each Conversant stockholder will have the right to elect to receive for each share of Conversant common stock eligible to receive merger consideration (1) cash equal to \$35.00, except in the case in which the Per Share Cash Cap or Per Share Cash Minimum has been reached, in which case, cash equal to the sum of (x) the Fixed Exchange Ratio multiplied by the Parent Closing Trading Price and (y) the Per Share Cash Consideration, which election we refer to as a Cash Election, or (2) a number of shares of Alliance Data common

stock equal to the sum of (x) the Fixed Exchange Ratio and (y) the quotient of the Per Share Cash Consideration divided by the Parent Closing Trading Price, which election we refer to as a Stock Election, subject, in the case of either a Cash Election or Stock Election, to proration. For more information regarding the election mechanics, see The Merger Consideration to be Received in the Merger.

Alliance Data will not issue any fractional shares of Alliance Data common stock in the merger. Instead, Conversant stockholders will receive cash in lieu of any fractional shares based on the closing price of Alliance Data common stock reported on the NYSE on the trading day immediately preceding the closing of the merger.

Alliance Data common stock is listed on the New York Stock Exchange under the symbol ADS. Conversant common stock is listed on The NASDAQ Global Select Market under the symbol CNVR. We urge you to obtain current market quotations for shares of Alliance Data common stock and Conversant common stock.

Your vote is very important. The merger cannot be completed unless Conversant stockholders adopt the merger agreement. Conversant is holding a special meeting of its stockholders to approve the proposal to adopt the merger agreement and the other Conversant proposals described in this proxy statement/prospectus. Information about the Conversant special meeting of stockholders, the merger and the other business to be considered by Conversant stockholders at this meeting is contained in this proxy statement/prospectus. Conversant stockholders are urged to read this proxy statement/prospectus carefully. No stockholder vote of Alliance Data stockholders is required in connection with the merger. **You should also carefully consider the risk factors beginning on page 28 of this proxy statement/prospectus.**

Whether or not Conversant stockholders plan to attend the special meeting of stockholders, they should submit their proxies as soon as possible to make sure that their shares are represented at that meeting.

The Conversant board of directors unanimously recommends that Conversant's stockholders vote (1) FOR the proposal to adopt the merger agreement, (2) FOR the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, and (3) FOR the proposal to adjourn the Conversant special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals.

/s/ Edward J. Heffernan

/s/ John Giuliani

Edward J. Heffernan

John Giuliani

President and Chief Executive Officer

President and Chief Executive
Officer

Alliance Data Systems Corporation

Conversant, Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated _____, 2014, and is first being mailed to stockholders of Conversant on or about _____, 2014.

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NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON _____, 2014

To the Stockholders of Conversant, Inc.:

A special meeting of stockholders of Conversant, Inc. will be held at Conversant's corporate offices located at 30699 Russell Ranch Road, Suite 250, Westlake Village, CA 91362, on _____ at 9:00 a.m., local time, for the following purposes:

to adopt the Agreement and Plan of Merger, dated as of September 11, 2014, as it may be amended from time to time, which we refer to as the merger agreement, by and among Alliance Data Systems Corporation, Conversant, Inc. and Amber Sub LLC;

to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section entitled "The Merger - Interests of Directors and Executive Officers of Conversant in the Merger - Golden Parachute Compensation";

to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals if there are insufficient votes at the time of such adjournment to approve such proposals; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Completion of the merger is conditioned on, among other things, the adoption by Conversant's stockholders of the merger agreement.

The accompanying proxy statement/prospectus further describes the matters to be considered at the special meeting. A copy of the merger agreement has been included as Annex A to this proxy statement/prospectus.

The Conversant board of directors has set _____, 2014 as the record date for the special meeting. Only holders of record of shares of Conversant common stock at the close of business on _____, 2014 will be entitled to notice of the special meeting and to vote at the special meeting and any adjournments or postponements thereof. To ensure your representation at the special meeting, please complete and return the enclosed proxy card or submit your proxy by telephone or through the Internet. Please vote promptly whether or not you expect to attend the special meeting. Submitting a proxy now will not prevent you from being able to vote at the special meeting by attending in person and casting a vote.

Under Delaware law, Conversant stockholders who do not vote in favor of the adoption of the merger agreement will have the right to seek appraisal of the fair value of their shares of Conversant common stock as determined by the Delaware Court of Chancery if the merger is completed, but only if such stockholders submit a written demand for such an appraisal prior to the vote on the merger agreement and comply fully with the procedures explained in the accompanying proxy statement/prospectus and in Section 262 of the General Corporation Law of the State of Delaware. However, if you choose to make an election with respect to the form of merger consideration you wish to receive, you will be deemed to waive your rights of appraisal.

The board of directors of Conversant unanimously recommends that you vote (1) FOR the proposal to adopt the merger agreement, (2) FOR the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, and (3) FOR the proposal to adjourn the Conversant special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals.

By Order of the Board of Directors,

/s/ John Giuliani

John Giuliani

President and Chief Executive Officer

Westlake Village, California

, 2014

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PLEASE VOTE YOUR SHARES PROMPTLY. YOU CAN FIND INSTRUCTIONS FOR VOTING ON THE ENCLOSED PROXY CARD. IF YOU HAVE QUESTIONS ABOUT THE PROPOSALS OR ABOUT VOTING YOUR SHARES, PLEASE CONTACT CONVERSANT'S PROXY SOLICITOR, INNISFREE M&A INCORPORATED, BY TELEPHONE AT (888) 750-5834 (TOLL FREE FOR STOCKHOLDERS) OR (212) 750-5833 (COLLECT FOR BANKS AND BROKERS).

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates by reference important business and financial information about Alliance Data and Conversant from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this proxy statement/prospectus through the website of the United States Securities and Exchange Commission, or the SEC, www.sec.gov, or by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Alliance Data Systems Corporation

7500 Dallas Parkway

Suite 700

Plano, Texas 75024

Phone: (214) 494-3000

E-mail: leighann.epperson@alliancedata.com

Attention: Secretary

Conversant, Inc.

30699 Russell Ranch Road

Suite 250

Westlake Village, California 91362

Phone: (818) 575-4540

E-mail: eranderson@conversantmedia.com

Attention: VP, Investor Relations

or

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders May Call Toll Free: (888) 750-5834

Banks and Brokers May Call Collect: (212) 750-5833

Investors may also consult Alliance Data's or Conversant's websites for more information concerning the merger described in this proxy statement/prospectus. Alliance Data's website is www.alliancedata.com, and Conversant's website is www.conversantmedia.com. Information included on these websites is not incorporated by reference into this proxy statement/prospectus.

In order to receive timely delivery of any documents in advance of the Conversant special meeting, your request should be received no later than _____, 2014. In order to receive timely delivery of any documents in

advance of the election deadline for the merger, your request should be received no later than five business days prior to the election deadline.

For more information, see [Where You Can Find More Information](#) and [Information Incorporated by Reference](#).

VOTING ELECTRONICALLY OR BY TELEPHONE

Conversant stockholders of record on the close of business on _____, 2014, the record date for the Conversant special meeting, may authorize the voting of their shares of Conversant common stock by telephone or Internet by following the instructions on their proxy card or voting form. If you have any questions regarding whether you are eligible to authorize the voting of your shares of Conversant common stock by telephone or by Internet, please contact Innisfree M&A Incorporated at the addresses or telephone numbers listed above.

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ABOUT THIS PROXY STATEMENT/PROSPECTUS

This document, which forms part of a registration statement on Form S-4, as may be amended from time to time, filed with the Securities and Exchange Commission, or the SEC, by Alliance Data, is a proxy statement/prospectus, which we refer to as this proxy statement/prospectus. It constitutes a prospectus of Alliance Data under Section 5 of the Securities Act of 1933, as amended, or the Securities Act, with respect to the shares of Alliance Data common stock to be issued to Conversant stockholders pursuant to the merger. It also constitutes a proxy statement for Conversant under Section 14(a) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, because the board of directors of Conversant is soliciting proxies from its stockholders. It also constitutes a notice of meeting with respect to the special meeting of Conversant stockholders.

You should rely only on the information contained in or incorporated by reference into this proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this proxy statement/prospectus. This proxy statement/prospectus is dated _____, 2014. You should not assume that the information contained in this proxy statement/prospectus is accurate as of any date other than _____, 2014. You should not assume that the information incorporated by reference into this proxy statement/prospectus is accurate as of any date other than the date of the incorporated document. Neither the mailing of this proxy statement/prospectus to Conversant stockholders nor the issuance by Alliance Data of shares of Alliance Data common stock to Conversant stockholders in the merger will create any implication to the contrary.

This proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction to or from any person to whom it is unlawful to make any such offer or solicitation. Information contained in this proxy statement/prospectus regarding Alliance Data has been provided by Alliance Data, and information contained in this proxy statement/prospectus regarding Conversant has been provided by Conversant.

All references in this proxy statement/prospectus to Alliance Data refer to Alliance Data Systems Corporation, a Delaware corporation, and/or its consolidated subsidiaries, unless the context requires otherwise; all references in this proxy statement/prospectus to Conversant refer to Conversant, Inc., a Delaware corporation, and/or its consolidated subsidiaries, unless the context requires otherwise; all references to the Merger Subsidiary refer to Amber Sub LLC, a Delaware limited liability company and wholly-owned subsidiary of Alliance Data, formed for the sole purpose of effecting the merger; unless otherwise indicated or as the context requires, all references in this proxy statement/prospectus to we, our and us refer to Alliance Data and Conversant, collectively; and, unless otherwise indicated or as the context requires, all references to the merger agreement refer to the Agreement and Plan of Merger, dated as of September 11, 2014, as it may be amended from time to time, by and among Alliance Data, the Merger Subsidiary and Conversant, a copy of which is included as Annex A to this proxy statement/prospectus.

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Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Conversant Stockholders to be Held on , 2014

This proxy statement/prospectus is available for viewing, printing and downloading at .

You may request a copy of the materials relating to the Conversant Special Meeting, including this proxy statement/prospectus and form of proxy for the Conversant Special Meeting, by contacting Conversant s investor relations department by telephone at (818) 575-4540 or by e-mail at eranderson@conversantmedia.com.

A copy of the Conversant Annual Report on Form 10-K for the fiscal year ended December 31, 2013 as filed with the SEC, other than exhibits, will be furnished without charge to any stockholder upon written or oral request to:

Conversant, Inc.

30699 Russell Ranch Road, Suite 250

Westlake Village, CA 91362

Phone: (818) 575-4540

E-mail: eranderson@conversantmedia.com

Attention: VP, Investor Relations

or

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders May Call Toll Free: (888) 750-5834

Banks and Brokers May Call Collect: (212) 750-5833

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QUESTIONS AND ANSWERS

The following questions and answers briefly address some commonly asked questions about the proposed merger and the other matters to be considered at the special meeting of Conversant, Inc. stockholders. They may not include all the information that is important to you. **We urge you to read carefully this entire proxy statement/prospectus, including the annexes and the other documents we refer to or incorporate by reference herein.**

Q: Why am I receiving this proxy statement/prospectus?

A: The board of directors of each of Alliance Data Systems Corporation, which we refer to as Alliance Data, and Conversant, Inc., or Conversant, has approved an agreement and plan of merger, or the merger agreement, pursuant to which Alliance Data will acquire Conversant through the merger of Conversant with and into a newly formed, wholly-owned subsidiary of Alliance Data, with the new subsidiary surviving the merger as a wholly-owned subsidiary of Alliance Data.

The merger cannot be completed unless Conversant stockholders adopt the merger agreement.

Conversant is holding a special meeting of its stockholders to approve the proposal to adopt the merger agreement and the other Conversant proposals described in this proxy statement/prospectus. Information about this meeting, the merger and the other business to be considered by stockholders is contained in this proxy statement/prospectus.

We are delivering this document to you as a proxy statement of Conversant and a prospectus of Alliance Data. It is a proxy statement because the board of directors of Conversant is soliciting proxies from its stockholders. It is a prospectus because Alliance Data will issue shares of its common stock to Conversant stockholders in the merger.

Your vote is important. We encourage you to vote as soon as possible.

Q: Why is Conversant proposing the merger?

A: In the course of reaching its decision to approve the merger agreement and the related transactions, the board of directors of Conversant considered a number of factors in their deliberations and unanimously (i) determined that the merger is fair to, and in the best interests of, Conversant and its stockholders and declared the merger agreement and the merger advisable, (ii) approved the merger agreement and the transactions contemplated thereby, including the merger, and (iii) recommended the adoption of the merger agreement to Conversant's stockholders. For a more complete discussion of the factors that the Conversant board of directors considered, see The Merger Conversant Board of Directors Recommendation and Reasons for the Merger.

Q: What proposals are Conversant stockholders being asked to consider?

A: Conversant stockholders are being asked to:

adopt the merger agreement, or the Merger Proposal;

approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section entitled

The Merger Interests of Directors and Executive Officers of Conversant in the Merger Golden Parachute Compensation;

adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals if there are insufficient votes at the time of such adjournment to approve such proposal; and

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transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Q: How does the board of directors of Conversant recommend that I vote?

A: The board of directors of Conversant has approved the merger agreement and the other transactions contemplated thereby and determined that the merger agreement and the merger are advisable and in the best interests of the Conversant stockholders.

The board of directors of Conversant unanimously recommends that Conversant stockholders vote (1) FOR the proposal to adopt the merger agreement, (2) FOR the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, and (3) FOR the proposal to adjourn the Conversant special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals.

Q: What will stockholders receive in the merger?

A: In the proposed merger, Conversant stockholders will receive for each share of Conversant common stock the combination, which we refer to as the Base Consideration, of (x) 0.07037 of a share, which we refer to as the Fixed Exchange Ratio, of Alliance Data common stock and (y) an amount in cash equal to \$35.00 minus the product of the volume weighted average price per share of Alliance Data common stock on the NYSE for the consecutive period of fifteen trading days ending on the close of trading on the second trading day immediately preceding the closing of the merger, which we refer to as the Parent Closing Trading Price, multiplied by the Fixed Exchange Ratio, which cash portion of the Base Consideration we refer to as the Per Share Cash Consideration. Notwithstanding the foregoing, the Per Share Cash Consideration will not exceed \$18.62, which we refer to as the Per Share Cash Cap, and will not be less than \$14.98, which we refer to as the Per Share Cash Minimum. In the event that the Per Share Cash Cap or Per Share Cash Minimum is reached, the Per Share Cash Consideration will be fixed at the Per Share Cash Cap or the Per Share Cash Minimum, as applicable, and the value that Conversant stockholders will receive for each share of Conversant common stock will fluctuate below or above \$35.00, as applicable, to the extent that the Parent Closing Trading Price is below \$232.75 or above \$284.48. Shares of Conversant common stock (i) held in Conversant's treasury, (ii) held by Alliance Data or any of its subsidiaries, (iii) issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger, or (iv) as to which the holder has properly exercised appraisal rights will not receive the merger consideration (except that shares of Conversant common stock that were issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger shall be entitled to receive the consideration described under the heading "The Merger Treatment of Conversant Stock Options and Other Equity Awards"). For more information regarding the merger consideration provisions contained in the merger agreement, see "The Merger Consideration to be Received in the Merger."

Alliance Data will not issue any fractional shares of its common stock. Instead, a Conversant stockholder will be entitled to receive cash in an amount determined by multiplying (x) the closing price of Alliance Data common stock reported on the NYSE on the trading day immediately preceding the day the merger is completed by (y) the fraction of a share of Alliance Data common stock to which such stockholder otherwise would be entitled.

Q: Can I make an election to receive all cash or all shares of Alliance Data common stock as consideration for my shares of Conversant common stock?

A: In lieu of the Base Consideration, each Conversant stockholder will have the right to elect to receive for each share of Conversant common stock eligible to receive merger consideration (1) cash equal to \$35.00,

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except in the case in which the Per Share Cash Cap or Per Share Cash Minimum has been reached, in which case, cash equal to the sum of (x) the Fixed Exchange Ratio multiplied by the Parent Closing Trading Price and (y) the Per Share Cash Consideration, which we refer to as a Cash Election, or (2) a number of shares of Alliance Data common stock equal to the sum of (x) the Fixed Exchange Ratio and (y) the quotient of the Per Share Cash Consideration divided by the Parent Closing Trading Price, which election we refer to as a Stock Election, and which consideration we refer to as the Per Share Stock Election Consideration. The Cash Election and Stock Election are both subject to proration as described below. Regardless of whether a Cash Election or Stock Election is made and whether proration is required, all shares of Conversant common stock will receive the equivalent value as described in this proxy statement/prospectus with respect to calculation of the Base Consideration.

For more information regarding merger consideration and election mechanics, see **The Merger Consideration to be Received in the Merger.**

Q: When do Alliance Data and Conversant expect to complete the merger?

A: Alliance Data and Conversant expect to complete the merger after all conditions to the merger in the merger agreement are satisfied or waived, including the adoption of the merger agreement by the Conversant stockholders at the special meeting or any adjournment or postponement thereof. Alliance Data and Conversant currently expect to complete the merger in the fourth quarter of 2014. However, it is possible that factors outside of each company's control could require Alliance Data and Conversant to complete the merger at a later time or not to complete it at all.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this proxy statement/prospectus, please (i) vote your shares as soon as possible so that your shares will be represented at Conversant's special meeting, and (ii) if you desire to make an election with respect to the form of merger consideration for some or all of your shares of Conversant common stock, fill out the form of election, which will separately be made available to Conversant stockholders on the same day as this proxy statement/prospectus. Please follow the instructions set forth on the proxy card or on the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee, and on the form of election.

Even if you choose not to return your proxy card, or not to attend the special meeting, you may still complete, sign and return the form of election made available to you indicating your desire to make an election with respect to the form of merger consideration to be received by you in the merger. Any Conversant stockholder that fails to submit a proper form of election on or prior to 5 p.m., New York City time, on _____, 2014 will be deemed to have elected to receive the Base Consideration for each of such stockholder's shares of Conversant common stock eligible to receive merger consideration.

Q: Who can vote at the special meeting of Conversant stockholders?

A: All Conversant stockholders of record at the close of business on _____, 2014, or the record date, are entitled to vote at the special meeting of Conversant stockholders. As of the close of business on the record date, _____ shares of Conversant common stock were issued and outstanding.

Q: How many votes do I have?

A: Each share of Conversant common stock that you owned as of the close of business on the record date entitles you to one vote on each Conversant proposal.

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Q: Is my vote important?

A: Your vote is important regardless of how many shares you own. Please take the time to read the instructions below and vote. Choose the method of voting that is easiest and most convenient for you, and please cast your vote as soon as possible.

Q: How do I vote?

A: You may vote before Conversant's meeting of stockholders in one of the following ways:

use the toll-free number shown on your proxy card;

visit the website shown on your proxy card to vote or authorize the voting of your shares via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

You may also cast your vote in person at Conversant's meeting of stockholders.

If your shares are held in street name, through a broker, bank or other nominee, that institution will send you separate instructions describing the procedure for voting your shares. Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

Q: Who will count the votes?

A: Broadridge Financial Solutions, Inc., the tabulator for the meeting, will count, tabulate and certify the votes at the special meeting of Conversant stockholders or any adjournment or postponement thereof. A representative of Broadridge Financial Solutions, Inc. will serve as the inspector of elections at the special meeting or any adjournment or postponement thereof.

Q: When and where is the special meeting of Conversant stockholders?

A: The special meeting of Conversant stockholders will be held at Conversant's corporate offices located at 30699 Russell Ranch Road, Suite 250, Westlake Village, CA 91362 at 9:00 a.m., local time, on _____, 2014. Subject to space availability, all Conversant stockholders as of the record date, or their duly appointed proxies, may attend the meeting. Since seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration and seating will begin at 8:30 a.m., local time.

Q: What happens if I transfer my shares of Conversant common stock before the Conversant special meeting?

A: The record date of the Conversant special meeting is earlier than the date of the Conversant special meeting and the date that the merger is expected to be completed. If you transfer your shares of Conversant common stock after the record date but before the Conversant special meeting, you will retain your right to vote at the Conversant special meeting, but you will have transferred the right to receive the merger consideration in the merger. In order to receive the merger consideration, you must hold shares of Conversant common stock at the closing of the merger.

Q: May I transfer my shares of Conversant common stock once I have made an election?

A: No. If an election has been made for any of your shares of Conversant common stock, and such election has not been properly revoked, such shares may not be transferred.

Q: What constitutes a quorum?

A: To establish a quorum to transact business at the Conversant special meeting, there must be present at the meeting, in person or by proxy, a majority of the shares of Conversant common stock issued, outstanding,

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and entitled to vote at the meeting. Shares of Conversant common stock represented in person or by proxy (including shares that abstain or do not vote with respect to one or more of the matters to be voted upon) will be counted for the purpose of determining whether a quorum exists. Because each of the Conversant proposals is a non-discretionary item under applicable rules, as described below, broker non-votes will not be counted for the purpose of determining whether a quorum exists at the Conversant special meeting.

Q: What vote is required to approve each of the Conversant proposals?

A: *To adopt the merger agreement:* If a quorum is present, the affirmative vote of a majority of the outstanding shares of Conversant common stock entitled to vote on the proposal at the special meeting is required to adopt the merger agreement.

To approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger: If a quorum is present, the affirmative vote of the holders of a majority of the votes cast on the proposal at the special meeting, in person or by proxy, is required to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section entitled "The Merger Interests of Directors and Executive Officers of Conversant in the Merger" Golden Parachute Compensation.

To adjourn the Conversant special meeting: Whether or not a quorum is present at the special meeting, the affirmative vote of the holders of a majority of the shares entitled to vote and present in person or by proxy at the special meeting is required to adjourn the special meeting.

Concurrently with the execution of the merger agreement, each of Conversant's directors and executive officers executed a Voting Agreement with Alliance Data that requires, among other things and subject to the terms and conditions and exceptions contained in the Voting Agreement, such Conversant directors and executive officers to (i) vote in favor of (and to grant a proxy to Alliance Data, or one of Alliance Data's designated representatives, to vote in favor of) adoption of the merger agreement, the merger and the other transactions contemplated thereby, (ii) vote against any Company Takeover Proposal (as defined in the merger agreement), or any proposal or transaction involving Conversant, or amendment to the organizational documents of Conversant that would reasonably be expected to materially impede, interfere with, delay or adversely affect the merger or the other transactions contemplated by the merger agreement or change the voting rights of any class of capital stock of Conversant and (iii) not transfer such directors' or officers' shares of Conversant common stock prior to the earliest to occur of certain events, including the closing of the merger or the termination of the merger agreement, subject to certain permitted transfers to permitted transferees who agree to become bound by the Voting Agreement. As of September 11, 2014, Conversant's directors and executive officers beneficially owned shares of, or securities convertible into or exercisable for, Conversant common stock representing approximately 6.5% of the outstanding shares of Conversant common stock on a fully-diluted basis. As of the record date for the Conversant special meeting, Conversant's directors and executive officers beneficially owned shares of, or securities convertible into or exercisable for, Conversant common stock representing approximately % of the outstanding shares of Conversant common stock on a fully-diluted basis. A copy of the full text of the Voting Agreement is attached as Annex B to this proxy statement/prospectus.

Q: If my shares are held in street name by a broker or other nominee, will my broker or nominee vote my shares for me?

A: Your broker cannot vote your shares without instructions from you with respect to any of the proposals, and if you do not instruct your broker how to vote your shares on those proposals, your shares will be treated as broker non-votes for those proposals. You should instruct your broker as to how to vote your Conversant common stock, following the procedures your broker provides to you. Please check the voting form used by your broker.

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Q: Can I vote at the Conversant special meeting if my shares are held in street name ?

A: If your shares are held in street name, you must bring an account statement or letter from your brokerage firm or bank showing that you are the beneficial owner of shares of Conversant as of the record date in order to be admitted to the special meeting. To be able to vote your shares held in street name at the special meeting of Conversant stockholders, you will need to obtain a proxy card from the holder of record.

Q: What if I return my proxy card without indicating how to vote?

A: If you sign and return your proxy card without indicating how to vote on any particular proposal, your shares will be voted in accordance with the recommendation of the Conversant board of directors with respect to such proposal.

Q: What will happen if I fail to vote or I abstain from voting?

A: If you fail to vote, your shares will not be counted for purposes of establishing a quorum at the special meeting. It will have the same effect as a vote AGAINST the proposal to adopt the merger agreement, but it will have no effect on the adjournment proposal or, assuming a quorum is present, on the proposal to approve on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger. If you are present at the meeting but abstain from voting, your shares will be counted as represented at the special meeting of Conversant stockholders for purposes of determining whether a quorum is present, and it will have the same effect as a vote AGAINST the proposal to adopt the merger agreement, AGAINST the adjournment proposal and AGAINST the proposal to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger.

Q: What will happen if I fail to instruct my broker, bank or nominee how to vote?

A: If you do not instruct your broker, bank or nominee on how to vote your shares, your broker may not vote your shares at the special meeting of Conversant stockholders (referred to as a broker non-vote). Such shares will not be counted for purposes of establishing a quorum. Broker non-votes will have the same effect as a vote AGAINST the adoption of the merger agreement, but will have no effect on the adjournment proposal or, assuming a quorum is present, on the proposal to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger.

Q: Can I change my vote after I have delivered my proxy or voting instruction card?

A:

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Yes. You can change your vote at any time before your proxy is voted at the special meeting of Conversant stockholders. If your shares are held in an account at a broker or other nominee, you should contact your broker or other nominee to change your vote. Otherwise, if you hold your shares directly and are a record holder, you can do this in one of four ways:

by sending a notice of revocation to Broadridge Financial Solutions, Inc.;

by sending a completed proxy card bearing a later date than your original proxy card;

by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy or authorize the voting of your shares electronically or by calling the telephone number specified on your proxy card, in each case if you are eligible to do so and following the instructions on the proxy card;
or

by attending the meeting and voting in person (although your attendance alone will not revoke any proxy).

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If you choose any of the first three methods, the described action must be completed and your notice of revocation, completed proxy card, electronic vote or telephonic vote, as applicable, must be received by Broadridge Financial Solutions, Inc. by 9:00 a.m. California time on the day before the special meeting of Conversant stockholders.

Q: Why have I been sent a form of election?

A: If the merger is approved and consummated, each share of Conversant common stock held by you (other than shares issued pursuant to a restricted stock award grant that remains unvested upon closing of the merger and any shares as to which you properly exercise your appraisal rights) will be converted into the right to receive the Base Consideration, by default. However, you may elect to receive the Stock Election or the Cash Election with respect to each of your shares of Conversant common stock. You may also make an election to receive the Base Consideration (which is what you would receive if you do not make an election). If you make a Stock Election or a Cash Election, the number of shares of Alliance Data common stock, the amount of cash, or both, that you receive will be subject to proration among all the shares with respect to which either a Cash Election or Stock Election is made if the amount of cash or the amount of shares of Alliance Data available as merger consideration is oversubscribed. In all instances, cash will be paid in lieu of any remaining fractional interest in a share of Alliance Data common stock. The form of election is the document made available to you on the same day as this proxy statement/prospectus to select the type of consideration you wish to receive with respect to each of your shares of Conversant common stock.

Q: Will I be sent a form of election if my shares of Conversant common stock are held through a bank, broker or other nominee?

A: If you hold your shares of Conversant common stock through a bank, broker or other nominee, your bank, broker or other nominee, as applicable, will provide you with instructions on how to make an election. If you fail to comply with your bank's, broker's or nominee's instructions, your election will be disregarded and you will receive the Base Consideration.

Q: What happens if I do not send in my form of election?

A: If you do not respond on or prior to 5:00 p.m., New York City time, on _____, 2014 and the merger is approved and consummated, you will receive the Base Consideration, unless you properly exercise appraisal rights.

Q: What happens if I miss the election deadline?

A: Missing the election deadline is the same as not responding you will receive the Base Consideration, unless you properly exercise appraisal rights. The election deadline is 5:00 p.m., New York City time, on _____, 2014.

Q: May I revoke or change my form of election?

A: If you have made an election pursuant to a form of election you may, at any time prior to the election deadline, change or revoke your election by submitting written notice to the exchange agent. After the election deadline, you may not change or revoke your election, unless the merger agreement is terminated. If an election is timely revoked and the merger is consummated, the shares as to which such election previously applied shall automatically receive the Base Consideration, unless a new election is made pursuant to a form of election and submitted to the exchange agent prior to the election deadline.

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Q: Am I guaranteed to receive what I ask for on the form of election?

A: If you elect to receive the Base Consideration (or do not make any election), you will receive the Base Consideration, subject to the payment of cash for any fractional shares of Alliance Data common stock you would be entitled to receive. If you make a Stock Election or a Cash Election, then you are not guaranteed to receive the form of consideration you elect to receive. The aggregate amount of cash and shares of Alliance Data common stock payable by Alliance Data in the merger will not be more than the aggregate amount of cash and shares of Alliance Data common stock that would have otherwise been payable by Alliance Data if all Conversant stockholders were to receive the Base Consideration. To the extent there is not enough cash or shares of Alliance Data common stock to pay pursuant to a Cash Election or a Stock Election, the consideration payable on each such share of Conversant common stock will be adjusted on a pro rata basis (and with the difference between such pro rated amount being made up in the remaining Alliance Data common stock or cash, as applicable) among all shares with respect to which either a Cash Election or Stock Election has been made. As a result, if you make a Stock Election or a Cash Election regarding your consideration, you may not receive the combination of cash and/or shares you elected, depending on the choices made by other Conversant stockholders.

Q: What are the material U.S. federal income tax consequences of the merger?

A: The federal income tax consequences of the merger will differ depending on whether the forward merger structure or reverse merger structured is used. The reverse merger structure (i.e., Conversant will be the surviving entity in the merger) will be used if the Reverse Merger Condition is satisfied. The forward merger structure will be used (i.e., Conversant will not be the surviving entity in the merger) if the Reverse Merger Condition is not satisfied.

If the merger is structured as a forward merger, Alliance Data and Conversant intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, for U.S. federal income tax purposes. Assuming the merger so qualifies, for U.S. federal income tax purposes:

Holders of Conversant common stock whose shares are exchanged in the merger for a combination of cash and Alliance Data common stock will not recognize a loss, but will generally recognize gain in an amount equal to the lesser of (i) the holder's gain realized (i.e., the excess, if any, of the sum of the amount of cash received pursuant to the merger and the fair market value, as of the effective time of the merger, of Alliance Data common stock received pursuant to the merger over the holder's adjusted tax basis in the shares of Conversant common stock surrendered) and (ii) the amount of cash received pursuant to the merger. In certain circumstances, this gain could be taxable as a dividend rather than a capital gain.

Holders of Conversant common stock whose shares are exchanged in the merger solely for cash will be required to recognize gain, and should be permitted to recognize loss, equal to the difference between the amount of cash received pursuant to the merger and the holder's adjusted tax basis in the shares of Conversant common stock surrendered.

Holders of Conversant common stock whose shares are exchanged in the merger solely for Alliance Data common stock will not recognize any gain or loss, except for any gain or loss attributable to the receipt of cash in lieu of fractional shares.

The Reverse Merger Condition will be satisfied if, on the trading date immediately before the closing date of the merger, the aggregate value of all Alliance Data common stock to be received by all Conversant stockholders as a group in the merger would be less than 40% of the aggregate value of all consideration to be received by all Conversant stockholders as a group in, or in connection with, the merger (i.e., cash plus Alliance Data common stock). Because the structure that will ultimately be used to complete the merger will depend on the 40% test, including, in particular, the value of Alliance Data stock as of the trading date immediately before the closing date of the merger, we will not know at the time of the stockholder meeting

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which structure will be used. As a result, Conversant stockholders will not know which of the alternative tax consequences described in this answer will be applicable to them at the time they vote on the merger.

If the reverse merger structure is used, the merger will not qualify as a reorganization within the meaning of Section 368(a) of the Code. In that case, holders of Conversant common stock whose shares are exchanged in the merger for merger consideration will generally recognize gain or loss in an amount equal to the difference between (i) the fair market value, as of the effective time of the merger, of Alliance Data common stock received plus any cash received and (ii) the holder's adjusted tax basis in the shares of Conversant common stock surrendered. Such gain or loss generally will be determined separately with respect to each block of Conversant shares surrendered in the merger, and generally will be long-term capital gain or loss if the holder's holding period for the Conversant common stock surrendered exceeds one year at the effective time of the merger.

We would use the reverse merger structure to avoid the substantial corporate level tax that would result if the merger were to be structured as a forward merger and were to fail to satisfy the requirements for a reorganization under Section 368(a) of the Internal Revenue Code.

The tax consequences to Conversant stockholders of the merger are described in greater detail in the section entitled Material U.S. Federal Income Tax Consequences. You are urged to consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Q: Does the merger require the approval of Alliance Data stockholders?

A: No, the merger does not require the approval of Alliance Data stockholders.

Q: Do I have appraisal rights?

A: Subject to the closing of the merger, record holders of Conversant common stock who do not vote in favor of the Merger Proposal and otherwise comply fully with the requirements and procedures of Section 262 of the General Corporation Law of the State of Delaware, or the DGCL, are entitled to exercise their rights of appraisal, which generally entitle stockholders to receive a cash payment equal to the fair value of their Conversant common stock in connection with the merger. However, if you choose to make an election with respect to the form of merger consideration you wish to receive, you will be deemed to waive your rights of appraisal. A detailed description of the appraisal rights and procedures available to Conversant stockholders is included in The Merger Appraisal Rights. The full text of Section 262 of the DGCL is attached as Annex C to this proxy statement/prospectus.

Q: Should I send in my stock certificates now?

A: Yes, ONLY if you are a Conversant stockholder that is making an election with respect to the form of merger consideration to be received by you in the merger. In that case, you should send your stock certificates with your completed form of election by following the directions provided on the form of election. If you do not provide

your stock certificates with your completed form of election, or in the case of book-entry shares, any additional documents required by the procedures set forth on the form of election, your form of election will be considered incomplete. If you do not provide your stock certificates now, you will receive written instructions from the exchange agent after the merger is completed on how to exchange your stock certificates for merger consideration.

No, if you are a Conversant stockholder that chooses not to make an election with respect to the form of merger consideration to be received by you in the merger. In that case, you should NOT send your stock certificates to the exchange agent until you receive a separate letter of transmittal from the exchange agent.

You should NOT send your stock certificates with your proxy card.

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Q: How will the merger affect Conversant stock options?

A: Each option to purchase shares of Conversant common stock that is outstanding immediately prior to the effective time of the merger, whether vested or unvested, will be converted into an option to purchase Alliance Data common stock on the same terms and conditions as applied to the existing option immediately prior to the merger, except that (1) the number of shares of Alliance Data common stock subject to the new option, rounded down to the nearest whole share, will be determined by multiplying the number of shares of Conversant common stock subject to the existing option by the Per Share Stock Election Consideration and (2) the exercise price per share of Alliance Data common stock under the new option, rounded up to the nearest whole cent, will be equal to the exercise price per share of Conversant common stock of the existing option divided by the Per Share Stock Election Consideration.

Q: How will the merger affect Conversant restricted stock?

A: Each Conversant restricted stock award that is not vested by its terms upon or before the closing of the merger will be converted into a restricted stock award with respect to whole shares of Alliance Data common stock, on the same terms, conditions and restrictions as applied to the existing award immediately prior to the merger, except that the number of shares of Alliance Data common stock subject to the new award, rounded down to the nearest whole share, will be equal to the product of the number of unvested shares of Conversant common stock under the existing award and the Per Share Stock Election Consideration. Each Conversant restricted stock award that is vested by its terms upon or before the closing of the merger will, at the effective time of the merger, entitle the holder thereof to the merger consideration described under Consideration to be Received in the Merger. If you hold shares of Conversant restricted common stock that will be unvested as of the election deadline but will vest prior to or in connection with the closing of the merger, we will provide instructions on how to make an election with respect to those shares.

Q: Will any other business be conducted at the Conversant special meeting or will other matters be voted on?

A: Conversant is not aware of any other business to be conducted or matters to be voted upon at the special meeting of Conversant stockholders.

Q: Where can I find the voting results?

A: Conversant will report the voting results from the special meeting of Conversant stockholders in its Current Report on Form 8-K, which it expects to file with the SEC within four business days after the special meeting.

Q: Whom should I contact if I have any questions about the merger, the election mechanics or the proxy materials?

- A: If you have any questions about the merger or if you need assistance in submitting your proxy or voting your shares or need additional copies of this proxy statement/prospectus, the enclosed proxy card or form of election, which will be made available to Conversant stockholders on the same day as this proxy statement/prospectus, you should contact either of the companies listed below:

Innisfree M&A Incorporated

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders May Call Toll Free: (888) 750-5834

Banks and Brokers May Call Collect: (212) 750-5833

Broadridge Corporate Issuer Solutions, Inc.

51 Mercedes Way

Edgewood, NY 11717

(855) 449-0990 (Toll free)

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SUMMARY

*This summary highlights selected information contained in this proxy statement/prospectus, or the annexes to this proxy statement/prospectus, and does not contain all the information that may be important to you. Alliance Data and Conversant urge you to read carefully this proxy statement/prospectus and the annexes to this proxy statement/prospectus in their entirety. Additionally, important information is also contained in the documents that we incorporate by reference into this proxy statement/prospectus. See *Where You Can Find More Information* and *Information Incorporated by Reference*. We have included page references in this summary to direct you to a more complete description of the topics presented below.*

The Parties

Alliance Data Systems Corporation (See page 98)

Alliance Data is a leading global provider of data-driven marketing and loyalty solutions serving large, consumer-based businesses in a variety of industries. Alliance Data offers a comprehensive portfolio of integrated outsourced marketing solutions, including customer loyalty programs, database marketing services, marketing strategy consulting, analytics and creative services, direct marketing services and private label and co-brand retail credit card programs. Alliance Data focuses on facilitating and managing interactions between its clients and their customers through all consumer marketing channels, including in-store, online, catalog, mail, telephone and email, and emerging channels such as mobile and social media. Alliance Data captures and analyzes data created during each customer interaction, leveraging the insight derived from that data to enable clients to identify and acquire new customers and to enhance customer loyalty. Alliance Data believes that its services are becoming increasingly valuable as businesses shift marketing resources away from traditional mass marketing toward more targeted marketing programs that provide measurable returns on marketing investments. Alliance Data's client base of more than 1,300 companies consists primarily of large consumer-based businesses, including well-known brands such as Bank of Montreal, Sobeys, Shell Canada, Procter & Gamble, AstraZeneca, Hilton, Bank of America, General Motors, FedEx, Kraft, Victoria's Secret, Lane Bryant, Pottery Barn, J. Crew and Ann Taylor. Alliance Data's client base is diversified across a broad range of end-markets, including financial services, specialty retail, grocery stores, drug stores, petroleum retail, automotive, hospitality and travel, telecommunications and pharmaceuticals. Alliance Data believes its comprehensive suite of marketing solutions offers it a significant competitive advantage, as many of its competitors offer a more limited range of services. Alliance Data believes the breadth and quality of its service offerings have enabled it to establish and maintain long-standing client relationships.

Alliance Data was incorporated under the laws of the State of Delaware on February 23, 1995. Its corporate headquarters are located at 7500 Dallas Parkway, Suite 700, Plano, Texas 75024 and its telephone number at that address is 214-494-3000. Alliance Data's website address is www.alliancedata.com. Information contained on Alliance Data's website is not incorporated by reference and does not constitute a part of this proxy statement/prospectus.

Conversant, Inc. (See page 98)

Conversant offers a comprehensive range of digital marketing services across its affiliate marketing and media segments. Conversant believes the unique combination of its scale and breadth of services; vast amounts of proprietary data spanning online and offline channels; cross-device capabilities; and industry leading approach to personalized communication positions Conversant to be the digital marketing services provider of choice for major marketers and the advertising agencies that service them. Conversant's services help marketers achieve a variety of strategic objectives, including customer relationship management, new customer acquisition and branding. In the first quarter of 2014, the company changed its corporate name from ValueClick, Inc. to Conversant, Inc.

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Conversant was incorporated under the laws of the State of Delaware on October 9, 1998. Its corporate headquarters are located at 30699 Russell Ranch Road, Suite 250, Westlake Village, California 91362, and its telephone number at that address is (818) 575-4500. Conversant's website address is www.conversantmedia.com. Information contained on Conversant's website is not incorporated by reference and does not constitute a part of this proxy statement/prospectus.

The Merger Subsidiary (See page 99)

Amber Sub LLC, or the Merger Subsidiary, is a wholly-owned subsidiary of Alliance Data and was formed as a limited liability company under the laws of the State of Delaware on September 5, 2014 for the purpose of effecting the merger. Subject to the terms and conditions of the merger agreement and upon closing of the merger, Conversant will merge with and into the Merger Subsidiary, which will survive as a wholly-owned subsidiary of Alliance Data. At the effective time of the merger, the name of the Merger Subsidiary will change to Conversant LLC. However, if the Reverse Merger Condition described below is satisfied, Conversant will be the surviving entity in the merger. See Material U.S. Federal Income Tax Consequences.

The Merger Subsidiary has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of applicable regulatory filings in connection with the merger.

Risk Factors (See page 28)

Before voting at the Conversant special meeting, Conversant's stockholders should carefully consider all of the information contained in or incorporated by reference into this proxy statement/prospectus, as well as the specific factors under the heading "Risk Factors," including the risks that:

The merger may not be completed on a timely basis or at all. The failure to complete the merger would eliminate, or any delay in the completion of the merger may significantly reduce, the benefits expected to be obtained from the merger and could adversely affect the market price of Alliance Data or Conversant common stock or their future business and financial results.

The value of the merger consideration to be received by Conversant stockholders may fluctuate in certain circumstances based on the market price of Alliance Data common stock. Conversant stockholders cannot be sure of the value of the merger consideration that will be paid to Conversant stockholders in the merger.

Conversant stockholders may receive a form of consideration different from what they elect.

Uncertainties associated with the merger may cause a loss of management personnel and other key employees that could adversely affect the future business, operations and financial results of Alliance Data following the merger.

Lawsuits have been filed against Conversant, Conversant's directors, Alliance Data and the Merger Subsidiary challenging the merger, and an adverse ruling may prevent the merger from being completed.

Conversant stockholders will not know the federal income tax consequences to them of the merger at the time that they make an election as to the form of the consideration or at the time they vote. See Material U.S. Federal Income Tax Consequences.

Current Alliance Data stockholders and Conversant stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Alliance Data may be unable to integrate successfully the businesses of Conversant and realize the anticipated benefits of the merger or do so within the intended timeframe.

Sales of substantial amounts of Alliance Data common stock in the open market, by former Conversant stockholders or otherwise, could depress Alliance Data's stock price.

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The Merger

The Merger Agreement (See page 81)

Alliance Data and Conversant have entered into the merger agreement attached as Annex A to this proxy statement/prospectus. We encourage you to read the entire merger agreement carefully because it is the principal document governing the merger.

Effect of the Merger (See page 39)

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Conversant will merge with and into the Merger Subsidiary, with the Merger Subsidiary surviving the merger as a wholly-owned subsidiary of Alliance Data. However, if the Reverse Merger Condition described below is satisfied, Conversant will be the surviving entity in the merger. See Material U.S. Federal Income Tax Consequences. We expect that, on a fully-diluted basis, the existing stockholders of Alliance Data and the former stockholders of Conversant will own approximately 93% and 7%, respectively, of the outstanding Alliance Data common stock following the merger.

Consideration to be Received in the Merger (See page 82)

In the proposed merger, Conversant stockholders will receive for each share of Conversant common stock (other than shares (i) held by Alliance Data or any of its subsidiaries, (ii) issued pursuant to a Conversant restricted stock award grant that remains unvested upon closing of the merger, (iii) as to which the holder has properly exercised appraisal rights or (iv) as to which a valid Cash Election or Stock Election has been made) the combination, which we refer to as the Base Consideration, of (x) 0.07037 of a share, which we refer to as the Fixed Exchange Ratio, of Alliance Data common stock and (y) an amount in cash equal to \$35.00 minus the product of the volume weighted average price per share of Alliance Data common stock on the New York Stock Exchange, or the NYSE, for the consecutive period of fifteen trading days ending on the close of trading on the second trading day immediately preceding the closing of the merger, which we refer to as the Parent Closing Trading Price, multiplied by the Fixed Exchange Ratio, which cash portion of the Base Consideration we refer to as the Per Share Cash Consideration. Notwithstanding the foregoing, the Per Share Cash Consideration will not exceed \$18.62, which we refer to as the Per Share Cash Cap, and will not be less than \$14.98, which we refer to as the Per Share Cash Minimum. In the event that the Per Share Cash Cap or Per Share Cash Minimum is reached, the Per Share Cash Consideration will be fixed at the Per Share Cash Cap or the Per Share Cash Minimum, as applicable, and the value that Conversant stockholders will receive for each share of Conversant common stock will fluctuate below or above \$35.00, as applicable, to the extent that the Parent Closing Trading Price is below \$232.75 or above \$284.48. For more information regarding the merger consideration provisions contained in the merger agreement, see The Merger Consideration to be Received in the Merger.

In lieu of the Base Consideration described above, each Conversant stockholder will have the right to elect to receive for each share of Conversant common stock eligible to receive merger consideration (1) cash equal to \$35.00, except in the case in which (i) the Per Share Cash Cap or Per Share Cash Minimum has been reached, in which case, cash equal to the sum of (x) the Fixed Exchange Ratio multiplied by the Parent Closing Trading Price and (y) the Per Share Cash Consideration, which we refer to as the Cash Election, or (2) a number of shares of Alliance Data common stock equal to the sum of (x) the Fixed Exchange Ratio and (y) the quotient of the Per Share Cash Consideration divided by the Parent Closing Trading Price, which election we refer to as a Stock Election, and which consideration we refer to as the Per Share Stock Election Consideration, and, in the case of either a Cash or Stock Election, both are subject to proration as described below.

The Base Consideration otherwise payable on each share of Conversant common stock as to which either a Cash Election or Stock Election has been made, will be pooled and reallocated among all such shares of Conversant common stock as to which a Cash Election or Stock Election has been made. This pooling and reallocation means that each such share gets, to the greatest extent possible, all cash or all Alliance Data common

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stock, but with the consideration payable on each such share of Conversant common stock pro rated to the extent there is not enough cash or enough Alliance Data common stock to pay pursuant to each such election (and with the difference between such pro rated amount being made up in the remaining Alliance Data common stock or cash, as applicable). The aggregate amount of cash and shares of Alliance Data common stock payable by Alliance Data in the merger shall equal the aggregate amount of cash and shares of Alliance Data common stock that would have otherwise been payable by Alliance Data if no election had been made by Conversant stockholders, and all such stockholders were to receive the Base Consideration. Shares of Conversant common stock (i) held in Conversant's treasury, (ii) held by Alliance Data or any of its subsidiaries, (iii) issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger, or (iv) as to which the holder has properly exercised appraisal rights will not receive the merger consideration (except that shares of Conversant common stock that were issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger shall be entitled to receive the consideration described under the heading "The Merger Treatment of Conversant Stock Options and Other Equity Awards").

The following table illustrates the value of the Base Consideration per share of Conversant common stock for different hypothetical Parent Closing Trading Prices (with the shaded lines defining the lower and upper boundaries of the collar).

Parent Closing Trading Price (a)	Fixed Exchange Ratio	Approx. Value of Per Share Stock Consideration (b)	Approx. Per Share Cash Consideration	Approx. Total Value of
				Per Share Merger Consideration
\$220.00	0.07037	\$ 15.48	\$ 18.62	\$ 34.10
\$225.00	0.07037	\$ 15.83	\$ 18.62	\$ 34.45
\$230.00	0.07037	\$ 16.19	\$ 18.62	\$ 34.81
\$232.00	0.07037	\$ 16.33	\$ 18.62	\$ 34.95
\$232.75(c)	0.07037	\$ 16.38	\$ 18.62	\$ 35.00
\$233.00	0.07037	\$ 16.40	\$ 18.60	\$ 35.00
\$235.00	0.07037	\$ 16.54	\$ 18.46	\$ 35.00
\$240.00	0.07037	\$ 16.89	\$ 18.11	\$ 35.00
\$245.00	0.07037	\$ 17.24	\$ 17.76	\$ 35.00
\$255.00	0.07037	\$ 17.94	\$ 17.06	\$ 35.00
\$258.00	0.07037	\$ 18.16	\$ 16.84	\$ 35.00
\$258.61(d)	0.07037	\$ 18.20	\$ 16.80	\$ 35.00
\$259.00	0.07037	\$ 18.23	\$ 16.77	\$ 35.00
\$260.00	0.07037	\$ 18.30	\$ 16.70	\$ 35.00
\$265.00	0.07037	\$ 18.65	\$ 16.35	\$ 35.00
\$270.00	0.07037	\$ 19.00	\$ 16.00	\$ 35.00
\$275.00	0.07037	\$ 19.35	\$ 15.65	\$ 35.00
\$280.00	0.07037	\$ 19.70	\$ 15.30	\$ 35.00
\$284.00	0.07037	\$ 19.99	\$ 15.01	\$ 35.00
\$284.48(e)	0.07037	\$ 20.02	\$ 14.98	\$ 35.00
\$285.00	0.07037	\$ 20.06	\$ 14.98	\$ 35.04
\$290.00	0.07037	\$ 20.41	\$ 14.98	\$ 35.39
\$295.00	0.07037	\$ 20.76	\$ 14.98	\$ 35.74
\$300.00	0.07037	\$ 21.11	\$ 14.98	\$ 36.09

- (a) Hypothetical volume weighted average price per share of Alliance Data common stock on the NYSE for the consecutive period of fifteen trading days ending on the close of trading on the second trading day immediately preceding the closing of the merger.
- (b) Note that per the terms of the merger agreement, any fractional shares of Alliance Data common stock payable to any holder of Conversant common stock will be aggregated and paid in cash.

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- (c) Reflects a 10% reduction in the Parent Closing Trading Price compared to the Parent Signing Trading Price, which is the lower boundary of the collar and the Parent Closing Trading Price at which the Per Share Cash Cap is reached.
- (d) The 7-day volume weighted average price per share of Alliance Data common stock on the NYSE as of the close of business on September 10, 2014, the last business day prior to the date the merger agreement was executed, referred to in this proxy statement/prospectus as the Parent Signing Trading Price.
- (e) Reflects a 10% increase in the Parent Closing Trading Price compared to the Parent Signing Trading Price, which is the upper boundary of the collar and the Parent Closing Trading Price at which the Per Share Cash Minimum is reached.

For tabular illustrations of proration calculations for different hypothetical Cash Elections and Stock Elections that may be made by Conversant stockholders under the terms of the merger agreement, see Annex D to this proxy statement/prospectus.

The tables included or referenced above are for illustrative purposes only. The value of the merger consideration that a Conversant stockholder actually receives will be based on the actual Parent Closing Trading Price, and the mix of merger consideration that an electing Conversant stockholder actually receives will depend on the elections made by other Conversant stockholders.

Alliance Data will not issue any fractional shares of its common stock in the merger. Instead, Conversant stockholders will receive cash in lieu of any fractional shares in an amount determined by multiplying (x) the closing price of Alliance Data common stock reported on the NYSE on the trading day immediately preceding the date of the merger's closing by (y) the fraction of a share of Alliance Data common stock to which the stockholder would otherwise be entitled.

The merger agreement provides for adjustments to the merger consideration to reflect fully the effect of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares, or any similar event with respect to Alliance Data common stock or Conversant common stock occurring between September 11, 2014 and the effective time of the merger.

Treatment of Conversant Stock Options and Other Equity Awards (See page 84)

Pursuant to the merger agreement, each Conversant stock option that is outstanding and unexercised immediately prior to the effective time of the merger will be converted into an option to acquire a number of shares of Alliance Data common stock, rounded down to the nearest whole share, determined by multiplying the number of shares underlying the existing Conversant stock option by the Per Share Stock Election Consideration, at an exercise price per share of Alliance Data common stock, rounded up to the nearest whole cent, equal to the per-share exercise price for the Conversant stock option immediately prior to the effective time of the merger divided by the Per Share Stock Election Consideration.

At the effective time of the merger, each outstanding Conversant restricted stock award that is not vested by its terms upon or before the closing of the merger will, pursuant to the merger agreement, be converted into a restricted stock award with respect to whole shares of Alliance Data common stock, with the number of shares of Alliance Data common stock subject to each such converted restricted stock award, rounded down to the nearest whole share, determined by multiplying the number of shares of Conversant common stock subject to the existing restricted stock award by the Per Share Stock Election Consideration. Each Conversant restricted stock award that is vested by its terms upon the closing of the merger will, at the effective time of the merger, entitle the holder thereof to the merger consideration described under Consideration to be Received in the Merger. However, in connection with the merger, Conversant's President and Chief Executive Officer John Giuliani entered into an agreement with Alliance Data to,

among other things, waive his right to acceleration of his outstanding unvested restricted stock awards. Additional information regarding this agreement and Mr. Giuliani s

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restricted stock awards is included under the headings The Merger Interests of Directors and Executive Officers of Conversant in the Merger Treatment of Conversant Stock Options and Other Equity Awards and The Merger Letter Agreement with John Giuliani.

Each converted stock option or restricted stock award will be issued in respect of Alliance Data common stock under the Alliance Data 2010 Omnibus Incentive Plan, subject to the same terms and conditions as the respective Conversant stock option or restricted stock award as in effect immediately prior to the effective time of the merger (taking into account the adjustments to the number of shares and exercise price). Each Conversant stock incentive plan will be terminated by the board of directors of Conversant effective as of immediately prior to the effective time of the merger.

Approval of Alliance Data's Board of Directors (See page 48)

After careful consideration, Alliance Data's board of directors and the managers of the Merger Subsidiary unanimously approved the merger agreement, and Alliance Data's board of directors unanimously approved the issuance of Alliance Data common stock in the merger. The compensation committee of Alliance Data's board of directors unanimously approved the grant of replacement equity awards to the holders of Conversant equity awards, as provided in the merger agreement. See The Merger Treatment of Conversant Stock Options and Other Equity Awards.

Recommendations of the Conversant Board of Directors (See page 48)

After careful consideration, the Conversant board of directors unanimously recommends that Conversant stockholders vote (1) FOR the proposal to adopt the merger agreement, (2) FOR the proposal to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, and (3) FOR the proposal to adjourn the Conversant special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals.

Opinion of Conversant's Financial Advisor (See page 51 and Annex F)

In connection with the merger, Morgan Stanley & Co. LLC, Conversant's financial advisor (which we refer to in this proxy statement/prospectus as Morgan Stanley), rendered to Conversant's board of directors its oral opinion, subsequently confirmed in writing, that as of September 10, 2014, and based upon and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in the written opinion, the consideration to be received by the holders of shares of Conversant common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The full text of the written opinion of Morgan Stanley, dated as of September 10, 2014, is attached as Annex F to this proxy statement/prospectus and is incorporated by reference in this proxy statement/prospectus in its entirety. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. The summary of the opinion of Morgan Stanley in this proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. **Morgan Stanley's opinion is directed to Conversant's board of directors and addresses only the fairness from a financial point of view of the consideration to be received by the holders of shares of Conversant common stock pursuant to the merger agreement as of the date of the opinion. Morgan Stanley's opinion did not in any manner address the prices at which shares of Conversant common stock or Alliance Data common stock would trade at any time in the future, or any compensation or compensation agreements arising from (or relating to) the merger which benefit any officer, director or employee of Conversant, or any class of such persons. The opinion is addressed to the Conversant board of directors and does not constitute a recommendation to any stockholder of Conversant as to how to**

vote at the stockholders meeting to be held in connection with the transactions contemplated by the merger agreement, what elections to make with respect to the form of consideration to be received, or any other action with respect to the transactions contemplated by the merger agreement.

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Interests of Conversant's Directors and Executive Officers in the Merger (See page 65)

Conversant stockholders should be aware that the directors and executive officers of Conversant have interests in the proposed merger that are different from, or are in addition to, the interests of Conversant stockholders generally. These interests relate to the treatment of equity-based compensation awards held by directors and executive officers of Conversant in the merger, provision of severance benefits, and the indemnification of Conversant's directors and officers by Alliance Data.

Material U.S. Federal Income Tax Consequences of the Merger (See page 76)

The federal income tax consequences of the merger will differ depending on whether the forward merger structure or reverse merger structure is used. The reverse merger structure (i.e., Conversant will be the surviving entity in the merger) will be used if the Reverse Merger Condition is satisfied. The forward merger structure will be used (i.e., Conversant will not be the surviving entity in the merger) if the Reverse Merger Condition is not satisfied. The Reverse Merger Condition will be satisfied if on the trading date immediately before the closing date of the merger, the aggregate value of all Alliance Data common stock to be received by all Conversant stockholders as a group in the merger would be less than 40% of the aggregate value of all consideration to be received by all Conversant stockholders as a group in, or in connection with, the merger (i.e., cash plus Alliance Data common stock). Because the structure that will ultimately be used to complete the merger will depend on a variety of factors, including, in particular, the value of Alliance Data stock as of the trading date immediately before the closing date of the merger, we will not know at the time of the stockholder meeting which structure will be used. As a result, Conversant stockholders will not know which of the alternative tax consequences described below will be applicable to them at the time they vote on the merger.

If the merger is structured as a forward merger, Alliance Data and Conversant intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, or the Code, for U.S. federal income tax purposes. Assuming the merger so qualifies, for U.S. federal income tax purposes:

Holders of Conversant common stock whose shares are exchanged in the merger for a combination of cash and Alliance Data common stock will not recognize a loss, but will generally recognize gain in an amount equal to the lesser of (i) the holder's gain realized (i.e., the excess, if any, of the sum of the amount of cash received pursuant to the merger and the fair market value, as of the effective time of the merger, of Alliance Data common stock received pursuant to the merger over the holder's adjusted tax basis in the shares of Conversant common stock surrendered) and (ii) the amount of cash received pursuant to the merger. In certain circumstances, this gain could be taxable as a dividend rather than a capital gain.

Holders of Conversant common stock whose shares are exchanged in the merger solely for cash will be required to recognize gain, and should be permitted to recognize loss, equal to the difference between the amount of cash received pursuant to the merger and the holder's adjusted tax basis in the shares of Conversant common stock surrendered.

Holders of Conversant common stock whose shares are exchanged in the merger solely for Alliance Data common stock will not recognize any gain or loss, except for any gain or loss attributable to the receipt of cash in lieu of fractional shares.

If the reverse merger structure is used, the merger will not qualify as a reorganization within the meaning of Section 368(a) of the Code. In that case, holders of Conversant common stock whose shares are exchanged in the merger for merger consideration will generally recognize gain or loss in an amount equal to the difference between (i) the fair market value, as of the effective time of the merger, of Alliance Data common stock received plus any cash received and (ii) the holder's adjusted tax basis in the shares of Conversant common stock surrendered. Such gain or loss generally will be determined separately with respect to each block of Conversant shares surrendered in the merger, and generally will be long-term capital gain or loss if the holder's holding period for the Conversant common stock surrendered exceeds one year at the effective time of the merger.

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We would use the reverse merger structure to avoid the substantial corporate level tax that would result if the merger were to be structured as a forward merger and were to fail to satisfy the requirements for a reorganization under Section 368(a) of the Internal Revenue Code.

The tax consequences to Conversant stockholders of the merger are described in greater detail in the section entitled Material U.S. Federal Income Tax Consequences. You are urged to consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Accounting Treatment of the Merger (See page 70)

Each of Alliance Data and Conversant prepares its financial statements in accordance with United States generally accepted accounting principles, or GAAP. The merger will be accounted for using the acquisition method of accounting with Alliance Data treated as the acquirer of Conversant for accounting purposes. This means that the assets, liabilities and commitments of Conversant, the accounting acquiree, are adjusted to their estimated fair value at the acquisition date. Under the acquisition method of accounting, definite-lived intangible assets are amortized over their remaining useful lives. Goodwill and other indefinite-lived intangible assets are tested for impairment at least annually.

Appraisal Rights (See page 72)

Alliance Data stockholders do not have appraisal rights in connection with the merger.

Subject to the closing of the merger, record holders of Conversant common stock who do not vote in favor of the Merger Proposal and otherwise comply fully with the requirements and procedures of Section 262 of the General Corporation Law of the State of Delaware, or the DGCL, are entitled to exercise their rights of appraisal, which generally entitle stockholders to receive a cash payment equal to the fair value of their Conversant common stock in connection with the merger. Notwithstanding the foregoing, holders of shares of Conversant common stock that choose to make an election with respect to the form of merger consideration they wish to receive will be deemed to waive their rights of appraisal. The full text of Section 262 of the DGCL is attached as Annex C to this proxy statement/prospectus.

Regulatory Approvals Required for the Merger (See page 70)

Alliance Data, Conversant and the Merger Subsidiary have each agreed to use reasonable best efforts in order to obtain all regulatory approvals required in order to complete the merger. These approvals include antitrust filings with the U.S. Department of Justice and the U.S. Federal Trade Commission and expiration or termination of the required waiting periods. Alliance Data and Conversant each filed pre-merger notification and report forms with the U.S. antitrust authorities pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, and, in accordance with the merger agreement, requested early termination of the waiting period, which request for early termination was granted on September 24, 2014. On September 24, 2014, Alliance Data and John Giuliani, Conversant's President and Chief Executive Officer, each filed notifications pursuant to the HSR Act with respect to Mr. Giuliani's receipt of Alliance Data common stock upon closing of the merger and requested early termination of the waiting period, which began on September 24, 2014.

Alliance Data and Conversant are also required to file with the antitrust regulators in Germany. The companies submitted their notification to the Federal Cartel Office, or the FCO, in Germany on September 29, 2014. Under German law, the FCO has until October 29, 2014, which is one month from the filing of a complete notification, to

conduct an initial review of the merger. The FCO may take an additional three months to further investigate the merits of the acquisition. The FCO may give its authorization before the end of the waiting periods described above. The merger cannot be consummated before receiving authorization from the FCO or the expiration of the applicable waiting period.

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Conditions to Closing of the Merger (See page 90)

Alliance Data and Conversant expect to complete the merger after all the conditions to the merger in the merger agreement are satisfied or waived, including receipt of the requisite stockholder approval at the Conversant special meeting and all required regulatory approvals. Alliance Data and Conversant currently expect to complete the merger in the fourth quarter of 2014. However, it is possible that factors outside of the parties' control could require that the merger be completed at a later time or not completed at all.

The obligation of each party to complete the merger is subject to the satisfaction or waiver of several conditions set forth in the merger agreement, which are summarized below:

Conversant stockholders shall have approved the Merger Proposal;

no injunction by any court or other tribunal of competent jurisdiction has been entered and continues to be in effect and no law has been adopted or is effective, in either case that prohibits or makes illegal the closing of the merger;

the registration statement of which this proxy statement/prospectus forms a part shall have been declared effective under the Securities Act and no stop order suspending the effectiveness of such registration statement shall have been issued (and not withdrawn) by the SEC and no proceedings for that purpose shall have been initiated or threatened in writing (and not withdrawn) by the SEC;

the shares of Alliance Data common stock to be issued in the merger shall have been approved for listing on the NYSE, subject to official notice of issuance; and

all waiting periods applicable to the closing of the merger under the HSR Act, or any applicable international antitrust filing requirements, shall have expired or been terminated.

The obligation of Conversant to complete the merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of Alliance Data and the Merger Subsidiary shall be true and correct both on and as of September 11, 2014 and at the time of the merger's closing, subject to the materiality standards provided in the merger agreement;

each of Alliance Data and the Merger Subsidiary shall have performed in all material respects all covenants, obligations and other agreements required by the merger agreement to be performed by it on or prior to the effective time of the merger;

since September 11, 2014, there shall not have been any fact, change, circumstance, occurrence, condition or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect (as such term is defined in the merger agreement and described in more detail under the heading "The Merger Agreement") on Alliance Data; and

Alliance Data shall have delivered to Conversant a certificate signed by an executive officer certifying to the effect that the foregoing conditions have been satisfied.

The obligation of Alliance Data to complete the merger is subject to the satisfaction or waiver of the following additional conditions:

the representations and warranties of Conversant shall be true and correct both on and as of September 11, 2014 and at the time of the merger's closing, subject to the materiality standards provided in the merger agreement;

Conversant shall have performed in all material respects all covenants, obligations and other agreements required by the merger agreement to be performed by it on or prior to the effective time of the merger;

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since September 11, 2014, there shall not have been any fact, change, circumstance, occurrence, condition or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect (as such term is defined in the merger agreement and described in more detail under the heading "The Merger Agreement") on Conversant; and

Conversant shall have delivered to Alliance Data a certificate signed by its chief executive officer or another senior officer certifying to the effect that the foregoing conditions have been satisfied.

The merger agreement provides that any or all of the additional conditions described above may be waived, in whole or in part, by Alliance Data or Conversant, to the extent legally allowed. Neither Alliance Data nor Conversant currently expects to waive any material condition to the closing of the merger.

Timing of the Merger (See page 81)

The merger is expected to be completed in the fourth quarter of 2014, subject to the receipt of necessary regulatory approvals and the satisfaction or waiver of other closing conditions.

No Solicitation of Other Offers; No Change of Board Recommendation (See page 92)

The merger agreement contains no solicitation provisions that, subject to certain exceptions, require Conversant to, and to cause each of its controlled affiliates to, and use its reasonable best efforts to cause each of its and its controlled affiliates' representatives to:

cease and cause to be terminated any discussions or negotiations with any persons (other than Alliance Data and its subsidiaries) that may be ongoing with respect to a company takeover proposal with respect to Conversant or any of its subsidiaries from any person other than Alliance Data and its subsidiaries, or a Company Takeover Proposal, and which is described in more detail under the heading "The Merger Agreement - No Solicitation Provisions; or

not, directly or indirectly, (1) solicit, initiate, knowingly encourage or knowingly facilitate any inquiries regarding, or the making of any proposal that could reasonably be expected to lead to, a Company Takeover Proposal, (2) engage in, continue or otherwise participate in any discussions or negotiations regarding a Company Takeover Proposal, (3) approve, recommend or enter into, or propose to approve, recommend or enter into, any agreement (whether written or oral, binding or nonbinding) with respect to a Company Takeover Proposal, (4) take any action to make the provisions of any takeover statute inapplicable to the transactions contemplated by a Company Takeover Proposal, or (5) resolve, propose or agree to do any of the foregoing.

However, prior to the approval of the Merger Proposal by Conversant stockholders, if Conversant receives an unsolicited written Company Takeover Proposal that (i) Conversant's board of directors determines in good faith to be bona fide, (ii) did not result from Conversant's or its representatives breach or violation of, or failure to perform the no solicitation provisions, and (iii) Conversant's board of directors determines in good faith constitutes or could reasonably be expected to lead to a Company Superior Proposal (as such term is defined in the merger agreement and described in more detail under the heading "The Merger Agreement") and that the failure to take such action would be inconsistent with the directors' fiduciary duties under applicable law, then Conversant and its representatives may:

furnish, pursuant to and in accordance with a confidentiality agreement in substantially the same form as the confidentiality agreement entered into between Alliance Data and Conversant, information with respect to Conversant and its subsidiaries to the person who made such Company Takeover Proposal;

engage in discussions or negotiations regarding the Company Takeover Proposal; and

grant a waiver or release to any person subject to a standstill agreement with Conversant to submit such a Company Takeover Proposal to Conversant's board of directors.

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Termination of the Merger Agreement (See page 95)

Either Alliance Data or Conversant may terminate the merger agreement at any time prior to the effective time of the merger if:

the parties mutually agree in writing;

the merger is not consummated by March 31, 2015;

a governmental entity of competent jurisdiction issues a final and nonappealable order permanently restraining, enjoining or otherwise prohibiting the closing of the merger; or

the requisite vote of Conversant stockholders in favor of the Merger Proposal is not obtained after the special meeting of Conversant stockholders (as it may be adjourned or postponed) has concluded.

Alliance Data may terminate the merger agreement if:

(i) Conversant shall have failed to include its recommendation in favor of the Merger Proposal in this proxy statement/prospectus distributed to its stockholders, (ii) Conversant shall have approved, adopted or recommended to Conversant stockholders a Company Takeover Proposal, which is referred to herein as a Company Adverse Recommendation Change, (iii) a tender offer or exchange offer that constitutes a Company Takeover Proposal shall have been commenced by a person unaffiliated with Alliance Data and Conversant has not published, sent or given to its stockholders within ten business days a statement affirming its recommendation in favor of the Merger Proposal, (iv) Conversant or any of its representatives has materially breached or violated its covenants, obligations or agreements related to non-solicitation and requirements regarding this proxy statement/prospectus and calling of the special meeting of Conversant stockholders; or

Conversant has breached, violated or failed to perform any of its respective representations, warranties, covenants, obligations or other agreements (i) if such breach, violation or failure occurred or was continuing to occur at the time immediately prior to the closing of the merger and would result in a failure of a closing condition and (ii) which is either non-curable or is not cured by the earlier of March 31, 2015 and the date that is thirty days following written notice from Alliance Data to Conversant describing such breach, violation or failure in reasonable detail.

Conversant may terminate the merger agreement if:

Alliance Data or the Merger Subsidiary has breached, violated or failed to perform any of their respective representations, warranties, covenants, obligations or other agreements (i) if such breach, violation or failure occurred or was continuing to occur at the time immediately prior to the closing of the merger and would

result in a failure of a closing condition and (ii) which is either non-curable or is not cured by the earlier of March 31, 2015 and the date that is thirty days following written notice from Conversant to Alliance Data describing such breach, violation or failure in reasonable detail; or

Conversant receives a Company Superior Proposal and follows the steps required to terminate the merger agreement described under The Merger Agreement Board Recommendation Change in Recommendation or Termination of the Merger Agreement for a Company Superior Proposal.

Termination Fee (See page 96)

In the merger agreement, Conversant has agreed to pay Alliance Data a termination fee equal to \$65.0 million if the merger agreement is terminated:

by Conversant if Conversant receives a Company Superior Proposal and follows the steps required to terminate the merger agreement described under The Merger Agreement Board Recommendation Change in Recommendation or Termination of the Merger Agreement for a Company Superior Proposal ;

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by Alliance Data if (i) Conversant shall have failed to include its recommendation in favor of the Merger Proposal in this proxy statement/prospectus distributed to its stockholders, (ii) Conversant shall have effected a Company Adverse Recommendation Change, (iii) a tender offer or exchange offer that constitutes a Company Takeover Proposal shall have been commenced by a person unaffiliated with Alliance Data and Conversant shall not have published, sent or given to its stockholders within ten business days a statement affirming its recommendation in favor of the Merger Proposal or (iv) Conversant or its representatives shall have materially breached or violated its covenants, obligations or agreements related to non-solicitation and requirements regarding this proxy statement/prospectus and calling of the special meeting of Conversant stockholders; or

after the occurrence of a Pre-Termination Takeover Proposal Event (as such term is defined in the merger agreement and described in more detail under the heading "The Merger Agreement"), if either Alliance Data or Conversant terminate for any of the following reasons and at any time on or prior to the twelve month anniversary of termination, and Conversant enters into a definitive agreement with respect to or consummates any transaction that constitutes a Company Takeover Proposal:

if the merger has not been consummated by March 31, 2015;

the requisite vote of Conversant stockholders in favor of the Merger Proposal shall not have been obtained after the special meeting of Conversant stockholders (as it may be adjourned or postponed) has concluded; or

if Conversant has breached, violated or failed to perform any of its respective representations, warranties, covenants, obligations or other agreements (i) if such breach, violation or failure occurred or was continuing to occur at the time immediately prior to the closing of the merger and would result in a failure of a closing condition and (ii) which is either non-curable or is not cured by the earlier of March 31, 2015 and the date that is thirty days following written notice from Alliance Data to Conversant describing such breach, violation or failure in reasonable detail.

This termination fee could discourage other companies from seeking to acquire or merge with Conversant.

Listing of Alliance Data Common Stock; Delisting and Deregistration of Conversant Common Stock (See page 75)

Prior to the closing of the merger, Alliance Data has agreed to use its reasonable best efforts to cause the shares of Alliance Data common stock to be issued in the merger to be approved for listing on the NYSE. This approval is a condition to both Conversant's and Alliance Data's obligation to complete the merger. If the merger is completed, Conversant common stock will cease to be listed on The NASDAQ Global Select Market, and its shares will be deregistered under the Exchange Act.

Comparison of Stockholders' Rights (See page 120)

Conversant stockholders, whose rights are currently governed by Conversant's second amended and restated certificate of incorporation and Conversant's amended and restated bylaws, will become stockholders of Alliance Data and their rights will be governed by the second amended and restated certificate of incorporation of Alliance Data and the

fourth amended and restated bylaws of Alliance Data. These differences are described in detail under Comparison of Stockholders Rights.

Dividends (See page 26)

Under the terms of the merger agreement, each of Alliance Data and Conversant is prohibited from paying dividends on its common stock and from repurchasing shares of its common stock during the pendency of the merger.

Table of Contents**Litigation Related to the Merger (See page 75)**

On September 12, 2014, a putative stockholder class action complaint, captioned *Palkon v. Conversant, Inc., et al.*, No. 56-2014-00457860-CU-BT-VTA (Superior Court, Ventura County), was filed against Conversant, Conversant's directors, Alliance Data and the Merger Subsidiary in the Superior Court of the State of California in Ventura County. Additionally, on September 16, 2014, a second putative stockholder class action complaint, captioned *Leinoff v. Conversant, Inc., et al.*, No. BC-557818 (Superior Court, Los Angeles County), was filed against Conversant, Conversant's directors, Alliance Data and the Merger Subsidiary in the Superior Court of the State of California in Los Angeles County. On September 19, 2014, a third putative stockholder class action complaint, captioned *Blaze v. Conversant, Inc., et al.*, No. BC-558100 (Superior Court, Los Angeles County), was filed against Conversant, Conversant's directors, Alliance Data and the Merger Subsidiary, also in the Superior Court of the State of California in Los Angeles County. On September 26, 2014, a fourth putative class action stockholder complaint, captioned *Feliciano v. Buzby, et al.*, No. 10174 (Chancery Court, Delaware) was filed against Conversant, Conversant's directors, Alliance Data and the Merger Subsidiary in the Court of Chancery of the State of Delaware. On September 30, 2014, a fifth putative stockholder class action complaint, captioned *Naclerio v. Conversant, Inc., et al.*, No. BC559187 (Superior Court, Los Angeles County) was filed against Conversant, Conversant's directors, Alliance Data, and the Merger Subsidiary, also in the Superior Court of the State of California in Los Angeles County.

Each lawsuit alleges that members of the Conversant board of directors breached their fiduciary duties in connection with the proposed sale of Conversant to Alliance Data. Each complaint also alleges that Conversant, Alliance Data and the Merger Subsidiary aided and abetted the alleged breach of fiduciary duty. The complaints seek, among other things, injunctive relief and other equitable relief, in addition to unspecified fees and costs. Conversant, Conversant's directors, Alliance Data and the Merger Subsidiary believe these lawsuits are without merit and intend to defend against each of them vigorously.

The Meeting***The Conversant Special Meeting (See page 100)***

At the Conversant special meeting, Conversant stockholders will be asked to vote on the following proposals:

to adopt the merger agreement;

to approve, on an advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, as described in the section entitled "The Merger Interests of Directors and Executive Officers of Conversant in the Merger Golden Parachute Compensation";

to adjourn the special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals if there are insufficient votes at the time of such adjournment to approve such proposals; and

to transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

Closing of the merger is conditioned on, among other things, the adoption by Conversant stockholders of the merger agreement.

The board of directors of Conversant unanimously recommends that you vote (1) FOR the proposal to adopt the merger agreement, which is necessary to effect the merger, (2) FOR the proposal to approve, on an

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advisory (non-binding) basis, the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger and the agreements and understandings pursuant to which such compensation may be paid or become payable, and (3) FOR the proposal to adjourn the Conversant special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposals.

All Conversant stockholders of record at the close of business on the record date are entitled to vote at the special meeting of Conversant stockholders. As of the close of business on the record date, shares of Conversant common stock were issued and outstanding.

If a quorum is present, the affirmative vote of a majority of the outstanding shares of Conversant common stock entitled to vote on the proposal at the special meeting is required to adopt the merger agreement. If a quorum is present, the affirmative vote of the holders of a majority of the votes cast on the proposal at the special meeting, in person or by proxy, is required to approve the proposal to approve on an advisory (non-binding) basis the compensation that may be paid or become payable to Conversant's named executive officers in connection with the merger. Whether or not a quorum is present, the affirmative vote of the holders of a majority of the shares entitled to vote at the special meeting and present in person or by proxy is required to adjourn the special meeting.

Voting by Conversant Directors and Executive Officers (See page 101)

Concurrently with the execution of the merger agreement, each of Conversant's directors and executive officers executed a Voting Agreement with Alliance Data that requires, among other things and subject to the terms and conditions and exceptions contained in the Voting Agreement, such Conversant directors and executive officers to (i) vote in favor of (and to grant a proxy to Alliance Data, or one of Alliance Data's designated representatives, to vote in favor of) adoption of the merger agreement, the merger and the other transactions contemplated thereby, (ii) vote against any Company Takeover Proposal (as defined in the merger agreement), or any proposal or transaction involving Conversant or amendments to organizational documents of Conversant that would reasonably be expected to materially impede, interfere with, delay or adversely affect the merger or the other transactions contemplated by the merger agreement or change the voting rights of any class of capital stock of Conversant and (iii) not transfer such directors' or officers' shares of Conversant common stock prior to the earliest to occur of certain events, including the closing of the merger or the termination of the merger agreement, subject to certain permitted transfers to permitted transferees who agree to become bound by the Voting Agreement. As of September 11, 2014, Conversant's directors and executive officers beneficially owned shares of, or securities convertible into or exercisable for, Conversant common stock representing approximately 6.5% of the outstanding shares of Conversant common stock on a fully-diluted basis. As of the record date for the Conversant special meeting, Conversant's directors and executive officers beneficially owned shares of, or securities convertible into or exercisable for, Conversant common stock representing approximately % of the outstanding shares of Conversant common stock on a fully-diluted basis. A copy of the full text of the Voting Agreement is attached as Annex B to this proxy statement/prospectus.

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA OF ALLIANCE DATA**

The following table sets forth Alliance Data's selected historical consolidated financial and other data for the periods ended and as of the dates indicated. The income statement, cash flow and certain operating data for the fiscal years ended December 31, 2013, 2012 and 2011 and the balance sheet data as of December 31, 2013 and 2012 have been derived from Alliance Data's audited consolidated financial statements incorporated by reference into this proxy statement/prospectus. The income statement, cash flow and certain operating data for the fiscal years ended December 31, 2010 and 2009 and the balance sheet data as of December 31, 2011, 2010 and 2009 have been derived from Alliance Data's audited consolidated financial statements that are not incorporated by reference into this proxy statement/prospectus. The income statement, cash flow and certain operating data for the six months ended June 30, 2014 and 2013 and the balance sheet data as of June 30, 2014 have been derived from Alliance Data's unaudited condensed consolidated financial statements incorporated by reference into this proxy statement/prospectus. The balance sheet data as of June 30, 2013 has been derived from Alliance Data's unaudited condensed consolidated financial statements that are not incorporated by reference into this proxy statement/prospectus. The data presented below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes contained in Alliance Data's most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the six months ended June 30, 2014, incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information and Information Incorporated By Reference beginning on page 133 of this proxy statement/prospectus.

	2013	Years Ended December 31,				Six Months Ended June 30,	
		2012	2011	2010	2009 ⁽¹⁾	2014	2013
		(In thousands, except per share amounts)					
Income statement data							
Total revenue	\$ 4,319,063	\$ 3,641,390	\$ 3,173,287	\$ 2,791,421	\$ 1,964,341	\$ 2,498,058	\$ 2,081,529
Cost of operations (exclusive of amortization and depreciation disclosed separately below) ⁽²⁾	2,549,159	2,106,612	1,811,882	1,545,380	1,354,138	1,555,795	1,239,707
Provision for loan loss	345,758	285,479	300,316	387,822		167,234	124,444
General and administrative ⁽²⁾	109,115	108,059	95,256	85,773	99,823	62,329	50,547
Depreciation and other amortization	84,291	73,802	70,427	67,806	62,196	51,485	40,006
Amortization of purchased intangibles	131,828	93,074	82,726	75,420	63,090	96,883	66,420
Gain on acquisition of a business					(21,227)		
Merger reimbursements					(1,436)		

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Total operating expenses	3,220,151	2,667,026	2,360,607	2,162,201	1,556,584	1,933,726	1,521,124
Operating income	1,098,912	974,364	812,680	629,220	407,757	564,332	560,405
Interest expense, net	305,500	291,460	298,585	318,330	144,811	130,679	166,010
Income from continuing operations before income taxes	793,412	682,904	514,095	310,890	262,946	433,653	394,395
Provision for income taxes	297,242	260,648	198,809	115,252	86,227	158,717	148,976
Income from continuing operations	496,170	422,256	315,286	195,638	176,719	274,936	245,419
Loss from discontinued operations, net of taxes				(1,901)	(32,985)		
Net income	\$ 496,170	\$ 422,256	\$ 315,286	\$ 193,737	\$ 143,734	\$ 274,936	\$ 245,419
Less: Net income attributable to non-controlling interest						97	
Net income attributable to common stockholders	\$ 496,170	\$ 422,256	\$ 315,286	\$ 193,737	\$ 143,734	\$ 274,839	\$ 245,419
Income from continuing operations per share basic	\$ 10.09	\$ 8.44	\$ 6.22	\$ 3.72	\$ 3.17	\$ 5.13	\$ 4.96
Income from continuing operations per share diluted	\$ 7.42	\$ 6.58	\$ 5.45	\$ 3.51	\$ 3.06	\$ 4.27	\$ 3.62
Net income per share attributable to common stockholders basic	\$ 10.09	\$ 8.44	\$ 6.22	\$ 3.69	\$ 2.58	\$ 5.13	\$ 4.96
Net income per share attributable to common stockholders diluted	\$ 7.42	\$ 6.58	\$ 5.45	\$ 3.48	\$ 2.49	\$ 4.27	\$ 3.62
	49,190	50,008	50,687	52,534	55,765	53,600	49,444

Weighted average
shares basic

Weighted average
shares diluted

66,866	64,143	57,804	55,710	57,706	64,354	67,746
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	Years Ended December 31,					Six Months Ended	
	2013	2012	2011	2010	2009 ⁽¹⁾	2014	2013
	(In thousands)						
Adjusted EBITDA							
Adjusted EBITDA ⁽³⁾	\$ 1,374,214	\$ 1,191,737	\$ 1,009,319	\$ 822,540	\$ 590,077	\$ 744,197	\$ 694,846
Adjusted EBITDA, net ⁽³⁾	\$ 1,249,777	\$ 1,073,748	\$ 859,530	\$ 638,000	\$ 561,794	\$ 666,521	\$ 631,658
Other financial data							
Cash flows from operating activities	\$ 1,003,492	\$ 1,134,190	\$ 1,011,347	\$ 902,709	\$ 358,414	\$ 587,798	\$ 530,465
Cash flows from investing activities	\$ (1,619,416)	\$ (2,671,350)	\$ (1,040,710)	\$ (340,784)	\$ (888,022)	\$ (652,142)	\$ (331,726)
Cash flows from financing activities	\$ 704,152	\$ 2,209,019	\$ 109,250	\$ (715,675)	\$ 570,189	\$ (273,039)	\$ (334,305)
Segment Operating data							
Private label statements generated	192,508	166,091	142,064	142,379	130,176	102,129	93,929
Credit sales	\$ 15,252,299	\$ 12,523,632	\$ 9,636,053	\$ 8,773,436	\$ 7,968,125	\$ 8,111,813	\$ 6,787,426
Average credit card and loan receivables	\$ 7,212,678	\$ 5,927,562	\$ 4,962,503	\$ 5,025,915	\$ 4,359,625	\$ 8,096,612	\$ 6,964,255
AIR MILES reward miles issued	5,420,723	5,222,887	4,940,364	4,584,384	4,545,774	2,393,558	2,443,380
AIR MILES reward miles redeemed	4,017,494	4,040,876	3,633,921	3,634,821	3,326,307	2,095,078	2,038,292
	As of December 31,					As of June 30,	
	2013	2012	2011	2010	2009 ⁽¹⁾	2014	2013
	(In thousands)						
Balance sheet data							
	\$ 8,069,713	\$ 6,967,674	\$ 5,197,690	\$ 4,838,354	\$ 616,298	\$ 8,050,314	\$ 6,782,194

Credit card and loan receivables, net							
Redemption settlement assets, restricted	510,349	492,690	515,838	472,428	574,004	565,158	509,230
Total assets	13,244,257	12,000,139	8,980,249	8,272,152	5,225,667	14,214,898	11,867,312
Deferred revenue	1,137,186	1,249,061	1,226,436	1,221,242	1,146,146	1,089,829	1,142,127
Deposits	2,816,361	2,228,411	1,353,775	859,100	1,465,000	3,010,025	2,255,366
Non-recourse borrowings of consolidated securitization entities	4,591,916	4,130,970	3,260,287	3,660,142		4,311,916	4,011,916
Long-term and other debt, including current maturities	2,800,281	2,854,839	2,183,474	1,869,772	1,782,352	2,961,413	2,856,044
Total liabilities	12,388,496	11,471,652	8,804,283	8,249,058	4,952,891	12,924,890	11,286,464
Redeemable non-controlling interest						342,687	
Total stockholders equity	855,761	528,487	175,966	23,094	272,776	947,321	580,848

(1) On January 1, 2010, Alliance Data adopted guidance codified in Accounting Standards Codification, or ASC, 810, Consolidation, and ASC 860, Transfers and Servicing, which resulted in the consolidation of the credit card securitization trusts on a prospective basis. Therefore, the selected financial data for the year ended December 31, 2009 does not reflect this change in accounting principle.

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- (2) Included in cost of operations is stock compensation expense of \$40.3 million, \$32.7 million, \$25.8 million, \$27.6 million and \$29.3 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively, and \$22.2 million and \$19.5 million for the six months ended June 30, 2014 and 2013, respectively. Included in general and administrative is stock compensation expense of \$18.9 million, \$17.8 million, \$17.7 million, \$22.5 million and \$24.3 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively, and \$9.3 million and \$8.5 million for the six months ended June 30, 2014 and 2013, respectively.
- (3) Adjusted EBITDA is a non-GAAP financial measure equal to income from continuing operations, the most directly comparable financial measure based on accounting principles generally accepted in the United States of America, or GAAP, plus stock compensation expense, provision for income taxes, interest expense, net, merger and other costs, depreciation and other amortization and amortization of purchased intangibles. Adjusted EBITDA, net is also a non-GAAP financial measure equal to adjusted EBITDA less securitization funding costs, interest expense on deposits and adjusted EBITDA attributable to the non-controlling interest.

Alliance Data uses adjusted EBITDA and adjusted EBITDA, net as an integral part of our internal reporting to measure the performance of its reportable segments and to evaluate the performance of its senior management. Adjusted EBITDA and adjusted EBITDA, net are each considered an important indicator of the operational strength of its businesses. Adjusted EBITDA eliminates the uneven effect across all business segments of considerable amounts of non-cash depreciation of tangible assets and amortization of intangible assets, including certain intangible assets that were recognized in business combinations. A limitation of this measure, however, is that it does not reflect the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in Alliance Data's businesses. Management evaluates the costs of such tangible and intangible assets, such as capital expenditures, investment spending and return on capital and therefore the effects are excluded from adjusted EBITDA. Adjusted EBITDA also eliminates the non-cash effect of stock compensation expense. Stock compensation expense is not included in the measurement of segment adjusted EBITDA provided to the chief operating decision maker for purposes of assessing segment performance and decision making with respect to resource allocations. In addition to the above, adjusted EBITDA, net also excludes the interest associated with financing our credit card and loan receivables, which represents securitization funding costs and interest on deposits, and the percentage of the adjusted EBITDA attributable to the non-controlling interest. Alliance Data believes that adjusted EBITDA and adjusted EBITDA, net provide useful information to our investors regarding our performance and overall results of operations. Adjusted EBITDA and adjusted EBITDA, net are not intended to be performance measures that should be regarded as an alternative to, or more meaningful than, either operating income or net income as indicators of operating performance or to cash flows from operating activities as a measure of liquidity. In addition, adjusted EBITDA and adjusted EBITDA, net are not intended to represent funds available for dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

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The adjusted EBITDA and adjusted EBITDA, net measures presented by Alliance Data herein may not be comparable to similarly titled measures presented by other companies, and may not be identical to corresponding measures used in its various agreements.

	Years Ended December 31,					Six Months Ended	
	2013	2012	2011	2010	2009	2014	2013
	(In thousands)						
Income from continuing operations	\$ 496,170	\$ 422,256	\$ 315,286	\$ 195,638	\$ 176,719	\$ 274,936	\$ 245,419
Stock compensation expense	59,183	50,497	43,486	50,094	53,612	31,497	28,015
Provision for income taxes	297,242	260,648	198,809	115,252	86,227	158,717	148,976
Interest expense, net	305,500	291,460	298,585	318,330	144,811	130,679	166,010
Merger and other costs ⁽¹⁾					3,422		
Depreciation and other amortization	84,291	73,802	70,427	67,806	62,196	51,485	40,006
Amortization of purchased intangibles	131,828	93,074	82,726	75,420	63,090	96,883	66,420
Adjusted EBITDA	\$ 1,374,214	\$ 1,191,737	\$ 1,009,319	\$ 822,540	\$ 590,077	\$ 744,197	\$ 694,846
Less Securitization funding costs	95,326	92,808	126,711	155,084		45,211	49,179
Less Interest expense on deposits	29,111	25,181	23,078	29,456	28,283	16,462	14,009
Less Adjusted EBITDA attributable to non-controlling interest						16,003	
Adjusted EBITDA, net	\$ 1,249,777	\$ 1,073,748	\$ 859,530	\$ 638,000	\$ 561,794	\$ 666,521	\$ 631,658

(1) Represents investment banking, legal and accounting costs directly associated with the proposed merger with an affiliate of The Blackstone Group. Other costs represent compensation charges related to the departure of certain employees resulting from cost saving initiatives and other non-routine costs associated with the disposition of certain businesses.

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SELECTED HISTORICAL FINANCIAL DATA OF CONVERSANT

The following table sets forth Conversant's summary selected historical consolidated financial and other data for the periods ended and as of the dates indicated. The consolidated statements of operations for the fiscal years ended December 31, 2013, 2012 and 2011 and the balance sheet data as of December 31, 2013 and 2012 have been derived from Conversant's audited consolidated financial statements incorporated by reference into this proxy statement/prospectus. The consolidated statements of operations data for the fiscal years ended December 31, 2010 and 2009 and the consolidated balance sheet data as of December 31, 2011, 2010 and 2009 have been derived from Conversant's unaudited consolidated financial statements that are not incorporated by reference into this proxy statement/prospectus and as recast for discontinued operations and the reclassification of certain expenses. The consolidated statement of operations for the six months ended June 30, 2014 and 2013 and the balance sheet data as of June 30, 2014 have been derived from Conversant's unaudited condensed consolidated financial statements incorporated by reference into this proxy statement/prospectus. The balance sheet data as of June 30, 2013 has been derived from Conversant's unaudited condensed consolidated financial statements that are not incorporated by reference into this proxy statement/prospectus. The data presented below should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes contained in Conversant's most recent Annual Report on Form 10-K and its Quarterly Report on Form 10-Q for the six months ended June 30, 2014, incorporated by reference into this proxy statement/prospectus, and unaudited pro forma condensed combined financial information and related notes included elsewhere in this proxy statement/prospectus.

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	For the Year Ended December 31,					For the Six Months Ended June 30,	
	2013	2012	2011	2010	2009	2014	2013
	(in thousands, except per share data)						
Revenue	\$ 573,121	\$ 539,820	\$ 400,334	\$ 292,907	\$ 273,785	\$ 283,293	\$ 262,577
Cost of revenue ⁽³⁾	183,282	177,562	134,366	93,769	89,548	94,555	84,213
Gross profit ⁽³⁾	389,839	362,258	265,968	199,138	184,237	188,738	178,364
Operating expenses:							
Sales and marketing ⁽²⁾	88,104	79,944	59,835	41,521	46,586	52,457	42,443
General and administrative ⁽²⁾	63,143	73,791	52,455	46,050	51,531	33,488	30,488
Technology ⁽²⁾	55,602	54,838	38,167	25,737	18,315	33,137	27,582
Amortization of acquired intangible assets ⁽³⁾	15,208	19,755	11,206	5,096	5,186	8,144	7,100
Total operating expenses ⁽³⁾	222,057	228,328	161,663	118,404	121,618	127,226	107,613
Income from operations	167,782	133,930	104,305	80,734	62,619	61,512	70,751
Interest and other (expense) income, net	(25,180)	747	3,118	2,240	239	264	(23,870)
Income before income taxes	142,602	134,677	107,423	82,974	62,858	61,776	46,881
Income tax expense	52,160	56,073	22,663	9,075	13,348	24,697	17,465
Net income from continuing operations	90,442	78,604	84,760	73,899	49,510	37,079	29,416
Discontinued operations:							
Income from discontinued operations, net of tax	9,151	22,132	16,370	6,571	19,106	155	6,456
Gain on disposition, net of tax	2,286	980		10,040		34,895	2,286
Net income from discontinued operations	11,437	23,112	16,370	16,611	19,106	35,050	8,742
Net income	\$ 101,879	\$ 101,716	\$ 101,130	\$ 90,510	\$ 68,616	\$ 72,129	\$ 38,158
Net income per common share basic:							
Continuing operations	\$ 1.25	\$ 1.02	\$ 1.06	\$ 0.91	\$ 0.57	\$ 0.56	\$ 0.39
Discontinued operations	\$ 0.16	\$ 0.30	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.53	\$ 0.12
Net income	\$ 1.41	\$ 1.32	\$ 1.26	\$ 1.11	\$ 0.79	\$ 1.09	\$ 0.50
Net income per common share diluted:							
Continuing operations	\$ 1.22	\$ 1.00	\$ 1.04	\$ 0.90	\$ 0.57	\$ 0.55	\$ 0.38

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Discontinued operations	\$ 0.15	\$ 0.29	\$ 0.20	\$ 0.20	\$ 0.22	\$ 0.52	\$ 0.11
Net income	\$ 1.37	\$ 1.29	\$ 1.24	\$ 1.10	\$ 0.79	\$ 1.06	\$ 0.49
Weighted-average shares used to calculate basic net income per common share	72,376	77,342	80,323	81,615	86,716	66,450	75,590
Weighted-average shares used to calculate diluted net income per common share	74,122	78,898	81,489	82,334	87,210	67,960	77,490

(1) The amounts included in the Consolidated Statement of Operations Data for the years presented reflect the following acquisitions from their effective dates:

Acquisitions	Date
Greystripe	April 2011
Dotomi	August 2011

The results of operations of the following dispositions and disposal groups are reflected in discontinued operations for all periods:

Dispositions	Date
Web Marketing Holdings, LLC, or Web Clients	February 2010
Search 123	September 2012
Owned & Operated Websites segment	January 2014

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(2) Includes stock-based compensation for the following periods (in thousands):

	For the Year Ended December 31,					For the Six Months Ended	
	2013	2012	2011	2010	2009	June 30,	2013
Sales and marketing	\$ 5,093	\$ 4,885	\$ 3,298	\$ 1,235	\$ 1,849	\$ 2,532	\$ 2,547
General and administrative	9,299	10,840	7,390	5,577	5,892	4,390	4,558
Technology	4,578	5,108	2,706	752	888	2,655	2,245
Total	\$ 18,970	\$ 20,833	\$ 13,394	\$ 7,564	\$ 8,629	\$ 9,577	\$ 9,350

(3) Includes the reclassification of \$3,712 of amortization of acquired developed technology from operating expenses to cost of revenue for the year ended December 31, 2011.

Consolidated Balance Sheet Data

	As of December 31,					As of June 30,	
	2013	2012	2011	2010	2009	2014	2013
	(in thousands)						
Cash, cash equivalents and marketable securities	\$ 81,319	\$ 136,638	\$ 116,676	\$ 197,317	\$ 180,523	\$ 83,574	\$ 127,068
Working capital	\$ 143,194	\$ 168,860	\$ 135,317	\$ 199,267	\$ 160,531	\$ 134,668	\$ 174,899
Total assets	\$ 817,775	\$ 899,696	\$ 880,711	\$ 613,567	\$ 566,562	\$ 736,190	\$ 840,215
Total non-current liabilities	\$ 174,703	\$ 166,590	\$ 181,702	\$ 37,668	\$ 61,669	\$ 104,935	\$ 128,315
Total stockholders equity	\$ 504,897	\$ 590,705	\$ 563,393	\$ 472,641	\$ 406,489	\$ 509,590	\$ 592,820

Adjusted EBITDA as a Non-GAAP Performance Measure

In evaluating its business, Conversant considers earnings from continuing operations before interest, income taxes, depreciation, amortization, stock-based compensation and acquisition related costs, which it refers to as Adjusted EBITDA, a non-GAAP financial measure, as a key indicator of financial operating performance and as a measure of the ability to generate cash for operational activities and future capital expenditures. Conversant uses Adjusted EBITDA in evaluating the overall performance of its business operations. Conversant believes that this measure may also be useful to investors because it eliminates the effects of period-to-period changes in income from interest on our cash equivalents, note receivable and borrowings and the costs associated with income tax expense, capital investments, acquisitions and stock-based compensation, which are not directly attributable to the underlying performance of Conversant's continuing business operations. Investors should not consider this measure in isolation or as a substitute for income from operations, or cash flow from operations determined under GAAP or any other measure for determining operating performance that is calculated in accordance with GAAP. In addition, because Adjusted EBITDA is a non-GAAP measure, it may not necessarily be comparable to similarly titled measures employed by other companies.

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The following is a reconciliation of Conversant's net income from continuing operations to Adjusted EBITDA:

	For the Year Ended December 31,					For the Six Months Ended	
	2013	2012	2011	2010	2009	June 30, 2014	2013
	(in thousands)						
Net income from continuing operations	\$ 90,442	\$ 78,604	\$ 84,760	\$ 73,899	\$ 49,510	\$ 37,079	\$ 29,416
Interest and other expense (income), net	25,180	(747)	(3,118)	(2,240)	(239)	(264)	23,870
Income tax expense	52,160	56,073	22,663	9,075	13,348	24,697	17,465
Amortization of acquired developed technology included in cost of revenue	7,943	7,976	3,714			4,787	3,971
Amortization of acquired intangible assets included in operating expenses	15,208	19,755	11,206	5,096	5,186	8,144	7,100
Depreciation and leasehold amortization	12,263	10,399	6,312	5,030	5,682	6,272	6,008
Stock-based compensation	18,970	20,833	13,394	7,564	8,629	9,577	9,350
Acquisition related costs			412				
Adjusted EBITDA	\$ 222,166	\$ 192,893	\$ 139,343	\$ 98,424	\$ 82,116	\$ 90,292	\$ 97,180

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION OF ALLIANCE DATA AND CONVERSANT**

The following selected unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the merger. The unaudited pro forma condensed combined income statement information for the six months ended June 30, 2014 and the year ended December 31, 2013 gives effect to the merger as if it occurred on January 1, 2013. The unaudited pro forma condensed combined balance sheet information gives effect to the merger as if it occurred on June 30, 2014.

This unaudited pro forma condensed combined financial information is for informational purposes only. It does not purport to indicate the results that would actually have been obtained had the merger been completed on the assumed date or for the periods presented, or which may be realized in the future. A final determination of the fair value of Conversant's assets and liabilities will be based on the actual net tangible and intangible assets and liabilities of Conversant that exist as of the date of closing of the merger and, therefore, cannot be made prior to that date. Additionally, the value of the portion of the merger consideration to be paid in shares of Alliance Data common stock will be determined based on the trading price of Alliance Data common stock at the time of the closing of the merger.

The selected unaudited pro forma condensed combined financial information (i) has been derived from and should be read in conjunction with the Unaudited Pro Forma Condensed Combined Financial Statements and the related notes beginning on page 105 of this filing and (ii) should be read in conjunction with the historical consolidated financial statements of Alliance Data and Conversant incorporated by reference into this proxy statement/prospectus.

	Six Months Ended	Year Ended
	June 30,	December 31, 2013
	2014	December 31, 2013
	(In thousands, except per share amounts)	
Pro Forma Income Statement Information		
Revenue	\$ 2,781,351	\$ 4,892,184
Operating income	553,911	1,120,119
Income from continuing operations	251,561	464,083
Income from continuing operations attributable to common stockholders	251,464	464,083
Income from continuing operations attributable to common stockholders per share basic	\$ 4.32	\$ 8.62
Income from continuing operations attributable to common stockholders per share diluted	\$ 3.65	\$ 6.49

	As of June 30, 2014	
	(In thousands)	
Pro Forma Balance Sheet Information		
Total current assets	\$	10,534,122
Goodwill		4,015,629

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Total assets	17,069,186
Total debt, including current portion	11,450,073
Total stockholders' equity	2,086,433

Table of Contents**UNAUDITED COMPARATIVE PER SHARE DATA**

Presented below are Alliance Data's and Conversant's historical per share data for the six months ended June 30, 2014 and the year ended December 31, 2013 and unaudited pro forma combined per share data for the six months ended June 30, 2014 and the year ended December 31, 2013. This information should be read together with the consolidated financial statements and related notes of Alliance Data and Conversant that are incorporated by reference in this proxy statement/prospectus and with the unaudited pro forma condensed combined financial information included under

Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 105. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company.

The historical book value per share is computed by dividing total stockholders' equity by the number of shares of common stock outstanding at the end of the period. The pro forma income per share of the combined company is computed by dividing the pro forma income by the pro forma weighted average number of shares outstanding. The pro forma book value per share of the combined company is computed by dividing total pro forma stockholders' equity by the pro forma number of shares of common stock outstanding at the end of the period. The Conversant unaudited pro forma equivalent per share financial information is computed by multiplying the Alliance Data unaudited pro forma combined per share amounts by the exchange ratio (0.07037 of a share of Alliance Data common stock for each share of Conversant common stock), and does not reflect the estimated \$17.54 cash payment (based on the closing price of Alliance Data common stock on September 24, 2014) by Alliance Data for each share of Conversant common stock at the time of the merger. Book value per share amounts are not calculated for December 31, 2013 on a pro forma basis as purchase accounting adjustments in the unaudited pro forma statements have been determined only as of June 30, 2014.

	Six Months Ended June 30, 2014	Year Ended December 31, 2013
Alliance Data		
Income from continuing operations attributable to common stockholders per common share - basic:		
Historical	\$ 5.13	\$ 10.09
Pro forma	\$ 4.32	\$ 8.62
Income from continuing operations attributable to common stockholders per common share - diluted:		
Historical	\$ 4.27	\$ 7.42
Pro forma	\$ 3.65	\$ 6.49
Book value per common share:		
Historical	\$ 17.53	n/a
Pro forma	\$ 35.57	n/a
Conversant		
Income from continuing operations attributable to common		

stockholders per common
share basic:

Historical	\$	0.56	\$	1.25
Equivalent pro forma	\$	0.30	\$	0.61

Income from continuing operations
attributable to common

stockholders per common
share diluted:

Historical	\$	0.55	\$	1.22
Equivalent pro forma	\$	0.26	\$	0.46

Book value per common share:

Historical	\$	7.90		n/a
Equivalent pro forma	\$	2.50		n/a

Table of Contents**MARKET PRICES AND DIVIDENDS AND OTHER DISTRIBUTIONS****Market Prices**

The tables below set forth, for the fiscal quarters indicated, the intraday high and low sales prices per share of Alliance Data common stock and Conversant common stock, which trade on The New York Stock Exchange under the symbol ADS and on The NASDAQ Global Select Market under the symbol CNVR, respectively.

	Alliance Data Common Stock	
	High	Low
Fiscal Year 2012		
First Quarter	\$ 127.55	\$ 100.42
Second Quarter	135.49	119.56
Third Quarter	144.34	123.11
Fourth Quarter	148.41	135.91
Fiscal Year 2013		
First Quarter	162.07	146.39
Second Quarter	185.32	152.80
Third Quarter	220.02	171.30
Fourth Quarter	264.31	209.71
Fiscal Year 2014		
First Quarter	300.49	230.53
Second Quarter	284.40	230.79
Third Quarter	288.67	239.83

	Conversant Common Stock	
	High	Low
Fiscal Year 2012		
First Quarter	\$ 21.29	\$ 16.20
Second Quarter	21.60	14.10
Third Quarter	17.55	15.31
Fourth Quarter	19.81	16.48
Fiscal Year 2013		
First Quarter	31.00	19.23
Second Quarter	32.25	23.31
Third Quarter	26.50	20.31
Fourth Quarter	23.80	18.62
Fiscal Year 2014		
First Quarter	28.74	20.52
Second Quarter	28.79	22.21
Third Quarter	35.17	23.35

On _____, 2014, the latest practicable date before the date of this proxy statement/prospectus, the last sales price per share of Alliance Data common stock was \$ _____ and the last sales price per share of Conversant common stock was \$ _____, on the NYSE and The NASDAQ Global Select Market, respectively.

On October 1, 2014, Alliance Data had 29 holders of record of its common stock and Conversant had 377 holders of record of its common stock. This does not include holdings in street or nominee names.

Table of Contents**Recent Prices**

The following table sets forth the closing prices per share of Alliance Data common stock and Conversant common stock as reported on the NYSE and The NASDAQ Global Select Market, respectively, on September 11, 2014, the last trading day before the public announcement of the merger agreement, and _____, 2014, the latest practicable date before the date of this proxy statement/prospectus. The table also presents the equivalent value of the merger consideration per share of Conversant common stock on those dates. The equivalent value per share on September 11, 2014 is equal to (i) the 15-day volume weighted average stock price of Alliance Data common stock, calculated as if September 11, 2014 was the closing date and September 9, 2014 was the second business date prior to the closing, multiplied by the exchange ratio of 0.07037, plus (ii) the cash merger consideration of \$16.60 (which is an amount in cash such that the total consideration equals \$35.00). The equivalent value per share on _____, 2014 is equal to (i) the closing price of a share of Alliance Data common stock on that date, multiplied by the exchange ratio of 0.07037, plus (ii) the cash merger consideration of \$ _____ (which is an amount in cash such that (based on the 15-day volume weighted average stock price of Alliance Data common stock, calculated as if _____, 2014 was the closing date and _____, 2014 was the second business date prior to the closing) the total consideration equals \$35.00). The equivalent value per share on September 11, 2014 and _____, 2014 assumes that each Conversant stockholder receives the Base Consideration and does not make a Cash Election or a Stock Election, as described above under the heading **The Merger Consideration to be Received in the Merger**.

	Alliance Data Closing Price	Conversant Closing Price	Equivalent Value Per Share
September 11, 2014	\$ 252.87	\$ 26.71	\$ 35.00
_____, 2014	\$ _____	\$ _____	\$ _____

Dividends and Other Distributions

Alliance Data has never declared or paid any cash dividends on its common stock, and it does not anticipate paying any cash dividends on its common stock in the foreseeable future. It currently intends to retain all available funds and future earnings, if any, for use in the operation and the expansion of its business. Any future determination to pay cash dividends on Alliance Data common stock will be at the discretion of its board of directors and will be dependent upon Alliance Data's financial condition, operating results, capital requirements and other factors that the Alliance Data board deems relevant. In addition, under the terms of Alliance Data's credit agreement, Alliance Data is restricted in the amount of any cash dividends or return of capital, other distribution, payment or delivery of property or cash to its common stockholders.

Conversant has not declared or paid dividends on its capital stock since its inception and does not have immediate plans to begin paying a cash dividend.

Following the proposed merger, the board of directors of Alliance Data will determine its policy regarding the payment of dividends, subject to any restrictions contained in Alliance Data's credit facilities or any other contract then in existence, but it is expected that no dividends will be paid in the foreseeable future.

Under the terms of the merger agreement, each of Alliance Data and Conversant is prohibited, without the consent of the other party, from paying dividends on its common stock and from repurchasing shares of its common stock during the pendency of the merger.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information set forth in this proxy statement/prospectus, including financial estimates, projections about the industries and markets in which Alliance Data and Conversant operate, and statements as to the expected timing, completion and effects of the proposed merger between Alliance Data and Conversant, constitute forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Such statements may use words such as anticipate, believe, continue, could, estimate, expect, intend, would and similar expressions as they relate to each company or their respective management teams. These estimates and statements are subject to risks and uncertainties that could cause actual results to differ materially from those expected in or suggested by such statements. Such estimates and statements include, but are not limited to, statements about the benefits of the merger, including future financial and operating results, the combined company's plans, objectives, expectations (financial or otherwise) and intentions, the estimated timetable for completing the transaction and other statements that are not historical facts. Such statements are based upon the current beliefs and expectations of the management of Alliance Data and/or Conversant and are subject to significant risks and uncertainties outside of their control.

Risks and uncertainties related to the proposed merger include, among others:

the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;

the risk that Conversant stockholders may not adopt the merger agreement;

the risk that the necessary regulatory approvals may not be obtained or may be obtained subject to conditions that are not anticipated;

uncertainties as to the timing of the merger;

competitive responses to the proposed merger;

response by activist stockholders to the merger;

risks that any of the closing conditions to the proposed merger may not be satisfied in a timely manner;

unexpected costs, charges or expenses resulting from the merger;

litigation relating to the merger;

the outcome of pending litigation;

risks related to the disruption of management time from ongoing business operations due to the proposed merger;

failure to realize the benefits expected from the proposed merger;

changes in general economic and/or industry-specific conditions; and

the effect of the announcement of the proposed merger on the ability of Alliance Data and Conversant to retain customers and retain and hire key personnel and maintain relationships with their suppliers or service providers, and on their operating results and businesses generally.

Further information regarding factors affecting future results of Alliance Data and Conversant is included in their respective Annual Reports filed on Form 10-K for the year ended December 31, 2013, Quarterly Reports on Form 10-Q for the quarters ended March 31 and June 30, 2014, and other documents that Alliance Data and Conversant file with the SEC, in each case incorporated by reference herein.

Neither Alliance Data nor Conversant is under any obligation, and each expressly disclaim any obligation, to update, alter, or otherwise revise any forward-looking statements, whether written or oral, that may be made from time to time, whether as a result of new information, future events, or otherwise, except as required by law. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this proxy statement/prospectus.

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RISK FACTORS

*In addition to the other information included in and incorporated by reference into this proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statement Regarding Forward-Looking Statements**, Conversant stockholders should carefully consider the following risk factors before deciding whether to vote for approval of the Merger Proposal. In addition, you should read and consider the risks associated with each of the businesses of Alliance Data and Conversant because these risks will also affect the combined company. These risks can be found in Alliance Data's and Conversant's Annual Reports on Form 10-K for the year ended December 31, 2013, their subsequent reports on Form 10-Q and other documents they file with the SEC, in each case incorporated by reference into this proxy statement/prospectus. You should also read and consider the other information in this proxy statement/prospectus and the other documents incorporated by reference into this proxy statement/prospectus. See **Where You Can Find More Information** and **Information Incorporated by Reference**.*

Risk Factors Relating to the Merger

The merger may not be completed on a timely basis or at all. The failure to complete the merger would eliminate, or any delay in the closing of the merger may significantly reduce, the benefits expected to be obtained from the merger and could adversely affect the market price of Alliance Data or Conversant common stock or their future business and financial results.

The merger is subject to a number of conditions, including, without limitation, the approval of Conversant's stockholders, the receipt of certain governmental authorizations, consents, orders or other approvals, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or the HSR Act, and authorization of the German Federal Cartel Office, the approval of the listing on the NYSE of the shares of Alliance Data common stock to be issued in the merger, the declaration of the effectiveness of the Form S-4 to which this proxy statement/prospectus relates by the SEC under the Securities Act and the receipt of any other consents or approvals of any governmental entity required to be obtained in connection with the merger, each of which is beyond the control of Alliance Data and Conversant and could prevent, delay or otherwise materially and adversely affect closing of the merger. See **The Merger Agreement - Conditions to Closing of the Merger**. Neither Alliance Data nor Conversant can predict whether and when these other conditions will be satisfied. In addition, both Alliance Data and Conversant have the ability to terminate the merger agreement under certain circumstances.

Failure to complete the merger would prevent Alliance Data and Conversant from realizing the anticipated benefits of the merger. Each company would also remain liable for significant transaction costs, including legal, accounting and financial advisory fees, and Conversant could become liable to Alliance Data if the merger agreement is terminated under certain circumstances for a termination fee equal to \$65.0 million. Any delay in completing the merger may significantly reduce the synergies and other benefits that Alliance Data and Conversant expect to achieve if they successfully complete the merger within the expected timeframe and integrate their respective businesses.

In addition, the market price of each company's common stock may reflect various market assumptions as to whether and when the merger will be completed. Consequently, the completion of, the failure to complete, or any delay in the closing of the merger could result in a significant change in the market price of Alliance Data's or Conversant's common stock.

The value of the merger consideration to be received by Conversant stockholders may fluctuate in certain circumstances based on the market price of Alliance Data common stock. Conversant stockholders cannot be sure of the value of the merger consideration that will be paid to Conversant stockholders in the merger.

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If the merger is completed, each outstanding share of Conversant common stock eligible to receive the merger consideration will be exchanged for consideration consisting of (i) 0.07037 of a share of Alliance Data common stock and (ii) an amount in cash (based on the 15-day volume weighted average price of Alliance Data common stock as of the close of business on the second business day prior to closing (which we refer to in this proxy statement/prospectus as the Parent Closing Trading Price)), such that the total consideration per share equals \$35.00 (which we refer to in this proxy statement/prospectus as the Base Consideration), subject to the limitations and adjustments described elsewhere in this proxy statement/prospectus. Conversant stockholders will have the right to make a Cash Election or a Stock Election as described under **The Merger Agreement Consideration to be Received in the Merger**.

The exchange ratio of 0.07037 shares of Alliance Data common stock per share of Conversant common stock is fixed, and the final amount of cash consideration payable per eligible share of Conversant common stock will be determined based on the Parent Closing Trading Price. The cash portion of the Base Consideration will decrease as the Parent Closing Trading Price increases, and, conversely, the cash portion of the Base Consideration will increase as the Parent Closing Trading Price decreases. However, the maximum amount of cash Alliance Data will pay per share of Conversant common stock pursuant to the Base Consideration will equal \$18.62, and the minimum amount of cash Alliance Data will pay per share of Conversant common stock pursuant to the Base Consideration will equal \$14.98 (which we refer to in this proxy statement/prospectus as the collar). In the event that the maximum or minimum cash per share amount is reached, the amount of cash payable per share will be fixed at \$18.62 or \$14.98, as applicable. The value of the Base Consideration, which includes both the Per Share Stock Consideration and the Per Share Cash Consideration, will fluctuate below or above \$35.00, respectively, based on the Parent Closing Trading Price as illustrated in the table included under the heading **The Merger Consideration to be Received in the Merger**. As a result of the collar, Conversant stockholders cannot be sure of the value of the merger consideration that will be paid in the merger, to the extent that the Parent Closing Trading Price is below \$232.75 or above \$284.48, as illustrated in the table included under the heading **The Merger Consideration to be Received in the Merger**.

Conversant stockholders may receive a form of consideration different from what they elect.

If you are a Conversant stockholder and you elect to receive the Base Consideration or you do not make an election, you will receive the Base Consideration, subject to the payment of cash for any fractional shares of Alliance Data common stock you would be entitled to receive. If you make a Stock Election or a Cash Election, then you are not guaranteed to receive the form of consideration you elect to receive. The aggregate amount of cash and shares of Alliance Data common stock payable by Alliance Data in the merger will not be more than the aggregate amount of cash and shares of Alliance Data common stock that would have otherwise been payable by Alliance Data if all Conversant stockholders were to receive the Base Consideration. To the extent there is not enough cash or shares of Alliance Data common stock to pay pursuant to a Cash Election or a Stock Election, the consideration payable on each such share of Conversant common stock will be adjusted on a pro rata basis (and with the difference between such pro rated amount being made up in the remaining Alliance Data common stock or cash, as applicable) among all shares with respect to which either a Cash Election or Stock Election has been made. As a result, if you make a Stock Election or a Cash Election, you may not receive the combination of cash and/or shares you elected, depending on the choices made by other Conversant stockholders. See **The Merger Consideration to be Received in the Merger**. Regardless of whether a Cash Election or Stock Election is made and whether proration is required, all shares of Conversant common stock will receive the equivalent value as described in this proxy statement/prospectus with respect to calculation of the Base Consideration.

If you are a Conversant stockholder and you tender shares of Conversant common stock to make an election, you will not be able to sell those shares unless you revoke your election prior to the election deadline.

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If you are a Conversant stockholder and elect to receive the Base Consideration or you make a Cash Election or a Stock Election, you must deliver your stock certificates (if applicable) and a properly completed and signed election form to the exchange agent. You will not be able to sell any shares of Conversant common stock that you have delivered under this arrangement unless you revoke your election before the election deadline by providing written notice to the exchange agent. The election deadline is 5:00 p.m., New York City time, on _____, 2014. If you do not revoke your election, you will not be able to liquidate your investment in Conversant common stock for any reason until you receive cash consideration and/or stock consideration pursuant to the merger agreement or until the merger agreement is terminated pursuant to its terms. In the time between delivery of your shares and the closing of the merger or termination of the merger agreement, the market prices of Conversant common stock and Alliance Data common stock may increase or decrease, and you might otherwise want, but be unable, to sell your shares of Conversant common stock to gain access to cash, make other investments, or reduce the potential for a decrease in the value of your investment.

The date that Conversant stockholders will receive their merger consideration is uncertain.

The closing of the merger is subject to certain governmental approvals and the satisfaction or waiver of various other conditions. While it is currently anticipated that the merger will be completed in the fourth quarter of 2014, the closing date might be later than expected due to delays in satisfying such conditions. Accordingly, Conversant stockholders cannot be provided with any assurance that they will receive the merger consideration on a specified date, if at all.

Uncertainties associated with the merger may cause a loss of management personnel and other key employees that could adversely affect the future business, operations and financial results of Alliance Data following the merger.

Whether or not the merger is completed, the announcement and pendency of the merger could disrupt the businesses of Alliance Data and Conversant. Alliance Data and Conversant are dependent on the experience and industry knowledge of their senior management and other key employees to execute their business plans. Alliance Data's success after the merger will depend in part upon the ability of Alliance Data and Conversant to retain key management personnel and other key employees in advance of the merger, and of the combined company's ability to do so following the merger. Current and prospective employees of Alliance Data and Conversant may experience uncertainty about their roles within the combined company following the merger, which may have an adverse effect on the current ability of each of Alliance Data and Conversant to attract or retain key management and other key personnel or the ability of the combined company to do so following the merger.

Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of Alliance Data and Conversant to the same extent that such companies have previously been able to attract or retain employees. In addition, following the merger, Alliance Data might not be able to locate suitable replacements for any such key employees who leave Alliance Data or Conversant or offer employment to potential replacements on satisfactory terms.

Uncertainty about the merger may adversely affect the relationships of Alliance Data, Conversant or the combined company with their respective customers, service providers and employees, whether or not the merger is completed.

In response to the announcement of the merger, existing or prospective customers or service providers of Alliance Data, Conversant or, following the merger, the combined company, may:

delay, defer or cease purchasing services from or providing services to Alliance Data, Conversant or the combined company;

delay or defer other decisions concerning Alliance Data, Conversant or the combined company, or refuse to extend credit to Alliance Data, Conversant or the combined company; or

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otherwise seek to change the terms on which they do business with Alliance Data, Conversant or the combined company.

Any such delays or changes to terms could seriously harm the business of each company or, if the merger is completed, the combined company.

Lawsuits have been filed against Conversant, Conversant's directors, Alliance Data and the Merger Subsidiary challenging the merger, and an adverse ruling may prevent the merger from being completed.

Conversant and Alliance Data, as well as the members of the Conversant board of directors and the Merger Subsidiary, have been named as defendants in lawsuits brought by purported stockholders of Conversant challenging, among other things, the Conversant board of directors' actions in connection with the merger agreement and seeking, among other things, injunctive relief and other equitable relief, including a request to rescind parts of the merger agreement already implemented and to otherwise enjoin the defendants from consummating the merger, in addition to unspecified fees and costs. See [The Merger Litigation Related to the Merger](#) for more information about the lawsuits that have been filed related to the merger.

One of the conditions to the closing of the merger is that no injunction by any court or other tribunal of competent jurisdiction has been entered and continues to be in effect and no law has been adopted or is effective, in either case that prohibits or makes illegal the closing of the merger. Consequently, if a settlement or other resolution is not reached in the lawsuits referenced above and the plaintiffs secure injunctive or other relief prohibiting, delaying or otherwise adversely affecting Alliance Data's and/or Conversant's ability to complete the merger, then such injunctive or other relief may prevent the merger from becoming effective within the expected timeframe or at all.

The merger agreement contains provisions that could discourage a potential competing acquiror that might be willing to pay more to effect a business combination with Conversant.

The merger agreement contains no solicitation provisions that, subject to certain exceptions, require Conversant to, and to cause each of its controlled affiliates to, use its reasonable best efforts to cause each of its and its controlled affiliates' representatives to (i) cease and cause to be terminated any discussions or negotiations with any persons (other than Alliance Data) that may have been ongoing on September 11, 2014 with respect to a Company Takeover Proposal and (ii) not, directly or indirectly, (a) solicit, initiate, knowingly encourage or knowingly facilitate any inquiries regarding, or the making of any proposal that constitutes or could reasonably be expected to lead to, a Company Takeover Proposal, (b) engage in, continue or otherwise participate in any discussions or negotiations regarding a Company Takeover Proposal, (c) approve, recommend or enter into, or propose to approve, recommend or enter into, any agreement (whether written or oral, binding or nonbinding) with respect to a Company Takeover Proposal, (d) take any action to make the provisions of any takeover statute inapplicable to the transactions contemplated by a Company Takeover Proposal, or (e) resolve, propose or agree to do any of the foregoing.

In addition, under the merger agreement, the Conversant board of directors must recommend that Conversant stockholders vote in favor of the Merger Proposal, subject to certain exceptions. For more information about these provisions, see [The Merger Agreement Board Recommendation](#). Further, in the merger agreement, Conversant has agreed to pay Alliance Data a termination fee equal to \$65.0 million if the merger agreement is terminated under certain circumstances.

We describe these and other provisions under [The Merger Agreement No Solicitation Provisions](#), [Notices to Alliance Data](#), [Board Recommendation](#), [Termination of the Merger Agreement](#) and [Termination Fee](#).

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These provisions could discourage a potential third-party acquiror from considering or proposing an acquisition of all or a significant portion of Conversant, even if it were prepared to pay consideration with a higher value than the merger consideration proposed to be paid by Alliance Data in the merger, or might result in a potential third-party acquiror proposing to pay a lower per share price than it might otherwise have proposed to pay because of the added expense of the termination fee.

Alliance Data and Conversant may waive one or more of the conditions to the merger without resoliciting Conversant stockholder approval for the merger.

Each of the conditions to Alliance Data's and Conversant's obligations to complete the merger may be waived, in whole or in part, to the extent permitted by applicable law, by agreement of Alliance Data and Conversant, if the condition is a condition to both Alliance Data's and Conversant's obligation to complete the merger, or by the party for which such condition is a condition of its obligation to complete the merger. The merger agreement may also be amended by Conversant, Alliance Data and the Merger Subsidiary. The boards of directors of Alliance Data and Conversant may evaluate the materiality of any such waiver or amendment to determine whether, under applicable law and the rules of The NASDAQ Global Select Market, amendment of this proxy statement/prospectus and resolicitation of proxies are necessary. Alliance Data and Conversant, however, generally do not expect any such waiver or amendment to be significant enough to require resolicitation of Conversant's stockholders. In the event that any such waiver or amendment is not determined to be significant enough to require resolicitation of Conversant's stockholders, the companies will have the discretion to complete the merger without seeking further Conversant stockholder approval.

Certain contracts to which Conversant is a party may require consent in connection with the merger, which could negatively affect Alliance Data following the merger.

Conversant is party to numerous contracts, agreements, licenses, permits, authorizations and other arrangements that contain provisions giving counterparties certain rights (including, in some cases, termination rights) in the event of an assignment of the contract or agreement or a change in control of Conversant or its subsidiaries. The definitions of assignment and change in control vary from contract to contract and, in some cases, the assignment or change in control provisions may be implicated by the merger. If an assignment or change in control occurs, a counterparty may be permitted to terminate its contract with Conversant.

Whether a counterparty would have cancellation rights in connection with the merger depends upon the language of its agreement with Conversant. Whether a counterparty exercises any cancellation rights it has would depend on, among other factors, such counterparty's views with respect to the financial strength and business reputation of Alliance Data following the merger and prevailing market conditions. Conversant cannot presently predict the effects, if any, if the merger is deemed to constitute a change in control under certain of its contracts and other arrangements, including the extent to which cancellation rights would be exercised, if at all, or the effect on Alliance Data's financial condition, results of operations or cash flows following the merger, but such effect could be material.

Conversant stockholders will not know the federal income tax consequences to them of the merger at the time that they make an election as to the form of the consideration or at the time they vote.

The federal income tax consequences of the merger to each Conversant stockholder will vary depending on whether we complete the merger through the use of the forward merger or reverse merger structure. These consequences will also vary depending on whether a Conversant stockholder receives cash, stock, or a combination of cash and stock in exchange for the stockholder's shares of Conversant common stock. At the time that a Conversant stockholder makes an election as to the form of the consideration to be received in the merger and at the time that the stockholder votes on the merger, the stockholder will not know if, or to what extent, the consideration proration procedures will be

applicable. Therefore, a Conversant stockholder will not know at those times the extent to which the stockholder's elected forms of merger consideration will be given effect.

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Additionally, at the time of making the election and voting on the merger, the Conversant stockholders will not know which of the two alternative structures we will use to complete the acquisition. Accordingly, although the federal tax treatment of both of these alternative structures is described herein, the actual federal income tax consequences to each Conversant stockholder will not be ascertainable at that time. If the forward merger structure is used, Alliance Data and Conversant intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code for U.S. federal income tax purposes. However, if the reverse merger structure is used or the merger otherwise fails to qualify as a reorganization under Section 368 of the Code, then the holders of Conversant common stock whose shares are exchanged in the merger for merger consideration will generally recognize gain or loss in an amount equal to the difference between (i) the fair market value, as of the effective time of the merger, of Alliance Data common stock received plus any cash received and (ii) the holder's adjusted tax basis in the shares of Conversant common stock surrendered. Such gain or loss generally will be determined separately with respect to each block of Conversant shares surrendered in the merger, and generally will be long-term capital gain or loss if the holder's holding period for the Conversant common stock surrendered exceeds one year at the effective time of the merger. The tax consequences to Conversant stockholders of the merger are described in greater detail in the section entitled "Material U.S. Federal Income Tax Consequences." You are urged to consult with your own tax advisor as to the tax consequences of the merger in your particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

Diversion of management's attention could harm Alliance Data, Conversant or the combined company, whether or not the merger is completed.

Completion of the merger will require a significant amount of time and attention from the management of each of Alliance Data and Conversant. The diversion of management's attention away from ongoing operations could adversely affect the ongoing operations and business relationships of each company prior to the merger and, if the merger is completed, those of the combined company.

Alliance Data and Conversant will incur significant costs in connection with the merger.

Alliance Data and Conversant will incur substantial expenses related to the merger, whether or not the merger is completed. Moreover, each company could incur additional unanticipated expenses in connection with the transaction, including costs associated with any stockholder litigation related to the merger. In addition, in the event that the merger agreement is terminated under circumstances described under the heading "The Merger Agreement Termination of the Merger Agreement," Conversant may be required to pay Alliance Data a \$65.0 million termination fee. See "The Merger Agreement Termination Fee."

Current Alliance Data stockholders and Conversant stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

Current Alliance Data stockholders have the right to vote in the election of the Alliance Data board of directors and on other matters affecting Alliance Data. Current Conversant stockholders have the right to vote in the election of the Conversant board of directors and on other matters affecting Conversant. Immediately after the merger is completed, it is expected that, on a fully-diluted basis, current Alliance Data stockholders will collectively own approximately 93%, and current Conversant stockholders will collectively own approximately 7%, of the outstanding shares of Alliance Data common stock. As a result of the merger, current Alliance Data stockholders and current Conversant stockholders will have less influence on the management and policies of Alliance Data post-merger than they now have on the management and policies of Alliance Data and Conversant, respectively.

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Some of the directors and executive officers of Conversant may have personal interests that differ from those of Conversant's stockholders and may motivate them to support or approve the merger.

Some of the directors of Conversant who have recommended the merger to Conversant stockholders and the executive officers of Conversant who provided information to the Conversant board of directors relating to the merger have employment, indemnification and/or severance benefit arrangements, rights to acceleration of restricted stock awards, and rights to ongoing indemnification and insurance that provide them with interests in the merger. Any of these arrangements or benefits may cause these individuals to have interests that may differ from those of other Conversant stockholders. The benefits that would result from the merger may have influenced these directors in approving the merger and these executive officers in supporting the merger.

If you are a Conversant stockholder, you should consider these interests when you consider the recommendation of the Conversant board of directors that you vote for the adoption of the merger agreement. As a result of these interests, these directors and executive officers may be more likely to support the merger than they would if they did not have these interests. For a discussion of the interests of directors and executive officers in the merger, see "The Merger Interests of Directors and Executive Officers of Conversant in the Merger."

The shares of Alliance Data common stock to be received by Conversant stockholders as a result of the merger will have different rights from the shares of Conversant common stock.

Upon closing of the merger, Conversant stockholders will become stockholders of Alliance Data, and their rights as stockholders will be governed by the Alliance Data charter and the Alliance Data bylaws. The rights associated with Conversant common stock are different from the rights associated with shares of Alliance Data common stock. For more information, see "Comparison of Stockholders' Rights."

Risk Factors Relating to Alliance Data Following the Merger

In addition to the risk factors described in this proxy statement/prospectus, following the merger, Alliance Data will be subject to many of the risks described in Conversant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as updated by Conversant's subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, all of which are filed with the SEC and incorporated by reference into this proxy statement/prospectus. See "Information Incorporated by Reference" for the location of information incorporated by reference in this proxy statement/prospectus.

Alliance Data may be unable to integrate successfully the businesses of Conversant and realize the anticipated benefits of the merger or do so within the intended timeframe.

The merger involves the combination of two organizations that currently operate as independent public companies. Due to legal restrictions, Alliance Data and Conversant have conducted only limited planning regarding the integration of the two companies, and they will continue to operate as independent public companies until the closing of the merger. The combined company will be required to devote significant management attention and resources to integrating the two companies. Delays in this process could adversely affect the combined company's business, financial results, financial condition and stock price.

Achieving the anticipated benefits of the merger will depend, in part, on the integration of operations, personnel and technology of Alliance Data and Conversant. If Alliance Data is unable to successfully integrate Conversant's business into its business in a manner that permits the combined company to achieve the cost savings and operating synergies anticipated to result from the merger, the anticipated benefits of the merger may not be realized fully or at all or may

take longer to realize than expected.

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Potential difficulties the combined company may encounter in the integration process include the following:

lost sales and customers as a result of certain customers of either of the two companies deciding not to do business with the combined company;

the inability to retain, recruit or motivate key personnel;

complexities associated with managing the combined businesses, including complexities associated with integrating geographically separated organizations and the demands of managing new lines of business;

any delay in the integration of management teams, strategies, operations, products and services;

diversion of the attention of each company's management as a result of the merger and any resulting performance shortfalls at one or both of the companies;

differences in business backgrounds, corporate cultures and management philosophies that may delay successful integration;

potential unknown liabilities and unforeseen increased expenses or delays associated with the merger;

disruption or interruption of, or loss of momentum in, each company's ongoing businesses;

inconsistencies in, or the inability to create and enforce, standards, controls, procedures and policies, including disclosure systems, compliance requirements, accounting systems, accounting controls and procedures, and information systems; and

the challenge of integrating complex systems, technology, networks and other assets of Conversant into those of Alliance Data in a seamless manner that minimizes any adverse impact on customers, service providers, employees and other constituencies.

Any of these factors could adversely affect the combined company's ability to maintain relationships with customers, service providers and employees or the combined company's ability to achieve the anticipated benefits of the merger, or could reduce earnings or otherwise adversely affect the business and financial results of the combined company.

Even if Alliance Data is able to integrate Conversant's business operations successfully, this integration may not result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that may be possible from this integration and these benefits may not be achieved within a reasonable period of time.

Further, following the closing of the merger, Alliance Data expects to incur expenses in connection with the integration of Conversant's business into a combined company, some of which could be significant. There are a large number of systems that must be integrated, including management information, purchasing, accounting and finance, sales, billing, payroll and benefits and regulatory compliance. Alliance Data has assumed that a certain level of expenses would be incurred from the integration of the two companies, but there are a number of factors beyond Alliance Data's control that could affect the total amount or the timing of all the expected integration expenses. Moreover, many of the expenses that will be incurred, by their nature, are impracticable to estimate at the present time. These expenses could, particularly in the near term, exceed the savings that Alliance Data expects to achieve from the elimination of duplicative expenses, the realization of economies of scale, and cost savings and revenue synergies related to the integration of the two companies following the closing of the merger. The amount and timing of any these charges are uncertain at the present time. In addition, the combined company may incur additional material charges in subsequent fiscal quarters to reflect additional costs in connection with the merger.

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The results of Alliance Data after the merger may suffer if Alliance Data does not effectively manage its expanded operations following the merger.

Following the merger, the size of the business of Alliance Data will increase significantly beyond the current size of Alliance Data's existing business. Alliance Data's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of additional global operations and associated increased costs and complexity. There can be no assurances that Alliance Data will be successful after closing of the merger or that it will realize the expected benefits currently anticipated from the merger.

Sales of substantial amounts of Alliance Data common stock in the open market, by former Conversant stockholders or otherwise, could depress Alliance Data's stock price.

Following the merger, stockholders of Alliance Data and former stockholders of Conversant will own interests in a combined company operating an expanded business with more assets and a different mix of liabilities. Current holders of Alliance Data and Conversant common stock may not wish to continue to invest in the additional operations of the combined company, or for other reasons may wish to dispose of some or all of their interests in the combined company.

Shares of Alliance Data common stock that are issued to stockholders of Conversant in the merger will be freely tradable by such stockholders without restrictions or further registration under the Securities Act, provided, however, that any stockholders who are affiliates of Alliance Data will be subject to the resale restrictions of Rule 144 under the Securities Act. As of the date of this proxy statement/prospectus, Alliance Data had approximately shares of common stock outstanding and approximately shares of common stock subject to outstanding options and other rights to purchase or acquire its shares. Alliance Data currently expects that it may issue up to a maximum of million shares of its common stock in the merger.

If the merger is completed and stockholders of Alliance Data, including former Conversant stockholders, sell substantial amounts of Alliance Data common stock in the public market following the closing of the merger, the market price of Alliance Data common stock may decrease. These sales might also make it more difficult for Alliance Data to raise capital by selling equity or equity-related securities at a time and price that it otherwise would deem appropriate.

The combined company will face uncertainties related to the effectiveness of internal controls.

Public companies in the United States are required to review their internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002. Any system of control, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the system are met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, any design may not achieve its stated goal under all potential future conditions, regardless of how remote.

The integration of Alliance Data and Conversant, and their respective internal control systems and procedures, may result in or lead to a future material weakness in the combined company's internal controls, or the combined company or its independent registered public accounting firm may identify a material weakness in the combined company's internal controls in the future. A material weakness in internal control over financial reporting would require management and the combined company's independent public accounting firm to evaluate the combined company's internal controls as ineffective. If the combined company's internal control over financial reporting is not considered

adequate, the combined company may experience a loss of public confidence, which could have an adverse effect on its business and stock price.

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Internal control deficiencies or weaknesses that are not yet identified could emerge.

Over time the combined company may identify deficiencies or weaknesses in its internal controls and, where and when appropriate, report on these deficiencies or weaknesses. However, the internal control procedures can provide only reasonable, and not absolute, assurance that deficiencies or weaknesses are identified. Deficiencies or weaknesses that have not been identified by Alliance Data or Conversant could emerge and these deficiencies or weaknesses could have a material impact on the results of operations for the combined company.

Charges to earnings resulting from the application of the acquisition method of accounting may adversely affect the market value of Alliance Data common stock following the closing of the merger.

In accordance with GAAP, the merger will be accounted for using the acquisition method of accounting, which will result in charges to earnings that could have an adverse impact on the market value of Alliance Data common stock following the closing of the merger. Under the acquisition method of accounting, the total estimated purchase price will be allocated to Conversant's net tangible assets and identifiable intangible assets based on their respective fair values as of the date of closing of the merger. Any excess of the purchase price over those fair values will be recorded as goodwill. The combined company will incur additional amortization expense based on the identifiable amortizable intangible assets acquired pursuant to the merger agreement and their relative useful lives. Additionally, to the extent the value of goodwill or identifiable intangible assets or other long-lived assets may become impaired, the combined company will be required to incur charges relating to the impairment. These amortization and potential impairment charges could have a material impact on the combined company's results of operations.

Alliance Data currently estimates that it will incur approximately \$169.7 million of incremental amortization expense annually after closing of the merger. The actual amount of the incremental amortization expense will be based on the fair value of the identifiable definite-lived intangible assets. The fair value of the identifiable definite-lived intangible assets is preliminary and subject to further adjustments upon closing of the merger. Differences between preliminary estimates and the final purchase price allocation amounts will occur and these differences may have a material impact on the amount of incremental amortization expense. Changes in earnings per share, including as a result of this incremental expense, could adversely affect the trading price of Alliance Data common stock.

The unaudited pro forma financial statements are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger.

The unaudited pro forma financial statements contained in this proxy statement/prospectus are presented for illustrative purposes only and may not be an indication of the combined company's financial condition or results of operations following the merger for several reasons. The unaudited pro forma financial statements have been derived from the historical financial statements of Alliance Data and Conversant and certain adjustments and assumptions have been made regarding the combined company after giving effect to the merger. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the unaudited pro forma financial statements do not reflect all costs that are expected to be incurred by the combined company in connection with the merger. For example, the impact of any incremental costs incurred in integrating the two companies is not reflected in the unaudited pro forma financial statements. As a result, the actual financial condition and results of operations of the combined company following the merger may not be consistent with, or evident from, these unaudited pro forma financial statements.

In addition, the assumptions used in preparing the unaudited pro forma financial information may not prove to be accurate, and other factors may affect the combined company's financial conditions or results of operations following the merger. Any potential decline in the combined company's financial condition or results of operations may cause

significant variations in the stock price of the combined company. See Unaudited Pro Forma Condensed Combined Financial Statements.

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Other Risk Factors of Alliance Data and Conversant

Alliance Data's and Conversant's businesses are and will be subject to the risks described above. In addition, Alliance Data and Conversant are, and will continue to be, subject to the risks described in Alliance Data's and Conversant's respective Annual Report on Form 10-K for the fiscal year ended December 31, 2013, as updated by Alliance Data's and Conversant's respective subsequent Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other documents they file with the SEC, in each case incorporated by reference into this proxy statement/prospectus. See [Information Incorporated by Reference](#) for the location of information incorporated by reference in this proxy statement/prospectus.

Table of Contents**THE MERGER**

The following is a discussion of the merger and the material terms of the merger agreement between Alliance Data and Conversant. This is a summary only and may not contain all information that is important to you. You are urged to read carefully the merger agreement in its entirety, a copy of which is attached as Annex A to this proxy statement/prospectus and incorporated herein by reference, for a more complete understanding of the merger.

Effect of the Merger

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, Conversant will merge with and into the Merger Subsidiary, with the Merger Subsidiary surviving the merger as a wholly-owned subsidiary of Alliance Data. We expect that, on a fully-diluted basis, the existing stockholders of Alliance Data and the former stockholders of Conversant will own approximately 93% and 7%, respectively, of the outstanding Alliance Data common stock following the merger.

The merger agreement contains a Reverse Merger Condition that requires that the form of the merger be revised and that Alliance Data form a new subsidiary corporation that would merge with and into Conversant, which would be the surviving entity in the merger. The Reverse Merger Condition would apply if, on the trading date immediately before the closing date of the merger, the aggregate value of all Alliance Data common stock to be received by all Conversant stockholders as a group in the merger would be less than 40% of the aggregate value of all consideration to be received by all Conversant stockholders as a group in the merger (i.e., cash plus Alliance Data common stock). See Material U.S. Federal Income Tax Consequences.

Consideration to be Received in the Merger

In the proposed merger, Conversant stockholders will receive for each share of Conversant common stock eligible to receive the merger consideration the combination, which we refer to as the Base Consideration, of (x) 0.07037 of a share, which we refer to as the Fixed Exchange Ratio, of Alliance Data common stock and (y) an amount in cash equal to \$35.00 minus the product of the volume weighted average price per share of Alliance Data common stock on the NYSE for the consecutive period of fifteen trading days ending on the close of trading on the second trading day immediately preceding the merger's closing, which we refer to as the Parent Closing Trading Price, multiplied by the Fixed Exchange Ratio, which cash portion of the Base Consideration we refer to as the Per Share Cash Consideration. Notwithstanding the foregoing, the Per Share Cash Consideration will not exceed \$18.62, which we refer to as the Per Share Cash Cap, and will not be less than \$14.98, which we refer to as the Per Share Cash Minimum. In the event that the Per Share Cash Cap or Per Share Cash Minimum is reached, the Per Share Cash Consideration will be fixed at the Per Share Cash Cap or the Per Share Cash Minimum, as applicable, and the value that Conversant stockholders will receive for each share of Conversant common stock will fluctuate below or above \$35.00, as applicable, to the extent that the Parent Closing Trading Price is below \$232.75 or above \$284.48.

In lieu of the Base Consideration described above, each Conversant stockholder will have the right to elect to receive for each share of Conversant common stock eligible to receive merger consideration (1) cash equal to \$35.00, except in the case in which the Per Share Cash Cap or Per Share Cash Minimum has been reached, in which case, cash equal to the sum of the (x) Fixed Exchange Ratio multiplied by the Parent Closing Trading Price and (y) the Per Share Cash Consideration, which election we refer to as a Cash Election, or (2) a number of shares of Alliance Data common stock equal to the sum of the (x) Fixed Exchange Ratio and (y) the quotient of the Per Share Cash Consideration divided by the Parent Closing Trading Price, which election we refer to as a Stock Election, and which consideration we refer to as the Per Share Stock Election Consideration, and, in the case of either a Cash or Stock Election, both are subject to proration as described below.

The Base Consideration otherwise payable on each share of Conversant common stock as to which either a Cash Election or Stock Election has been made will be pooled and reallocated among all such shares of

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Conversant common stock as to which an election has been made. This pooling and reallocation means that each such share gets to the greatest extent possible, all cash or all Alliance Data common stock, but with the consideration payable on each such share of Conversant common stock pro rated to the extent there is not enough cash or enough Alliance Data common stock to pay pursuant to each such election (and with the difference between such pro rated amount being made up in the remaining Alliance Data common stock or cash, as applicable). The aggregate amount of cash and shares of Alliance Data common stock payable by Alliance Data in the merger shall equal the aggregate amount of cash and shares of Alliance Data common stock that would have otherwise been payable by Alliance Data if no election had been made by Conversant stockholders, and all such stockholders were to receive the Base Consideration. Shares of Conversant common stock (i) held in Conversant's treasury, (ii) held by Alliance Data or any of its subsidiaries, (iii) issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger, or (iv) as to which the holder has properly exercised appraisal rights will not receive the merger consideration (except that shares of Conversant common stock that were issued pursuant to Conversant restricted stock award grants that remain unvested upon closing of the merger shall be entitled to receive the consideration described under the heading "The Merger Treatment of Conversant Stock Options and Other Equity Awards").

The following table illustrates the value of the Base Consideration per share of Conversant common stock for different hypothetical Parent Closing Trading Prices (with the shaded lines defining the lower and upper boundaries of the collar).

Parent Closing Trading Price (a)	Fixed Exchange Ratio	Approx. Value of Per Share Stock Consideration (b)	Approx. Per Share Cash Consideration	Approx. Total Value of Per Share Merger Consideration
\$220.00	0.07037	\$15.48	\$18.62	\$34.10
\$225.00	0.07037	\$15.83	\$18.62	\$34.45
\$230.00	0.07037	\$16.19	\$18.62	\$34.81
\$232.00	0.07037	\$16.33	\$18.62	\$34.95
\$232.75(c)	0.07037	\$16.38	\$18.62	\$35.00
\$233.00	0.07037	\$16.40	\$18.60	\$35.00
\$235.00	0.07037	\$16.54	\$18.46	\$35.00
\$240.00	0.07037	\$16.89	\$18.11	\$35.00
\$245.00	0.07037	\$17.24	\$17.76	\$35.00
\$255.00	0.07037	\$17.94	\$17.06	\$35.00
\$258.00	0.07037	\$18.16	\$16.84	\$35.00
\$258.61(d)	0.07037	\$18.20	\$16.80	\$35.00
\$259.00	0.07037	\$18.23	\$16.77	\$35.00
\$260.00	0.07037	\$18.30	\$16.70	\$35.00
\$265.00	0.07037	\$18.65	\$16.35	\$35.00
\$270.00	0.07037	\$19.00	\$16.00	\$35.00
\$275.00	0.07037	\$19.35	\$15.65	\$35.00
\$280.00	0.07037	\$19.70	\$15.30	\$35.00
\$284.00	0.07037	\$19.99	\$15.01	\$35.00
\$284.48(e)	0.07037	\$20.02	\$14.98	\$35.00
\$285.00	0.07037	\$20.06	\$14.98	\$35.04
\$290.00	0.07037	\$20.41	\$14.98	\$35.39
\$295.00	0.07037	\$20.76	\$14.98	\$35.74
\$300.00	0.07037	\$21.11	\$14.98	\$36.09

- (a) Hypothetical volume weighted average price per share of Alliance Data common stock on the NYSE for the consecutive period of fifteen trading days ending on the close of trading on the second trading day immediately preceding the closing of the merger.
- (b) Note that per the terms of the merger agreement, any fractional shares of Alliance Data common stock payable to any holder of Conversant common stock will be aggregated and paid in cash.

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- (c) Reflects a 10% reduction in the Parent Closing Trading Price compared to the Parent Signing Trading Price, which is the lower boundary of the collar and the Parent Closing Trading Price at which the Per Share Cash Cap is reached.
- (d) The 7-day volume weighted average price per share of Alliance Data common stock on the NYSE as of the close of business on September 10, 2014, the last business day prior to the date the merger agreement was executed, referred to in this proxy statement/prospectus as the Parent Signing Trading Price.
- (e) Reflects a 10% increase in the Parent Closing Trading Price compared to the Parent Signing Trading Price, which is the upper boundary of the collar and the Parent Closing Trading Price at which the Per Share Cash Minimum is reached.

For tabular illustrations of proration calculations for different hypothetical Cash Elections and Stock Elections that may be made by Conversant stockholders under the terms of the merger agreement, see Annex D to this proxy statement/prospectus.

The tables included or referenced above are for illustrative purposes only. The value of the merger consideration that a Conversant stockholder actually receives will be based on the actual Parent Closing Trading Price, and the mix of merger consideration that an electing Conversant stockholder actually receives will depend on the elections made by other Conversant stockholders.

Alliance Data will not issue any fractional shares of its common stock in the merger. Instead, Conversant stockholders will receive cash in lieu of any fractional shares in an amount determined by multiplying (x) the closing price of Alliance Data common stock reported on the NYSE on the trading day immediately preceding the date of the merger's closing by (y) the fraction of a share of Alliance Data common stock to which the stockholder would otherwise be entitled.

The merger agreement provides for adjustments to the merger consideration to reflect fully the effect of any stock dividend, subdivision, reorganization, reclassification, recapitalization, stock split, reverse stock split, combination or exchange of shares, or any similar event with respect to Alliance Data common stock or Conversant common stock occurring between September 11, 2014 and the effective time of the merger.

Procedures for Election

The form of election will be made available to Conversant stockholders on the same day as this proxy statement/prospectus. The form of election enables Conversant stockholders to choose to make a Stock Election, a Cash Election or choose the default Base Consideration with respect to each of their shares of Conversant common stock eligible to receive the merger consideration. Conversant stockholders have until 5:00 p.m. New York City time on _____, 2014, referred to in this proxy statement/prospectus as the election deadline, to make their election and return their completed election forms, along with any stock certificates held, to the exchange agent. If a stockholder holds shares of Conversant common stock through a bank, broker or other nominee, such bank, broker or other nominee, as applicable, will provide that stockholder with instructions on how to make an election. If a stockholder holds shares of Conversant restricted stock that will be unvested as of the election deadline but will vest prior to or in connection with the closing of the merger, that stockholder will be provided with instructions on how to make an election with respect to those shares.

With respect to shares of Conversant common stock that are held in certificated form, the delivery of the stock certificates, together with the properly completed form of election, shall be effected only upon delivery to the exchange agent of the physical certificates representing the shares of Conversant common stock to which such form of election relates, duly endorsed in blank or otherwise in form acceptable for transfer on the books of Conversant. With respect to shares of Conversant common stock that are held in book-entry form, the holder should follow the

instructions in the form of election in order to make an election. The shares of Conversant common stock with respect to which an election is made will not be considered to be properly delivered if the exchange agent receives a guarantee of delivery of such shares (from a firm that is an eligible guarantor

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institution (as defined in Rule 17Ad-15 under the Exchange Act) without delivery of the physical certificates or book-entry transfer of such shares by the election deadline. Further, Conversant stockholders who have lost their certificates will need to have such certificates replaced in advance of the election deadline to allow sufficient time for delivery of their replacement certificates to the exchange agent by the election deadline. If Conversant stockholders do not send their completed form of election to the exchange agent by the election deadline, or fail to properly deliver their certificates or other documents specified in the form of election (with respect to certificated or book-entry shares for which an election is made) by the election deadline, such stockholders will not be deemed to have made a proper election and will instead receive the Base Consideration.

Background of the Merger

The following chronology summarizes the key meetings, conversations and events that led to the signing of the merger agreement. This chronology covers only key events leading up to the merger agreement and does not purport to catalogue every communication between representatives of Alliance Data and Conversant.

The Conversant board of directors has from time to time in recent years engaged with senior management in strategic reviews and considered ways to enhance the company's performance and prospects in light of the business and economic environment. These reviews have included consideration of potential transactions with various parties that would further Conversant's strategic objectives, including consideration of the potential benefits and risks of those transactions. These strategic reviews have on several occasions related to informal exploratory discussions regarding potential strategic transactions, including possible mergers, acquisitions, other business combinations or divestitures. As of April 3, 2014, Conversant was a party to confidentiality agreements entered into in connection with a potential strategic transaction with Company A, Financial Buyer A and Financial Buyer B, one of which contained a standstill agreement. None of these parties made any proposal to engage in a transaction with Conversant.

On April 3, 2014, Edward Heffernan, the Chief Executive Officer of Alliance Data and John Giuliani, the Chief Executive Officer of Conversant held an introductory meeting at the Alliance Data offices in Plano, Texas. The meeting had been arranged by representatives of Wells Fargo Securities, LLC, which we refer to as Wells Fargo Securities, an investment bank that from time to time has provided investment banking and financial services to Alliance Data and Conversant. Mr. Heffernan and Mr. Giuliani discussed in general terms information regarding Alliance Data and Conversant and the ad-tech industry generally. At the conclusion of the meeting, Mr. Heffernan and Mr. Giuliani agreed to meet again in the future for further discussions.

On April 25, 2014, Mr. Giuliani and Ric Elert, Conversant's Chief Operating Officer of Media, met with Mr. Heffernan and other representatives of Alliance Data, including Bryan Kennedy, the Chief Executive Officer of Alliance Data's Epsilon segment, in order for the parties to get to know each other's businesses better. The group discussed in general terms information regarding Alliance Data and Conversant and the ad-tech industry generally. At the conclusion of the meeting, Mr. Heffernan suggested that Alliance Data and Conversant consider combining the companies, but indicated that Alliance Data would not be in a position to move forward in a formal manner until the summer of 2014.

During June of 2014, there was one meeting among members of management of Conversant and members of management of Epsilon and one meeting between the Chief Executive Officer of Alliance Data and Chief Executive Officer of Conversant. At these meetings, the parties discussed in general terms the respective business models of Epsilon and Conversant and whether there could be a strategic fit between the two companies.

On June 5, 2014, members of Alliance Data's management presented an overview of Conversant's business to Alliance Data's board of directors during a regularly scheduled board meeting.

On June 20, 2014, Company A reached out to Morgan Stanley, which had been involved with previous discussions between Company A and Conversant, indicating it had interest in discussing a strategic transaction

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with Conversant. Morgan Stanley informed Mr. Giuliani of this inquiry. Based on the previous discussions between Company A and Conversant, there were doubts about Company A's interest in pursuing and ability to consummate a transaction with Conversant. Nonetheless, Mr. Giuliani directed Morgan Stanley to engage further with Company A.

On July 9, 2014, Mr. Giuliani and representatives of Morgan Stanley held an introductory meeting with Company B. In a subsequent discussion with Morgan Stanley, Company B indicated that it was not interested in pursuing further discussions with Conversant.

On July 16, 2014, Mr. Heffernan and Mr. Giuliani spoke by phone. Mr. Heffernan indicated that Alliance Data would be in a position to send a letter of interest to Conversant on approximately July 22, 2014. Mr. Heffernan indicated that Alliance Data's letter of interest might include a proposed price per share of \$30. Mr. Giuliani indicated that he would share any offer with the Conversant board of directors, but that he did not believe that a price of \$30 per share would be compelling to the Conversant board of directors.

On July 17, 2014, the Alliance Data board of directors held a telephonic meeting during which management presented additional information regarding Conversant and its business. After discussion, the Alliance Data board of directors authorized management to deliver to Conversant a non-binding proposal with indicative pricing, mix of consideration and other terms and conditions as approved by the Alliance Data board of directors during the meeting.

On July 22, 2014, Alliance Data sent a written, non-binding indication of interest, or the July 22 Proposal, to Mr. Giuliani and James Zarley, the Chairman of the Conversant board of directors, proposing a transaction in which Alliance Data would acquire all of the outstanding shares of Conversant common stock for consideration consisting 51% of Alliance Data common stock and 49% of cash. The letter indicated a price range of \$30 to \$32 per share.

On July 23, 2014, the Conversant board of directors held a telephonic meeting at which Conversant's general counsel and a representative of Conversant's outside legal advisors, Gibson, Dunn & Crutcher LLP, or Gibson Dunn, were present. At the meeting, the Conversant board of directors discussed the July 22 Proposal. The Conversant board of directors decided to consider and analyze, with the assistance of a financial advisor, whether Conversant should consider a sale of Conversant at that time. The Conversant board of directors determined to invite representatives of Morgan Stanley to meet with the Conversant board of directors at its meeting on July 31, 2014 due to Morgan Stanley's qualifications and industry experience, as well as its long-standing advisory relationship with Conversant. Gibson Dunn reviewed the Conversant board of directors' fiduciary duties in the event that the Conversant board of directors determined that Conversant should consider a sale or other strategic alternative at that time. Gibson Dunn also provided advice regarding director conflicts of interest and independence for purposes of evaluating such a transaction. The Conversant board of directors concluded that the majority of its members were disinterested and independent for purposes of evaluating the proposed transaction.

On July 30, 2014, Mr. Heffernan and Mr. Giuliani spoke by phone and discussed the July 22 Proposal, including how Alliance Data arrived at its proposed valuation of Conversant.

On July 31, 2014, the Conversant board of directors held a regularly scheduled meeting at which members of Conversant's management team were present. At the meeting, representatives of Morgan Stanley discussed with the Conversant board of directors Morgan Stanley's initial valuation analyses of Conversant and the financial terms of the July 22 Proposal. The Conversant board of directors discussed the July 22 Proposal and the possible responses thereto, including other potential acquirors of Conversant in the event that Conversant were to consider a possible sale. The Conversant board of directors discussed the advantages and risks of exploring a potential strategic transaction with a party other than Alliance Data, including the risk of leaks that might arise from making contact with a large number of other parties in the industry, potential disruptions to Conversant's business and employees of any such leaks, the

likelihood that outbound calls would actually generate interest in a

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transaction with Conversant, and Conversant's own strong knowledge and understanding of its business prospects and value as a stand-alone enterprise. After the discussion, the Conversant board of directors instructed Morgan Stanley to reach out to Companies C, D and E to determine if such companies had interest in a discussion with Conversant. These companies were identified by Morgan Stanley in conjunction with Company management as the most likely to be interested in making a proposal to acquire Conversant. The Conversant board of directors also authorized Morgan Stanley and Mr. Giuliani to reach out to Company A to determine if Company A had interest in further discussions with Conversant. The Conversant board of directors acknowledged, however, that regulatory concerns had arisen in Conversant's initial discussions of a transaction with Company A that would likely affect Company A's interest in making a proposal and its ability to consummate a transaction with Conversant. As a result, the Conversant board of directors believed it was unlikely that Company A would make a proposal to acquire Conversant. The Conversant board of directors also authorized Mr. Giuliani to reach out to Financial Buyer A to determine its interest in potential discussions concerning a transaction. The Conversant board of directors also instructed Mr. Giuliani to continue discussions with Alliance Data, but to inform Alliance Data that it would have to improve its proposal to warrant further substantive discussions regarding a potential business combination between the companies.

On August 1, 2014, Morgan Stanley informed Company A that Conversant had received an indication of interest from a potential strategic acquirer. Company A asked for details about timing and indicated that it was interested in setting up a meeting with Conversant.

On August 1, 2014, Morgan Stanley contacted Company C to gauge its interest in pursuing a strategic transaction with Conversant. Company C had previously reviewed the merits of acquiring Conversant but subsequently indicated that it had decided not to make it a strategic priority.

On August 2, 2014, a Conversant representative spoke with representatives of Company A, and Company A indicated it was interested in moving forward with preliminary discussions. Company A indicated that if it was comfortable with the outcome of a diligence meeting scheduled for August 7, 2014 it would consider submitting a proposal early the week of August 11, 2014.

On August 5, 2014, Morgan Stanley followed up with Company C. Company C indicated that it was not interested in pursuing a potential transaction with Conversant.

On August 5, 2014, Morgan Stanley contacted Company D to gauge its interest in pursuing a strategic transaction with Conversant. Company D indicated it did not expect Conversant to be of interest as an acquisition target given other strategic priorities.

On August 6, 2014, Morgan Stanley contacted Company E to gauge its interest in pursuing a transaction with Conversant.

On August 7, 2014, representatives of Company A met with representatives of Conversant to conduct due diligence discussions. Representatives from Company A indicated they would need to conduct additional due diligence and that submitting an indication of interest by early the following week would be difficult.

On August 11, 2014, Company A informed Morgan Stanley that it would need more time to consider a proposal to acquire Conversant. Company A indicated that it was unlikely to make an acquisition proposal because of its concerns about its ability to obtain regulatory approval for an acquisition of Conversant.

On August 11, 2014, Mr. Giuliani spoke with a representative of Financial Buyer A. Mr. Giuliani indicated that Conversant had received an indication of interest from a potential strategic acquirer. Mr. Giuliani and the

representative of Financial Buyer A discussed arranging a meeting between Mr. Giuliani and representatives of Financial Buyer A.

On August 12, 2014, Company E indicated to Morgan Stanley that it did not have an interest in pursuing a strategic transaction with Conversant.

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On August 13, 2014, Mr. Giuliani spoke with Mr. Heffernan and indicated that Conversant would be interested in continuing discussions with Alliance Data, but that the indicative price of \$30 to \$32 per Conversant share was too low. Mr. Giuliani and Mr. Heffernan discussed the valuation of Conversant. Mr. Giuliani indicated that the Conversant board of directors might consider proceeding with discussions based on an indicative price of \$35 per share. At the conclusion of the call, Mr. Heffernan indicated that he would seek approval from the Alliance Data board of directors for an indicative price of \$35 per Conversant share, which Mr. Heffernan indicated would be Alliance Data's best and final offer. Mr. Heffernan indicated that Alliance Data would condition further discussions concerning a potential transaction on Conversant entering into an exclusive negotiating period.

On August 14, 2014, Mr. Heffernan updated the Alliance board of directors regarding his discussions with Mr. Giuliani regarding the July 22 Proposal. After discussion, the Alliance Data board of directors authorized management to deliver to Conversant a non-binding proposal reflecting the revised transaction terms approved by the Alliance Data board of directors.

On August 14, 2014, Mr. Heffernan and Mr. Giuliani spoke and Mr. Heffernan conveyed an oral, non-binding indication of interest, or the August 14 Proposal, for a transaction in which Alliance Data would acquire all of the outstanding shares of Conversant for consideration consisting 51% of Alliance Data common stock and 49% of cash, at a price of \$35 per share of Conversant common stock. Mr. Heffernan indicated that proceeding with discussions based on the August 14 Proposal was conditioned on Conversant granting Alliance Data an exclusive negotiating period.

On August 14, 2014, the Conversant board of directors, along with members of management and representatives of Morgan Stanley and Gibson Dunn, held a telephonic meeting. The terms of Alliance Data's proposal were discussed. Representatives of Gibson Dunn reviewed with the Conversant board of directors its fiduciary duties with respect to a possible transaction and granting an exclusive negotiating period to Alliance Data. The Conversant board of directors also discussed the results of the outreach made by Morgan Stanley and Mr. Giuliani to Companies A, C, D and E and Financial Buyer A, and the fact that no proposals or indications of any serious interest in pursuing a transaction with Conversant had emerged. The Conversant board of directors and Morgan Stanley also discussed their views that \$35 per share was likely a higher value than a financial buyer could reasonably be expected to propose. At the meeting, Morgan Stanley reviewed its updated financial analyses of Conversant and the financial terms of Alliance Data's proposal. After further discussion amongst the Conversant board of directors and with Morgan Stanley, the Conversant board of directors concluded that the Alliance Data proposal likely represented the best value reasonably available to the Conversant stockholders. After consideration of all the factors discussed at the meeting, the Conversant board of directors authorized management to enter into an exclusive negotiating period until mid-September to negotiate a potential transaction with Alliance Data based on the August 14 Proposal.

On August 15, 2014, Alliance Data sent a non-binding letter dated August 14, 2014 to Mr. Giuliani and Mr. Zarley confirming the terms of the August 14 Proposal, and Mr. Giuliani informed Mr. Heffernan that the Conversant board of directors had authorized him to enter into an exclusive negotiation period until mid-September to pursue a potential transaction with Alliance Data based on the August 14 Proposal.

On August 15, 2014, Alliance Data provided an exclusivity letter and mutual confidentiality agreement, and Conversant provided comments to those documents. The confidentiality agreement included a 12-month mutual standstill. The standstill provisions would not prohibit either party from making a non-public proposal to the chief executive officer or board of the other party and would fall away upon a party entering into an alternate transaction. After negotiations, legal advisors to Alliance Data and Conversant resolved all open points on the exclusivity letter and confidentiality agreement.

On August 18, 2014, Alliance Data and Conversant executed the exclusivity letter and confidentiality agreement. Following the execution of those agreements, Conversant provided Alliance Data and its advisors with access to a virtual data room containing requested business and legal due diligence materials.

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During the period from August 19, 2014 through September 10, 2014, members of management of Conversant and Alliance Data, together with their legal and financial advisors, conducted a number of due diligence calls and meetings on a variety of topics. These discussions also included legal, business and financial due diligence on Alliance Data conducted by members of Conversant's management team and its legal and financial advisors.

On August 23, 2014, Akin Gump Strauss Hauer and Feld LLP, or Akin Gump, legal counsel to Alliance Data, provided to Conversant an outline of indicative terms setting forth additional key terms of the proposed acquisition. Alliance Data proposed to calculate the per share consideration at a value of \$35 (including a fixed number of shares of Alliance Data common stock and a floating amount of cash, based upon the volume weighted average price of the Alliance Data common stock for a specified period prior to closing), subject to a 17% collar, outside of which the value to Conversant stockholders would float up or down. The consideration would consist of 52% of Alliance Data common stock and 48% of cash based on the market price of Alliance Data's shares as of the signing date, though the final mix of shares and cash would be based on the market price of Alliance Data's share as of the closing date. Alliance Data's proposed terms included a "force the vote" provision and did not include a fiduciary termination right on behalf of Conversant. Alliance Data's terms proposed a \$100 million termination fee in the event of certain customary circumstances, including in circumstances involving a competing offer, as well as a \$50 million termination fee in the event Conversant stockholders did not approve the merger but no competing offer had been made, referred to as a "naked no vote." The indicative terms also included a request that Mr. Giuliani waive his right to acceleration of his restricted stock awards, agree not to make a cash election in the merger and agree to a lock-up of the Alliance Data common stock he would receive in the merger.

On August 26, 2014, Gibson Dunn provided Akin Gump with proposed changes to the outline of indicative terms. These comments included deletion of the "force the vote" provision, inclusion of a fiduciary termination right on behalf of Conversant and inclusion of a right for the Conversant board of directors to change its recommendation in the event of an intervening event. Conversant proposed a \$60 million termination fee in customary circumstances and deletion of any termination fee in the event of a "naked no vote." Conversant reserved comment on the method of calculation of the per share consideration. Conversant indicated that Mr. Giuliani would be prepared to agree to the waiver of his right to acceleration of his restricted stock awards and a lock-up of Alliance Data common stock received in the merger upon entry into a mutually acceptable employment arrangement. No specific terms of any such employment arrangement were proposed.

On August 27, 2014, the Conversant board of directors, along with members of management and representatives of Morgan Stanley and Gibson Dunn, held a telephonic meeting. Alliance Data's proposed additional terms, and Conversant's initial comments thereto, were discussed in detail. There was an extensive discussion among the Conversant board of directors regarding the calculation of the consideration. The Conversant board of directors instructed Mr. Giuliani to propose to Alliance Data that the proposed collar be narrowed to 10%, which would give Conversant's stockholders some opportunity to benefit from any significant increase in the value of Alliance Data stock after the announcement of a transaction while continuing to provide some downside protection. Later that day, Mr. Giuliani communicated that proposal to Mr. Heffernan, who agreed with the proposal.

Later on August 27, 2014, Akin Gump sent to Conversant a revised version of the outline of indicative terms. The revised proposal accepted Conversant's changes regarding deletion of the "force the vote" provision, inclusion of a fiduciary termination right on behalf of Conversant, inclusion of a right for the Conversant board of directors to change its recommendation in the event of an intervening event and deletion of the "naked no-vote" fee. The revised proposal included a proposed termination fee of \$90 million.

On August 28, 2014, Gibson Dunn sent a revised draft of the outline of terms to Akin Gump, which continued to propose a termination fee of \$60 million. Later that day, representatives of Conversant, Gibson Dunn and Morgan

Stanley held a telephonic meeting with representatives of Alliance Data, Akin Gump and Wells Fargo Securities, Alliance Data's financial advisor, to discuss the revised indicative terms. The parties continued to disagree regarding the size of the termination fee and certain other matters.

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On August 31, 2014, Akin Gump sent a draft merger agreement to Gibson Dunn. On September 1, 2014, Gibson Dunn communicated to Akin Gump that it would not provide comments to the merger agreement until the termination fee had been resolved. In a telephonic meeting on September 2, 2014, Alliance Data indicated it would be prepared to accept a revised proposal by Conversant on certain other issues if Conversant would agree to a termination fee of \$65 million.

On September 3, 2014, the Conversant board of directors, along with members of management and representatives of Morgan Stanley and Gibson Dunn, held a telephonic meeting at which the status of negotiations on the indicative terms and merger agreement were discussed. After discussion, the Conversant board of directors concluded that it would accept a termination fee of \$65 million. Morgan Stanley reviewed its preliminary financial analyses and reported on the financial due diligence conducted on Alliance Data.

On September 3, 2014, Gibson Dunn provided detailed comments to the draft merger agreement to Akin Gump. On September 4, 2014, Akin Gump provided a draft voting agreement to Gibson Dunn. During the period from September 3, 2014 through September 11, 2014, representatives of Gibson Dunn and Akin Gump continued to negotiate the open items on the merger agreement and the voting agreement.

On September 5, 2014, the Alliance Data board of directors, with the assistance of members of management, representatives of Wells Fargo Securities and Akin Gump, held a telephonic meeting to review and discuss the proposed merger. After discussing the terms of the proposed merger agreement and the voting agreement, the Alliance Data board of directors voted unanimously to approve the merger agreement and the merger, subject only to final review and approval by the transaction committee of the Alliance Data board of directors to be held September 11, 2014.

On September 10, 2014, the Conversant board of directors, along with members of management and representatives of Morgan Stanley and Gibson Dunn, held a telephonic meeting. Representatives of Gibson Dunn reviewed with the Conversant board of directors the terms of the proposed merger agreement, including the mechanics of the no-shop provisions, Conversant's and Alliance Data's termination rights, Alliance Data's matching rights and the voting agreement. Representatives of Gibson Dunn also reviewed the fiduciary duties of directors in connection with their consideration of the transaction. Representatives of Morgan Stanley reviewed their analysis of the consideration to be paid to the holders of Conversant common stock in the merger. Morgan Stanley rendered to the Conversant board of directors its oral opinion, subsequently confirmed by delivery of a written opinion dated September 10, 2014, that, as of such date and based upon and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in the written opinion, the consideration to be received by holders of shares of Conversant common stock pursuant to the merger agreement was fair from a financial point of view to such holders. The full text of the written opinion of Morgan Stanley is attached as Annex F to this proxy statement/prospectus and is incorporated herein by reference. Following the discussion, the Conversant board of directors concluded that the merger agreement and the transactions contemplated thereby were advisable, fair to and in the best interests of the Conversant stockholders and voted unanimously to approve and adopt the merger agreement and recommend that Conversant stockholders approve the merger.

On September 11, 2014, the transaction committee of the Alliance Data board of directors, with the assistance of members of management and representatives of Wells Fargo Securities and Akin Gump, held a telephonic meeting to discuss the finalized terms of the proposed merger agreement and merger and following its discussion, gave the final approval contemplated by the Alliance Data board of directors at its September 5, 2014 meeting.

On September 11, 2014, Alliance Data and Conversant executed the merger agreement. Concurrently, Conversant's directors and executive officers beneficially owning shares of, or securities convertible into or exercisable for,

Conversant common stock representing approximately 6.5% of the outstanding shares of Conversant common stock on a fully-diluted basis, executed the voting agreement. On September 11, 2014, Alliance Data and Conversant announced the merger agreement and the proposed transaction with a joint press release. On September 11, 2014, Mr. Giuliani entered into an agreement with Alliance Data in which he agreed

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to waive acceleration of his shares of restricted stock upon consummation of the merger until such date as his employment with Alliance Data, following the merger, was terminated for any reason. Mr. Giuliani also agreed to elect to receive the Base Consideration or to make a Stock Election in the merger. No further arrangements were made with respect to Mr. Giuliani's employment by Alliance Data following the merger (other than Alliance Data's agreement pursuant to the merger agreement to provide all Conversant employees that continue to be employed by Alliance Data following the merger with base salary, non-equity incentive compensation opportunities and employee benefits that are the same or greater than the base salary, non-equity incentive compensation opportunities and employee benefits provided by Conversant prior to the merger as described in The Merger Agreement Employee Matters).

On September 12, 2014, Conversant notified Financial Buyer B that it would waive the don't ask/don't waive provision of the standstill agreement between Conversant and Financial Buyer B.

Alliance Data Board of Directors Approval

After careful consideration, Alliance Data's board of directors and the managers of the Merger Subsidiary unanimously approved the merger agreement, and Alliance Data's board of directors unanimously approved the issuance of Alliance Data common stock in the merger. The compensation committee of Alliance Data's board of directors unanimously approved the grant of replacement equity awards to the holders of Conversant equity awards, as provided in the merger agreement. See The Merger Treatment of Conversant Stock Options and Other Equity Awards.

Conversant Board of Directors Recommendation and Reasons for the Merger

At a meeting on September 10, 2014, the Conversant board of directors unanimously (1) determined that the merger is fair to, and in the best interests of, Conversant and its stockholders and declared the merger agreement and the merger advisable, (2) approved the merger agreement and the transactions contemplated thereby, including the merger, and (3) resolved to recommend the adoption of the merger agreement to Conversant stockholders.

In reaching this conclusion, the Conversant board of directors consulted with Conversant's management, as well as its financial advisor and outside legal counsel, and considered the following factors:

the Conversant board of directors' familiarity with Conversant's business, operations, financial condition, competitive position, business strategy and prospects, and general industry, economic and market conditions, including the inherent risks and uncertainties in Conversant's business, in each case on a historical, current and prospective basis;

the alternative to the merger agreement of remaining as an independent company, including the timing and likelihood of accomplishing performance goals associated with success as an independent company;

the fact that Conversant's inquiries to other parties that were considered most likely to be interested in a possible business combination with Conversant did not result in any proposal to acquire Conversant;

the determination, based on discussions with management and Conversant's financial advisor, that Alliance Data was the party most likely to be interested in acquiring Conversant at the highest price;

the Conversant board of directors' belief, based on representations by representatives of Alliance Data, that Alliance Data would not proceed in its negotiations with Conversant without exclusivity;

that Conversant stockholders will be entitled to receive merger consideration that, subject to the adjustment and collar provisions described above, will have a value of \$35.00 per share upon the closing of the merger, providing liquidity and certainty of value as compared to the uncertain future long-term value to stockholders that might not be realized if Conversant remained independent;

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that the implied value of the merger consideration within the collar of \$35.00 per share, represented a premium of approximately 31% to the closing price of Conversant common stock on September 10, 2014, the day prior to announcement and a 34% premium to the average closing price of Conversant's stock for the 30 trading days ending on September 10, 2014;

the then-current financial market conditions and the recent and historical market prices of Conversant common stock, including the market price performance of Conversant common stock relative to those of other industry participants over the last 12 months (see Market Prices and Dividends and Other Distributions for information about Conversant common stock prices since January 1, 2012);

that the value of the merger consideration to be paid by Alliance Data to Conversant stockholders in the merger will be fixed within the collar and will increase to the extent the Parent Closing Trading Price exceeds the upper limit of the collar;

that Conversant stockholders, immediately after completion of the merger, would hold approximately 7% of the outstanding shares of Alliance Data common stock and would have the opportunity to share in the future growth and expected synergies of the combined company while retaining the flexibility of selling all or a portion of those shares;

the intended qualification of the merger as a reorganization within the meaning of Section 368(a) of the Code, as described in the section entitled Material U.S. Federal Income Tax Consequences ;

the fairness opinion rendered to the Conversant board of directors by Morgan Stanley, that as of September 10, 2014, and based upon and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in the written opinion, the consideration to be received by holders of shares of Conversant common stock pursuant to the merger agreement was fair from a financial point of view to such holders;

the fact that Conversant stockholders may elect to receive the merger consideration in cash or in stock, subject to proration as provided in the merger agreement;

the Conversant board of directors' understanding of Alliance Data's financial position and that the transaction is expected to be accretive to Alliance Data's earnings in future periods, which would benefit the Conversant stockholders who receive shares of Alliance Data common stock in the merger;

the fact that Alliance Data's common stock has substantial liquidity in the public markets, giving Conversant stockholders who receive shares of Alliance Data common stock in the merger a high level of certainty of their ability to sell such shares of Alliance Data common stock in the market;

the anticipated enhanced competitive position of the combined company in key markets as a result of the complementary businesses of Alliance Data and Conversant;

the fact that the terms of the merger agreement were the product of arms-length negotiations between Conversant and its advisors, on the one hand, and Alliance Data and its advisors, on the other hand;

the conditions to Alliance Data's obligation to complete the merger, including the absence of a financing condition;

the structure of the transaction as a merger, requiring approval by Conversant stockholders, which would provide a period of time prior to the closing of the merger during which an unsolicited Company Superior Proposal (as such term is defined in the merger agreement) could be made;

Conversant's ability, under certain circumstances, to furnish information to and conduct negotiations with a third party, if the Conversant board of directors determines in good faith that the third party has made a Company Takeover Proposal (as such term is defined in the merger agreement) that is, or would reasonably be expected to lead to, a Company Superior Proposal and Conversant's ability to amend, or grant a waiver or release under, any standstill or similar agreement to permit such a party to make an offer to Conversant's board;

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the fact that the merger agreement permitted Conversant to waive the don't ask/don't waive provision of the only standstill agreement in effect with respect to Conversant;

the ability of the Conversant board of directors, in connection with a Company Superior Proposal or Intervening Event (as such term is defined in the merger agreement), and subject to the terms of the merger agreement, to change its recommendation that Conversant stockholders approve the Merger Proposal;

the ability of the Conversant board of directors, in connection with a Company Superior Proposal, and subject to the terms of the merger agreement, including payment of a \$65 million termination fee, to terminate the merger agreement in order to enter into an agreement with respect to such Company Superior Proposal;

the requirement that Conversant pay to Alliance Data a termination fee of \$65 million, representing approximately 2.8% of the transaction value, if the merger agreement is terminated under certain specified circumstances;

the belief of the Conversant board of directors that, based upon information provided by Conversant's legal counsel and financial advisor, the termination provisions and termination fee would not, as a practical matter, prevent an interested third party from submitting an offer to acquire Conversant that could lead to a Company Superior Proposal;

the fact that Conversant stockholders will be entitled to appraisal rights under Delaware law;

the Conversant board of directors' belief that a transaction with Alliance Data does not present any significant antitrust or similar regulatory issues in the U.S. or elsewhere; and

the fact that the cash component of the merger consideration to be paid by Alliance Data will be funded from existing cash on hand and available borrowing capacity under Alliance Data's committed credit agreement and will not require additional financing on the part of Alliance Data.

The Conversant board of directors also identified and considered a number of uncertainties, risks and other potentially negative factors, including the following:

the risks and contingencies related to the announcement and pendency of the merger, including the impact on Conversant's employees and its relationships with existing and prospective customers, suppliers and business partners, as well as other third parties;

the conditions to Alliance Data's obligation to complete the merger and the right of Alliance Data to terminate the merger agreement under certain specified circumstances;

the risks and costs to Conversant if the merger is not completed, including the potential impact on Conversant's stock price and the effect on its business relationships;

the potential impact of the restrictions under the merger agreement on Conversant's ability to take certain actions during the period prior to the completion of the merger (which may delay or prevent Conversant from undertaking business opportunities that may arise pending completion of the merger);

the potential for diversion of management and employee attention and for increased employee attrition during the period prior to the completion of the merger, and the potential effect of these on Conversant's business and relations with customers and suppliers;

the fact that Conversant stockholders could receive merger consideration with a value of less than \$35.00 per share if the Parent Closing Stock Price is less than \$232.75;

the fact that the Conversant stockholders, to the extent they receive cash consideration, will cease to participate in Conversant's future earnings growth or benefit from any future increase in its value following the merger;

the fact that Conversant stockholders, to the extent they receive stock consideration, will continue to be subject to the risks inherent in the industry and the public stock markets;

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the fact that certain provisions of the merger agreement may have the effect of discouraging proposals for alternative acquisition transactions involving Conversant, including: (1) the restriction on Conversant's ability to solicit proposals for alternative transactions, (2) the limitations on the Conversant board of directors' ability to change its recommendation to Conversant stockholders regarding the merger, (3) the requirement that Conversant give Alliance Data notice of alternative acquisition proposals, and (4) the requirement that Conversant pay a termination fee of \$65 million to Alliance Data in certain circumstances following the termination of the merger agreement;

the risk that Conversant's executive officers may have interests in the merger as individuals that are in addition to, or that may be different from, the interests of Conversant stockholders;

the fees and expenses associated with completing the merger;

the risk that the expected benefits of the combined company will not be achieved by Alliance Data;

the risks associated with litigation challenging the merger;

the risk that the merger will not qualify as a reorganization within the meaning of Section 368(a) of the Code, as described in the section entitled "Material U.S. Federal Income Tax Consequences" in the event that the aggregate value of all Alliance Data common stock to be received by all Conversant stockholders as a group in the merger would be less than 40% of the aggregate value of all consideration to be received by all Conversant stockholders as a group in the merger, which would mean that the receipt of both cash and stock consideration would be taxable to Conversant stockholders for U.S. federal income tax purposes upon receipt of the consideration; and

the risks of the type and nature described above under "Risk Factors."

The Conversant board of directors unanimously recommends that Conversant common stockholders vote **FOR** the Merger Proposal.

The foregoing discussion of the information and factors considered by the Conversant board of directors is not intended to be exhaustive, but includes the material information, factors and analyses considered by the Conversant board of directors. In view of the wide variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, the Conversant board of directors did not find it useful to and did not attempt to quantify, rank or otherwise assign relative weights to these factors. The Conversant board of directors' recommendation for the merger was made after considering the totality of the information and factors involved. In considering the factors described above, individual members of the Conversant board of directors may have given different weight to different factors.

Opinion of Financial Advisor to the Conversant Board of Directors

Conversant retained Morgan Stanley to provide Conversant with financial advisory services in connection with Conversant's consideration of strategic alternatives, including a potential sale of Conversant, and to render a financial

opinion in connection with a possible merger, sale or other strategic business combination. Conversant's board of directors selected Morgan Stanley to act as Conversant's financial advisor based on Morgan Stanley's qualifications, expertise and reputation, its knowledge of and involvement in recent transactions in Conversant's industry, and its knowledge of Conversant's business and affairs. At the meeting of Conversant's board of directors on September 10, 2014, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of September 10, 2014, and based upon and subject to the various assumptions, procedures, factors, qualifications and limitations set forth in the written opinion, the merger consideration to be received by the holders of shares of Conversant common stock pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Morgan Stanley, dated as of September 10, 2014, is attached to this proxy statement/prospectus as Annex F. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by

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Morgan Stanley in rendering its opinion. Conversant encourages you to read the entire opinion carefully and in its entirety. Morgan Stanley's opinion is directed to Conversant's board of directors and addresses only the fairness from a financial point of view of the consideration to be received by the holders of shares of Conversant common stock pursuant to the merger agreement as of the date of the opinion. Morgan Stanley's opinion did not in any manner address the prices at which shares of Conversant common stock or Alliance Data common stock would trade at any time in the future, or any compensation or compensation agreements arising from (or relating to) the merger which benefit any officer, director or employee of Conversant, or any class of such persons. The opinion is addressed to the Conversant board of directors and does not constitute a recommendation to any stockholder of Conversant as to how to vote at the stockholders' meeting to be held in connection with the transactions contemplated by the merger agreement, what elections to make with respect to the form of consideration to be received, or any other action with respect to the transactions contemplated by the merger agreement.

In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of Conversant and Alliance Data, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Conversant and Alliance Data, respectively;

reviewed certain financial projections prepared by the managements of Conversant and Alliance Data, respectively;

reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the management of Conversant;

discussed the past and current operations and financial condition and the prospects of Conversant, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Conversant;

discussed the past and current operations and financial condition and the prospects of Alliance Data with senior executives of Alliance Data;

reviewed the pro forma impact of the merger on Alliance Data's earnings per share and consolidated capitalization;

reviewed the reported prices and trading activity for Conversant common stock and Alliance Data common stock;

compared the financial performance of Conversant and Alliance Data and the prices and trading activity of Conversant common stock and Alliance Data common stock with that of certain other publicly-traded companies comparable with Conversant and their securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in certain discussions and negotiations among representatives of Conversant and Alliance Data and their financial and legal advisors;

reviewed a draft of the merger agreement dated September 10, 2014, and certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by Conversant and Alliance Data, and formed a substantial basis for its opinion.

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With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Conversant and Alliance Data of the future financial performance of Conversant and Alliance Data. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that the merger will be treated as a reorganization, pursuant to the Internal Revenue Code of 1986, as amended. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger. Morgan Stanley assumed that the final form of the merger agreement would not differ in any respect material to its views set forth in the opinion from the draft of the merger agreement provided to Morgan Stanley on September 10, 2014. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of Conversant and its advisors with respect to legal, tax, or regulatory matters. Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Conversant's officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of Conversant common stock in the transaction. Morgan Stanley's opinion did not address the relative merits of the merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Conversant or Alliance Data, nor was Morgan Stanley furnished with any such valuations or appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of September 10, 2014. Events occurring after September 10, 2014 may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

Summary of Financial Analyses

The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated September 10, 2014. The following summary is not a complete description of Morgan Stanley's opinion or the financial analyses performed and factors considered by Morgan Stanley in connection with its opinion, nor does the order of analyses described represent the relative importance or weight given to those analyses. The various analyses summarized below were based on the closing price of \$26.67 per share of Conversant common stock and of \$245.64 per share of Alliance Data common stock as of September 9, 2014, the last full trading day prior to the meeting of Conversant's board of directors to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby. Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

The consideration to be received for shares of Conversant common stock in the merger may, subject to elections by holders of such shares, constitute all cash, all shares of Alliance Data common stock or a mix of cash and shares of Alliance Data common stock. As discussed elsewhere in this Proxy Statement/prospectus, the mix of form of consideration available to holders of Conversant common stock is subject to proration and the value of such consideration is subject to adjustment. References in the description of the financial analyses performed by Morgan Stanley below to a consideration of \$35.00 per share of Conversant common stock reflect the value to be received based on the volume weighted average price per share of the Alliance Data common stock for the fifteen trading day period ending on the second trading day preceding the date of closing of the merger and do not reflect any adjustment

to the value of the consideration which may occur based upon the minimum and maximum cash amount limitations which may apply pursuant to the terms of the merger agreement.

Table of Contents***Trading Range Analysis*****Conversant Trading Range Analysis**

Morgan Stanley performed a trading range analysis with respect to the historical share prices of Conversant common stock. Morgan Stanley reviewed the range of closing prices of Conversant common stock for various periods ending on September 9, 2014. Morgan Stanley observed the following:

Period Ending September 9, 2014	Range of Closing Prices	
Last 30 Days	\$ 25.16	27.54
Last 90 Days	\$ 23.37	27.54
Last 180 Days	\$ 23.27	28.56
Last 52 Weeks	\$ 19.00	28.56

Morgan Stanley observed that Conversant common stock closed at \$26.67 on September 9, 2014 (the last full trading day prior to the meeting of Conversant's board of directors to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby). Morgan Stanley noted that the consideration per share of Conversant common stock of \$35.00 pursuant to the merger agreement reflected a 31% premium to the closing price per share of Conversant common stock on September 9, 2014 and a 34% premium to the average closing price per share of Conversant common stock for the 30 trading days prior to and including September 9, 2014.

Alliance Data Trading Range Analysis

Morgan Stanley performed a trading range analysis with respect to the historical share prices of Alliance Data common stock. Morgan Stanley reviewed the range of closing prices of Alliance Data common stock for various periods ending on September 9, 2014. Morgan Stanley observed the following:

Period Ending September 9, 2014	Range of Closing Prices	
Last 30 Days	\$ 245.64	268.22
Last 90 Days	\$ 245.64	284.89
Last 180 Days	\$ 233.67	294.27
Last 52 Weeks	\$ 202.92	294.27

Equity Research Analysts' Future Price Targets

Morgan Stanley reviewed and analyzed future public market trading price targets for Conversant common stock and Alliance Data common stock prepared and published by equity research analysts prior to September 9, 2014 (the last full trading day prior to the meeting of Conversant's board of directors to approve and adopt the merger agreement, declare the advisability of the merger agreement and approve the transactions contemplated thereby). These one year forward targets reflected each analyst's estimate of the future public market trading price of Conversant common stock and Alliance Data common stock and were not discounted to reflect present values.

The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for Conversant common stock or Alliance Data common stock, and these estimates are subject to uncertainties, including the future financial performance of Conversant and Alliance Data, and future financial market conditions.

Conversant Equity Research Analysts Future Price Targets

The range of undiscounted analyst price targets for Conversant common stock was \$22.00 to \$28.00 per share as of September 9, 2014, and Morgan Stanley noted that the median undiscounted analyst price target was

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\$24.50 per share. The range of analyst price targets per share for Conversant common stock discounted for one year at a rate of 9.6% to reflect Conversant's cost of equity was \$20.08 to \$25.55 per share as of September 9, 2014.

Alliance Data Equity Research Analysts Future Price Targets

The range of undiscounted analyst price targets for Alliance Data common stock was \$270.00 to \$350.00 per share as of September 9, 2014, and Morgan Stanley noted that the median undiscounted analyst price target was \$310.00 per share. The range of analyst price targets per share for Alliance Data common stock discounted for one year at a rate of 8.8% to reflect Alliance Data's cost of equity was \$248.23 to \$321.79 per share as of September 9, 2014.

Public Trading Comparables Analysis

Morgan Stanley performed a public trading comparables analysis, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded.

Conversant Public Trading Comparables Analysis

Morgan Stanley compared certain financial estimates for Conversant with comparable publicly available consensus equity analyst research estimates for selected companies that share similar business characteristics such as those that provide internet or ad tech solutions and have certain comparable operating characteristics including, among other things, similarly sized revenue and/or revenue growth rates, market capitalizations, profitability, scale and/or other similar operating characteristics (Conversant refers to these companies as the Conversant comparable companies). These companies were the following:

AOL Inc.

Bankrate, Inc.

comScore, Inc.

Demand Media, Inc.

Groupon, Inc.

IAC/InterActiveCorp

Marchex, Inc.

Orbitz Worldwide, Inc.

QuinStreet, Inc.

Vistaprint N.V.

WebMD Health Corp.

Web.com Group, Inc.

For purposes of this analysis, Morgan Stanley analyzed the ratio of aggregate value, which Morgan Stanley defined as fully diluted market capitalization plus total debt less cash and cash equivalents, to estimated EBITDA for calendar years 2014 and 2015, and analyzed price per share to estimated earnings per share for calendar year 2015, of each of the Conversant comparable companies for comparison purposes.

Based on its analysis of the relevant metrics for each of the Conversant comparable companies and upon the application of its professional judgment, Morgan Stanley selected representative ranges of aggregate value to EBITDA and price per share to earnings per share multiples and applied these ranges of multiples to the estimated EBITDA and earnings per share for Conversant. For purposes of this analysis and other analyses described below,

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Morgan Stanley utilized two sources of estimated EBITDA for Conversant for calendar years 2014 and 2015 and earnings per share for calendar year 2015. Morgan Stanley utilized publicly available estimates of EBITDA and earnings per share prepared by equity research analysts, available as of September 9, 2014, which Conversant refers to as the Conversant street case. Morgan Stanley also utilized EBITDA and earnings per share estimates prepared by Conversant's management over the same time period, which Conversant refers to as the Conversant management case, which are more fully described in Projected Financial Information of Conversant.

Based on the outstanding shares of Conversant common stock on a fully diluted basis (including outstanding options and unvested restricted stock awards) as of August 29, 2014, Morgan Stanley calculated the estimated implied value per share of Conversant common stock as of September 9, 2014 as follows:

Calendar Year Financial Statistic	Comparable Company Multiple Range		Implied Value Per Share of Conversant Common Stock	
Conversant Street Case				
Aggregate Value to Estimated 2014 EBITDA	7.0x	11.0x	\$22.25	\$34.74
Aggregate Value to Estimated 2015 EBITDA	6.0x	9.0x	\$21.23	\$31.65
Price per Share to Estimated 2015 Earnings per Share	12.0x	18.0x	\$24.12	\$36.18
Conversant Management Case				
Aggregate Value to Estimated 2014 EBITDA	7.0x	11.0x	\$22.22	\$34.69
Aggregate Value to Estimated 2015 EBITDA	6.0x	9.0x	\$21.63	\$32.25
Price per Share to Estimated 2015 Earnings per Share	12.0x	18.0x	\$24.99	\$37.48
<u>Alliance Data Public Trading Comparables Analysis</u>				

Morgan Stanley compared certain financial estimates for Alliance Data with comparable publicly available consensus equity analyst research estimates for selected companies that share similar business characteristics such as those that provide data-driven credit, marketing and loyalty solutions and have certain comparable operating characteristics including, among other things, similarly sized revenue and/or revenue growth rates, market capitalizations, profitability, scale and/or other similar operating characteristics (Conversant refers to these companies as the Alliance Data comparable companies). These companies were the following:

Private Label Comparables

Blackhawk Network Holdings, Inc.

FleetCor Technologies, Inc.

Heartland Payment Systems, Inc.

WEX Inc.

Epsilon Comparables

Acxiom Corporation

Equifax Inc.

Experian plc

Fair Isaac Corporation

Nielsen N.V.

Sapient Corporation

Verisk Analytics, Inc.

Loyalty Comparable

Aimia Inc.

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For purposes of this analysis, Morgan Stanley analyzed the ratio of price per share to estimated earnings per share for calendar years 2014 and 2015 of each of the Alliance Data comparable companies for comparison purposes.

Based on its analysis of the relevant metrics for each of the Alliance Data comparable companies and upon the application of its professional judgment, Morgan Stanley selected representative ranges of price per share to earnings per share multiples and applied these ranges of multiples to the estimated earnings per share for Alliance Data. For purposes of this analysis and other analyses described below, Morgan Stanley utilized two sources of estimated earnings per share for Alliance Data for calendar years 2014 and 2015. Morgan Stanley utilized publicly available estimates of earnings per share prepared by equity research analysts, available as of September 9, 2014, which Conversant refers to as the Alliance Data street case. Morgan Stanley also utilized earnings per share estimates prepared by Alliance Data's management over the same time period, which Conversant refers to as the Alliance Data management case.

Based on the outstanding shares of Alliance Data common stock on a fully diluted basis (including outstanding options, assumed conversion of convertible note warrants and unvested restricted stock units) as of July 30, 2014, Morgan Stanley calculated the estimated implied value per share of Alliance Data common stock as of September 9, 2014 as follows:

Calendar Year Financial Statistic	Comparable Company Multiple Range		Implied Value Per Share of Alliance Data Common Stock	
Alliance Data Street Case				
Price to Estimated 2014 Earnings per Share	19.0x	24.0x	\$236.17	\$298.32
Price to Estimated 2015 Earnings per Share	16.0x	21.0x	\$233.60	\$306.60
Alliance Data Management Case				
Price to Estimated 2014 Earnings per Share	19.0x	24.0x	\$234.65	\$296.40
Price to Estimated 2015 Earnings per Share	16.0x	21.0x	\$224.00	\$294.00

Discounted Equity Value Analysis

Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into the estimated future value of a company's common equity as a function of the company's estimated future earnings per share and a potential range of price per share to earnings per share multiples. The resulting value is subsequently discounted to arrive at a present value for such company's stock price.

Conversant Discounted Equity Value Analysis

Morgan Stanley calculated a range of present equity values per share of Conversant common stock on a standalone basis. To calculate the discounted equity value, Morgan Stanley used calendar year 2017 earnings per share estimates which were derived by extrapolating from the 2016 calendar year earnings per share estimates set forth in the Conversant street case and Conversant management case. Morgan Stanley applied a range of price per share to earnings per share multiples, selected by application of Morgan Stanley's professional judgment, to these estimates and applied a discount rate of 9.6%, which is the mid-point of the range of discount rates from 8.6% to 10.6% selected by Morgan Stanley, upon the application of its professional judgment, to reflect Conversant's cost of equity.

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The following table summarizes Morgan Stanley's analysis of Conversant:

	Comparable Company Representative Multiple Range		Implied Present Value Per Share of Conversant Common Stock	
Calendar Year 2017 Estimated Earnings per Share				
Conversant Street Case	12.0x	18.0x	\$24.05	\$36.08
Conversant Management Case	12.0x	18.0x	\$24.95	\$37.42

Alliance Data Discounted Equity Value Analysis

Morgan Stanley calculated a range of present equity values per share of Alliance Data common stock on a standalone basis. To calculate the discounted equity value, Morgan Stanley used calendar year 2017 earnings per share estimates which were derived by extrapolating from the 2016 calendar year earnings per share estimates set forth in the Alliance Data street case and extrapolating from the 2015 calendar year earnings per share estimates set forth in the Alliance Data management case. Morgan Stanley applied a range of price per share to earnings per share multiples, selected by application of Morgan Stanley's professional judgment, to these estimates and applied a discount rate of 8.8%, which is the mid-point of the range of discount rates from 7.8% to 9.8% selected by Morgan Stanley, upon the application of its professional judgment, to reflect Alliance Data's cost of equity.

The following table summarizes Morgan Stanley's analysis of Alliance Data:

	Comparable Company Representative Multiple Range		Implied Present Value Per Share of Alliance Data Common Stock	
Calendar Year 2017 Estimated Earnings per Share				
Alliance Data Street Case	16.0x	21.0x	\$239.24	\$314.01
Alliance Data Management Case	16.0x	21.0x	\$218.78	\$287.14

Discounted Cash Flow Analysis

Morgan Stanley calculated a range of equity values per share for Conversant common stock and Alliance Data common stock based on a discounted cash flow analysis to value each company as a standalone entity. Morgan Stanley utilized estimates from the street case and management case for each respective company. For purposes of its discounted cash flow analysis, Morgan Stanley defined unlevered free cash flow as earnings before interest, taxes, depreciation and amortization, less (1) stock based compensation expense, (2) taxes and (3) capital expenditures, plus change in working capital.

Conversant Discounted Cash Flow Analysis

For the analysis utilizing the Conversant street case, projections were based on publicly available estimates through 2016 prepared by equity research analysts, available as of September 9, 2014, and estimates for 2017 through 2024 were developed by an extrapolation of 2016 estimates to reach steady state margin and growth profile by 2024. With respect to the analysis utilizing the Conversant management case, projections through 2016 were based on management projections, and projections for 2017 through 2024 were developed by an extrapolation of 2016 estimates in the management projections based on 2016 growth and margin performance in the Conversant management cases to reach a steady state margin and growth profile by 2024. Morgan Stanley calculated the net present value of free cash flows for Conversant for the mid fourth quarter 2014 stub period through 2024 and calculated terminal values in the year 2024 based on a terminal perpetual growth rate ranging from 1.5% to 3.0%. Morgan Stanley selected these terminal perpetual growth rates based on the application of its

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professional judgment. These values were discounted to present values as of November 15, 2014 at