ALLIANCE DATA SYSTEMS CORP
Form DEF 14A
April 18, 2019

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

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
Filed by the Registrant
Filed by a Party other than the Registrant
Check the appropriate box:
Preliminary Proxy Statement
Confidential, for Use of the Commission Only (as permitted by Rule 14a 6(e)(2))
Definitive Proxy Statement
Definitive Additional Materials
Soliciting Material Pursuant to §240.14a 12

Alliance Data Systems Corporation
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):
No fee required.
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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0 11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

NOTICE OF ANNUAL
MEETING OF STOCKHOLDERS

DATE & TIME:	PLACE:	RECORD DATE:
Tuesday, June 4, 2019 9:00 a.m., local time	7500 Dallas Parkway, Suite 700 Plano, Texas 75024	April 8, 2019

ITEMS OF BUSINESS:
01/ to elect nine directors
02/ to hold an advisory vote on executive compensation
03/ to ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm of the company for 2019
04/ to transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof

HOW TO VOTE:

You are cordially invited to attend the meeting, but whether or not you expect to attend in person, we urge you to grant your proxy to vote your shares by telephone or through the Internet by following the instructions included on the Notice of Internet Availability of Proxy Materials that you received, or if you received a paper copy of the proxy card, to mark, date, sign and return the proxy card in the envelope provided. You may still vote in person if you attend the meeting, even if you have given your proxy. Please note, however, that if a broker or other nominee holds your shares of record and you wish to vote at the meeting, you must obtain from that registered holder a proxy card issued in your name.

ADMISSION:
Important Notice Regarding Admission to the 2019 Annual Meeting of Stockholders: Stockholders or their legal proxy holders who wish to attend the annual meeting must preregister. Requests for preregistration must be received by us no later than 5:00 p.m. CT on Tuesday, May 28, 2019. Due to security considerations, we are not able to admit the guests of either stockholders or their legal proxy holders. For complete instructions for preregistering, see page 56 of this proxy statement.

The Notice of Internet Availability of Proxy Materials or, in some cases, this proxy statement and the accompanying proxy card, notice of meeting and annual report on Form 10-K for the year ended December 31, 2018 were first mailed on or about April 18, 2019 to all stockholders of record as of April 8, 2019. Our only voting securities are shares of our common stock, of which there were 52,381,086 shares outstanding as of April 8, 2019. We will have a list of stockholders available for inspection for at least ten days prior to the annual meeting at our principal executive offices at 7500 Dallas Parkway, Suite 700, Plano, Texas 75024 and at the annual meeting.

By order of the Board of Directors,

/s/ Joseph L. Motes III

Joseph L. Motes III Corporate Secretary	April 18, 2019 Plano, Texas

Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be Held on June 4, 2019: This proxy statement and annual report on Form 10-K for the year ended December 31, 2018, are available at

www.edocumentview.com/ads or on the Securities and Exchange Commission's, or SEC's, website at www.sec.gov.

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AGENDA AND
VOTING RECOMMENDATIONS

Proposal 01 /
Election of Directors
√ The board of directors unanimously recommends that stockholders vote FOR the election of each of the following nine director nominees:
Bruce K. Anderson
Roger H. Ballou
Kelly J. Barlow
Edward J. Heffernan
Kenneth R. Jensen
Robert A. Minicucci (Chair)
Timothy J. Theriault
Laurie A. Tucker
Sharen J. Turney

Proposal 02 /
Advisory Vote on Executive Compensation
√ The board of directors unanimously recommends that stockholders vote FOR the compensation paid to our named executive officers as disclosed in this proxy statement.

Proposal 03 /
Ratification of the Selection of the Independent Registered Public Accounting Firm
√ The board of directors unanimously recommends that stockholders vote FOR the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm of the company for 2019.

CORPORATE GOVERNANCE

OVERVIEW:

Effective corporate governance should address the diverse priorities and interests of all of our stakeholders. Just as we are committed to delivering sustainable financial performance, we remain considerate of the material risks and opportunities involved in delivering value to our stockholders, clients, associates and communities. Following a long tradition of good governance, our board continues to develop, support and oversee the implementation of sustainable, stakeholder-centric practices consistent with the evolving governance environment, our stakeholders' expectations of us and the commitments we've made to them. Our corporate governance highlights include:

BOARD OF DIRECTORS AND COMMITTEES:

We are managed under the direction of our board of directors. Under our bylaws, the size of our board of directors may be between six and twelve directors. We currently have nine directors, including eight non-employee directors. Upon receipt of the stockholder approval with respect to Proposal One: Election of Directors, our board of directors will continue to be nine and will include eight non-employee directors.

All directors are elected annually and serve a one-year term. Our board of directors presently has four regular committees, consisting of the audit committee, the compensation committee, the nominating & corporate governance committee and the executive committee. The charters for each of these committees, as well as our Corporate Governance Guidelines and our Codes of Ethics for our senior financial officers, our board members and our associates, are posted on our website at http://www.alliancedata.com.

During 2018, the board of directors met eight times, the audit committee met 12 times, the compensation committee met nine times and the nominating & corporate governance committee met four times. Each of our directors attended at least 75% of the meetings of the board of directors and their respective regular committees. It is our policy that the director nominees who are up for election at the annual meeting attend the annual meeting, and all director nominees, except Dr. Draper, attended the 2018 annual meeting of stockholders.

Audit Committee /
Members: Roger H. Ballou • Kelly J. Barlow • Kenneth R. Jensen • Timothy J. Theriault
Chair: Roger H. Ballou
2018 Meetings: 12
2018 Attendance: 98%
The primary function of the audit committee is to assist our board of directors in fulfilling its oversight responsibilities by reviewing:
· the integrity of our financial statements;
· our compliance with legal and regulatory requirements;
· the independent registered public accounting firm's qualifications and independence; and
· the performance of both our internal audit department and the independent registered public accounting firm.

In addition, the audit committee has sole responsibility to:
· prepare the audit committee report included in this proxy statement;
· appoint, retain, compensate, evaluate and terminate our independent registered public accounting firm;
· approve audit and permissible non-audit services to be performed by our independent registered public accounting firm;
· review and approve related party transactions; and
· establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by associates of concerns regarding any questionable accounting or auditing matters.

Throughout the year, the audit committee meets with and receives reports from, among others, representatives of the company's independent registered public accounting firm and the company's VP of Risk Management, VP of Global Audit, General Counsel, Chief Financial Officer, Chief Accounting Officer and Chief Information Security Officer. These meetings and reports cover a wide variety of topics, including, among others, audit, accounting, information technology, cybersecurity, risk management, financial results and regulatory and compliance matters. Also, as discussed under the caption "Risk Oversight Function of the Board of Directors" below, the audit committee has the primary responsibility for overseeing the company's enterprise risk framework, evaluating the risk information provided by management and reporting to the full board of directors those material strategic, financial, compliance, operational and enterprise risks, including cybersecurity risks, that the audit committee believes appropriate for review by the full board of directors.

Assuming the stockholders elect our director nominees, the 2019 audit committee will consist of Roger H. Ballou, Kelly J. Barlow, Kenneth R. Jensen and Timothy J. Theriault, and Mr. Ballou will continue as the chair. All of the members of the audit committee are, and will continue to be, independent as defined by the New York Stock Exchange, or NYSE, the Sarbanes-Oxley Act of 2002 and Securities and Exchange Commission rules and regulations. Our board of directors has determined that all members of the audit committee are, and will continue to be,

financially literate and each of Mr. Ballou and Mr. Jensen possess accounting or related financial management expertise within the meaning of the listing standards of the NYSE and are audit committee financial experts within the meaning of applicable SEC rules.

Compensation Committee /
Members: Bruce K. Anderson • Roger H. Ballou • E. Linn Draper, Jr. • Robert A. Minicucci
Chair: E. Linn Draper, Jr.
2018 Meetings: 9
2018 Attendance: 97%
The compensation committee's primary function is to oversee matters relating to compensation and our benefit plans. Specifically, the compensation committee's responsibilities include, among other duties, the responsibility to:
· annually review the compensation levels of our executive officers;
· approve all compensation for our non-CEO executive officers, and, together with the other independent directors, approve the compensation of our chief executive officer;
· determine target levels of incentive compensation and corresponding performance objectives for our non-CEO executive officers, and recommend such matters to the board of directors with respect to our chief executive officer;
· review and approve our compensation philosophy, programs and plans for associates;
· periodically review director compensation practices and recommend appropriate revisions to the board of directors;
· administer specific matters with respect to our equity and certain other compensation plans;
· review disclosure related to executive and director compensation in our proxy statements and discuss the Compensation Discussion and Analysis annually with management; and
· prepare the compensation committee report included in this proxy statement.

For additional information on the roles and responsibilities of the compensation committee, see the Compensation Discussion and Analysis below. For a discussion about the compensation committee's risk oversight in our compensation program design, see "Assessment of Risk in Compensation Program Design" contained in the Compensation Discussion and Analysis below.

Assuming the stockholders elect our director nominees, the 2019 compensation committee will consist of Bruce K. Anderson, Roger H. Ballou, Robert A. Minicucci and Sharen J. Turney, and Mr. Anderson will commence his term as the chair. All members of the compensation committee are, and will continue to be, independent as defined by applicable requirements of the NYSE and the SEC. No member of the compensation committee is or has ever been one of our officers or other associates. No interlocking relationship exists between our executive officers or the members of our compensation committee and the board of directors or compensation committee of any other company. For additional information on the independence of our directors, see "Director and Director Nominee Independence" below.

Nominating & Corporate Governance Committee /
Members: Robert A. Minicucci • Timothy J. Theriault • Laurie A. Tucker
Chair: Laurie A. Tucker
2018 Meetings: 4
2018 Attendance: 100%
The primary functions of the nominating & corporate governance committee are to:
· assist the board of directors by identifying qualified board members and to recommend to the board of directors the director nominees for the next annual meeting of stockholders (or to fill vacancies);
· recommend to the board of directors the director nominees and chair for each committee;
· develop and recommend to the board of directors a set of corporate governance principles applicable to us; and
· lead the board of directors in its annual review of the performance of the board of directors and its committees.

The nominating & corporate governance committee develops criteria for the selection of directors, including procedures for reviewing potential nominees proposed by stockholders. The nominating & corporate governance

committee reviews with the board of directors the desired experience, mix of skills and other qualities, including diversity of race/ethnicity and gender, to assure appropriate board of directors composition, taking into account the current directors and the specific needs of our company and the board of directors. The nominating & corporate

governance committee also reviews and monitors the size and composition of the board of directors and its committees to ensure that the requisite number of directors are “independent directors,” “non-employee directors” and “outside directors” within the meaning of any rules and laws applicable to us. For additional information on the role of the nominating & corporate governance committee with respect to the selection of directors, see “Director Selection Process” below.

Assuming the stockholders elect our director nominees, the 2019 nominating & corporate governance committee will consist of Robert A. Minicucci, Timothy J. Theriault and Laurie A. Tucker, and Ms. Tucker will continue as the chair. All members of the nominating & corporate governance committee are, and will continue to be, independent as defined by applicable requirements of the NYSE and rules and regulations of the SEC.

Executive Committee /
Members: Roger H. Ballou • Edward J. Heffernan • Kenneth R. Jensen • Robert A. Minicucci
2018 Meetings: 0
2018 Attendance: N/A
The executive committee has the authority to approve acquisitions, divestitures, capital expenditures and leases that were not included in the budget approved by the board of directors, with a total cost of up to $20 million, provided that prior notice of all acquisitions is given to the full board of directors. The executive committee did not meet during 2018.

EXECUTIVE SESSION:

We regularly conclude our board of directors’ meetings with executive sessions. First, the chief executive officer leads the board of directors in a director-only executive session. After the chief executive officer leaves the meeting, Mr. Minicucci, the chair of the board, then leads the non-management members of the board of directors in an executive session. Each committee meeting may also conclude, at the election of such committee members, with an executive session.

BOARD OF DIRECTORS LEADERSHIP STRUCTURE:

Section 4.6 of our bylaws requires the board of directors to select a chair of the board from among the directors. Since December 2009, Mr. Minicucci has served as non-executive chair of the board. Mr. Minicucci has been a board member since our inception and had previously served in the lead director capacity since 2002. As stated in our corporate governance guidelines, the board of directors believes having a non-executive chair is best practice.

DIRECTOR SELECTION PROCESS:

Identification and Selection of Candidates for Nomination to the Board of Directors
The nominating & corporate governance committee identifies nominees by first evaluating the current members of our board of directors willing to continue in service. The nominating & corporate governance committee developed and maintains a skills matrix to assist in the consideration of the appropriate balance of experience, skills and attributes required of a director and to be represented on the board of directors as a whole. The skills matrix is based on the company's strategic plan and is reviewed and updated by the nominating & corporate governance committee on a regular basis. The nominating & corporate governance committee evaluates candidates against the skills matrix when determining whether to recommend candidates for initial election to the board of directors and when determining whether to recommend currently serving directors for re-election. Current members of our board of directors with skills and experience that are relevant to our business and who are willing to continue in service are considered for re-nomination, balancing the value of continuity of service by existing members of our board of directors with that of obtaining relevant new skills, experience or perspective. In March 2019, on recommendation by the nominating & corporate governance committee, our board of directors adopted, and in April 2019 amended the nominating & governance committee charter to include, the “Rooney Rule” concept — a commitment to include women and

underrepresented minority candidates in every pool from which board nominees are chosen.

The nominating & corporate governance committee has two primary methods, other than those proposed by our stockholders, as discussed below, for identifying new candidates for possible inclusion in our recommended slate of director nominees. First, on a periodic basis, the nominating & corporate governance committee solicits ideas for possible candidates from a number of sources — members of our board of directors, individuals personally known to either our senior level executives or the members of the board of directors, and research, including database searches.

Second, the nominating & corporate governance committee may from time to time use its authority under its charter to retain, at our expense, one or more third-party search firms to identify candidates. If the nominating & corporate governance committee retains one or more search firms, they may be asked to identify possible candidates who meet the minimum and desired qualifications, to interview and screen such candidates (including conducting appropriate background and reference checks), to act as a liaison among the board of directors, the nominating & corporate governance committee and each candidate during the screening and evaluation process, and thereafter to be available for consultation as needed by the nominating & corporate governance committee. Regardless of the method by which new candidates are identified, every pool from which board nominees are chosen will include women and underrepresented minority candidates, consistent with the board's adoption of the "Rooney Rule" concept.

Nomination to the Board of Directors by Stockholders

In addition to the methods described above, any of our stockholders entitled to vote for the election of directors may nominate one or more persons for election to our board of directors at an annual meeting of stockholders if the stockholder complies with the nomination requirements set forth in our bylaws and any applicable rules and regulations of the SEC. In accordance with Section 3.4 of our bylaws, for consideration at our 2020 annual meeting, such nominations must be made by notice in writing and received by our Corporate Secretary no sooner than January 6, 2020 and no later than February 5, 2020. Such nominations will not be included in the proxy statement and form of proxy distributed by the board of directors.

Further, any stockholder, or a group of up to 20 stockholders, owning continuously for at least 3 years shares of our company representing an aggregate of at least 3% of the voting power entitled to vote in the election of directors, may nominate and include in our proxy materials director nominees constituting up to 20% of our board, provided that the stockholder(s) and the nominee(s) satisfy the requirements in our bylaws. In accordance with Section 3.5 of our bylaws, for consideration at our 2020 annual meeting, such proxy access nominations must be made by notice in writing and received by our Corporate Secretary no sooner than November 20, 2019 and no later than December 20, 2019. Each such notice must comply with the requirements set forth in our bylaws. Further, a stockholder who wishes to recommend a prospective nominee for our nominating & corporate governance committee to consider for election to our board of directors may notify our Corporate Secretary as set forth below in writing with whatever supporting material the stockholder considers appropriate. Nominations and recommendations should be addressed to: Joseph L. Motes III, Corporate Secretary, Alliance Data Systems Corporation, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024.

Evaluation of Candidates for Nomination to the Board of Directors

The nominating & corporate governance committee will consider all candidates identified through the processes described above, and will evaluate each of them, including incumbents, based on the same criteria. Once the nominating & corporate governance committee has identified a candidate, the nominating & corporate governance committee makes an initial determination as to whether to conduct a full evaluation of the candidate. This initial determination is based on information provided to the nominating & corporate governance committee with the recommendation of the candidate, as well as the nominating & corporate governance committee's own knowledge of the candidate, which may be supplemented by inquiries to the person making the recommendation or others. The preliminary determination is based primarily on the need for additional board members to fill current or future vacancies or expand the size of the board of directors and the likelihood that the candidate can satisfy the minimum and desired qualifications set forth in our corporate governance guidelines, as well as the applicable qualification requirements of the NYSE and the SEC. There are no firm prerequisites to qualify as a candidate for our board of directors, but we seek a diverse group of candidates who possess the requisite background, knowledge, experience, expertise and time, as well as, where appropriate, diversity with respect to race/ethnicity and gender, that would strengthen and increase the diversity, skills and qualifications of the board of directors as set forth in the skills matrix. We seek director candidates with time to make a significant contribution to the board of directors, to our company, and to our stockholders. Each member

of our board of directors is expected to ensure that other existing and planned future commitments do not materially interfere with his or her service as a director. Directors are expected to attend meetings of the board of directors and the board committees on which they serve and to spend the time needed to prepare for meetings. If the nominating & corporate governance committee determines, in consultation with the chair of the board of directors and other board members as appropriate, that additional consideration is warranted, it may request a third-party search firm to gather additional information about the candidate's background and experience and to report its findings to the nominating & corporate governance committee.

The nominating & corporate governance committee also considers such other relevant factors as it deems appropriate, including the current composition of the board of directors, the balance of management and independent directors and the need for audit committee expertise. In connection with this evaluation, the nominating & corporate governance committee determines whether to interview the candidate, and if warranted, one or more members of the nominating & corporate governance committee, and others as appropriate, will interview candidates in person or by telephone. After completing this evaluation and interview, and the evaluations of other candidates, the nominating & corporate governance committee makes a recommendation to the full board of directors as to the persons who should be nominated by the board of directors, and the board of directors determines the nominees to be recommended to our stockholders after considering the recommendation and report of the nominating & corporate governance committee.

DIRECTOR SUCCESSION AND RETIREMENT POLICY:

Director succession planning is also a focus of the nominating & corporate governance committee with an emphasis on striking a balance between board refreshment and the need for new or additional skill sets with maintaining the institutional knowledge about our business and operating history. Our corporate governance guidelines provide a mandatory retirement age of 75, but allow directors turning 75 to complete their term. As part of our multi-year board succession plan, Dr. Draper will not stand for re-election as a director at the 2019 annual meeting. Our guidelines also allow the nominating & corporate governance committee and the board of directors to nominate for re-election a director who has surpassed the age of 75 if it is in the best interests of the company and its stockholders. Consistent with this retirement policy, in March 2019, the nominating & corporate governance committee recommended, and the board of directors unanimously nominated, two of our director nominees for re-election who are age 75 or older, specifically Bruce K. Anderson and Kenneth R. Jensen, taking into account ongoing succession planning, the significant contributions of each to the company's governance and the results of the annual board and committee self-assessment processes. The board of directors determined that each of Mr. Anderson and Mr. Jensen possesses the capabilities and judgment necessary for a director, extensive executive-level experience in regulated, banking or financial industries, and experience as a director for other companies of similar size or scope that continues to be of great value to the board of directors and that their continued service would be in the best interests of the company and its stockholders. Mr. Anderson remains active in WCAS, a firm he co-founded and that formed Alliance Data. Mr. Jensen is an audit committee financial expert. For specific information on each of Mr. Anderson's and Mr. Jensen's qualifications, please see their biographical information on pages 14 and 15, respectively, of this proxy statement.

ANNUAL BOARD AND COMMITTEE EVALUATIONS:

The nominating & corporate governance committee oversees our annual board and committee evaluation process. As part of the board evaluation, each director completes a written questionnaire on an anonymous, unattributed basis that is designed to assess the board's performance and to solicit feedback for improving board effectiveness. Directors consider various topics related to board composition, structure, effectiveness and responsibilities, as well as the overall mix of skills, experience, diversity and backgrounds represented on the board. In addition, each of the audit, compensation and nominating & corporate governance committees conducts a similar evaluation to assess committee performance and effectiveness, the results of which are reviewed by the respective committees in

executive session and reported to the board. The board meets in executive session to discuss the evaluation results, including input received from the committees. Following such discussion, the board takes action, either directly or with the assistance of management, to implement changes to board or committee policies or procedures as appropriate to address areas of concern identified in the evaluation process.

RISK OVERSIGHT FUNCTION OF THE BOARD OF DIRECTORS:

Management is responsible for the day-to-day handling of risks our company faces, while our board of directors, as a whole and through its committees, has overall responsibility for the oversight of risk management. The audit committee of the board of directors has the primary responsibility for overseeing the company's enterprise risk framework, evaluating the risk information provided by management and the risk management group and reporting to the full board of directors those material risks appropriate for escalation that might adversely affect the achievement of our strategic, financial, compliance, operational and enterprise objectives. For example, the board of directors provides oversight of management's efforts to address cybersecurity risk through the periodic receipt of reports at meetings of the audit committee as well as presentations at the board level. These reports focus on, among other things, the evolving threat environment, vulnerability assessments, specific cyber incidents and management's efforts to monitor, detect and prevent cyber threats to the company. Our risk management group consists of enterprise risk personnel, as well as dedicated personnel within each business segment. Collectively, this group works with the segment business leaders to identify, assess, respond to and monitor internal and external risks.

Further, consideration is given to interrelated risks and emerging risk themes across the enterprise to provide an integrated risk view and enhanced reporting to the audit committee regarding key risks faced by the enterprise and highlighting those critical risks that may be appropriate for deeper review by the board of directors, based on a combination of the likelihood of occurrence of the risk, the potential impact of the risk and the presence of mitigating controls. This summary is provided to the audit committee and the board of directors and reviewed in-depth with the audit committee at least semi-annually. In addition, the board of directors is informed of each committee's risk oversight and related activities through regular oral reports from each committee chair and committee meeting minutes are available for review by any director. Finally, on at least an annual basis, our board of directors reviews our long-term strategic plans, including discussion of strategic, operational and competitive risks.

For a discussion about risk oversight in our compensation program design, see "Assessment of Risk in Compensation Program Design" contained in Compensation Discussion and Analysis on page 20.

DIRECTOR AND DIRECTOR NOMINEE INDEPENDENCE:

We have adopted general standards for determination of director independence that are consistent with the NYSE listing standards. For a director to be deemed independent, the board of directors must affirmatively determine that the director has no material relationship with us or our subsidiaries, affiliates or any member of our senior management or his or her affiliates. Our board of directors annually reviews the independence of its non-employee directors and we disclose the board's determination in the proxy statement for each annual meeting of our stockholders. In making this determination, the board of directors considers relationships and transactions during the past three years between each director or any member of his or her immediate family, on the one hand, and our company, our subsidiaries, affiliates and senior management, on the other hand. For relationships not covered by certain bright-line criteria set forth in the listing standards of the NYSE, the determination of whether the relationship is material and, therefore, whether the director would be independent, is made by the board of directors. Directors have an affirmative obligation to inform the board of directors of any material changes in their circumstances or relationships that may impact their designation as "independent." Additional independence requirements established by the SEC and the NYSE apply to members of the audit committee and compensation committee.

The board of directors undertook a review of director independence and considered transactions and relationships between each of the director nominees and us (including our subsidiaries, affiliates and senior management). As a

result of this review, the board of directors affirmatively determined that none of Anderson, Ballou, Barlow, Jensen, Minicucci, Theriault, Tucker, or Turney has a material relationship with us and, therefore, each is independent as defined by the rules and regulations of the SEC and the listing standards of the NYSE.

STOCKHOLDER ENGAGEMENT:

Stockholder engagement is an important part of our corporate governance practices. Our executive management team, including our chief executive officer and chief financial officer, regularly engage in meaningful dialogue with our stockholders through our quarterly earnings calls, investor meetings and conferences and other channels for communication. In 2016, the chair of our board engaged stockholders collectively representing over one third of our outstanding shares to discuss our corporate governance structure and planning, to answer questions and to get a better understanding of investor perspective. During 2017, we used the information and viewpoints gathered in those discussions to help inform our governance practices, including the board refreshment plan developed by the nominating & corporate governance committee. In addition to the dialogue our CEO and CFO routinely have with stockholders, during 2018, members of our board, including the chair of our board, again engaged in direct discussions with representatives of some of our largest stockholders as part of our stockholder engagement program, ensuring an ongoing, constructive dialogue with investors to guide our corporate governance practices. We expect our executive leaders as well as members of our board to continue to dialogue with investors as part of our stockholder engagement program during 2019.

COMMUNICATIONS WITH THE BOARD OF DIRECTORS:

We welcome and encourage stockholder communication with the board of directors. The board of directors provides a process for stockholders and interested parties to send communications to the board of directors or any individual director. Stockholders and interested parties may forward communications to the board of directors or any individual director through the Corporate Secretary. Communications should be addressed to Joseph L. Motes III, Corporate Secretary, Alliance Data Systems Corporation, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024. All communications will be compiled by the office of the Corporate Secretary and submitted to the board of directors or the individual directors on a periodic basis. The Corporate Secretary, however, reserves the right not to forward any abusive, threatening, or otherwise inappropriate communications. Stockholders and interested parties may also submit questions or comments, on an anonymous basis if desired, to the board of directors through our Ethics and Compliance Helpline at (877) 217-6218. Concerns relating to accounting, internal control over financial reporting or auditing matters will be brought to the attention of the audit committee and handled in accordance with our procedures with respect to such matters.

CODE OF ETHICS:

We have adopted codes of ethics that apply to our senior financial officers, our board of directors and our associates. The Alliance Data Systems Code of Ethics for Senior Financial Officers, the Code of Ethics for Board Members and the Code of Ethics for associates and directors are posted on our website, found at http://www.alliancedata.com. A copy of each is also available upon written request directed to Joseph L. Motes III, Corporate Secretary, Alliance Data Systems Corporation, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to or waiver from a provision of our code of ethics, if any, by posting such information on our website.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS:

On November 6, 2018, a majority of disinterested directors of the board considered and approved the repurchase from ValueAct Capital Master Fund, L.P. and certain affiliates 675,000 shares of the company’s common stock in a privately negotiated transaction at $200.00 per share, representing a 3.6% discount to the closing price on the New York Stock Exchange on the same date. The repurchase was completed pursuant to the company’s previously announced share repurchase program approved on July 26, 2018. In addition to the arm’s length price, the parties both benefited from completing a block trade rather than open market transactions. Other than as described above, in the last fiscal year, the company has not entered into any transactions, and as of March 31, 2019, there are no proposed transactions, in which the company was, or is to be, a participant and in which any related person had or is expected to

have a direct or indirect material interest.

Our board of directors has adopted a written related party transactions policy, which prohibits us from entering into any “related party transaction” unless the audit committee approves such transaction in accordance with the guidelines set forth in the policy, or the transaction is approved by a majority of disinterested directors of the company. In approving any related party transaction, the audit committee must determine that the transaction is beneficial to the company and the terms of the related party transaction are fair to the company.

For purposes of our related party transactions policy, a related party is: (1) any director, director nominee or executive officer of the company, (2) any five percent or greater stockholder of the company or (3) any immediate family member of any of these persons. A “related party transaction” includes any transaction (including any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness)), or series of related transactions, or any material amendment to any such transaction, in which the company, or any of its subsidiaries, is a participant, the aggregate amount of which exceeds $120,000 and in which the related party has or will have a direct or indirect material interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity). Our related party transactions policy deems the following transactions to be pre-approved and does not require further review: (1) compensation of directors that has been approved in accordance with the compensation committee charter; (2) employment and compensation of an executive officer that has been approved in accordance with the compensation committee charter; (3) a transaction in which the interest of the related party arises solely from the ownership of a class of the company’s equity securities and all holders of that class receive the same benefit on a pro rata basis; (4) transactions involving certain indemnification payments and payments under directors and officers liability insurance policies; (5) a transaction in which the rates or charges involved therein are determined by competitive bids; (6) a transaction that involves services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services; and (7) certain company charitable contributions.

At each audit committee meeting, management shall recommend any related party transactions, if applicable, to be entered into by the company. After review, the audit committee shall approve or disapprove such transactions and at each subsequently scheduled meeting, management shall update the audit committee as to any material change to those approved transactions. The audit committee shall establish such guidelines as it determines are necessary or appropriate for management to follow in its dealings with related parties in related party transactions.

All related party transactions of which management is aware are required to be disclosed to the audit committee. If management becomes aware of an existing related party transaction that has not been pre-approved by the audit committee, management is required to promptly notify the chair of the audit committee and such transactions shall be submitted to the audit committee for its review and determination of whether to ratify such transaction. If management, in consultation with the company’s chief executive officer or chief financial officer, determines that it is not practicable to wait until the next audit committee meeting, the chair of the audit committee has the delegated authority during the period between audit committee meetings, to review and determine whether any such transaction should be approved, or ratified, as the case may be. The chair of the audit committee shall report to the audit committee any transactions reviewed by him or her pursuant to this delegated authority at the next audit committee meeting.

POLITICAL CONTRIBUTIONS AND ACTIVITY:

Engagement in the political, legislative and regulatory process is important to the success of the company. The company has adopted a Political Contributions and Activity Policy that sets forth the ways by which the company and its associates may participate in the political, legislative and regulatory process. All political contributions and activities comply with applicable laws, and we disclose our contributions publicly as required by law. Eligible associates may also voluntarily participate in the political process by supporting the company’s non-partisan political action committee, the Alliance Data-Epsilon Political Action Committee, which is governed by comprehensive federal regulations that require the filing of reports with the Federal Election Commission among other reporting and disclosure requirements. Compliance and oversight over the company’s political engagements is provided by our General Counsel. For further information, please see our Political Contributions and Activity Policy, available on the Corporate Responsibility page of our website at http://www.alliancedata.com.

01 /
PROPOSAL ONE:
election of directors

Our nominating & corporate governance committee evaluated and recommended to our board of directors, and our board of directors has nominated, the following nine individuals, Bruce K. Anderson, Roger H. Ballou, Kelly J. Barlow, Edward J. Heffernan, Kenneth R. Jensen, Robert A. Minicucci, Timothy J. Theriault, Laurie A. Tucker and Sharen J. Turney, for election as a director, each to hold office for a term of one year until the annual meeting of stockholders in 2020 and until his or her respective successor is duly elected and qualified. With the exception of Ms. Turney, each of the director nominees is currently serving as a member of our board of directors. Ms. Turney was recommended to the nominating & corporate governance committee by executive management of the company.

The nominating & corporate governance committee and the board of directors determined that each nominee brings a strong and unique background and set of skills to our board of directors, enhancing, as a whole, our board of directors' competence and experience in a variety of areas, including executive management and board service, internal controls and corporate governance, financial acumen, data security and privacy, an understanding of industries in which we operate, as well as risk assessment and management. Specifically, in nominating these nine directors for election at the 2019 annual meeting of our stockholders, consideration was given to such directors' past service on our board of directors and its committees, as applicable, and the information illustrated in our skills matrix and discussed in each of such directors' individual biographies set forth below. Our board of directors unanimously recommends that our stockholders vote in favor of each of these director nominees.

SKILLS MATRIX AND DESCRIPTION OF DIRECTOR KNOWLEDGE, SKILLS AND EXPERIENCE:

The matrix below provides information regarding our nominees' knowledge, skills and experience that are most relevant in light of our company's business, long-term strategies and risks. Additional description regarding each of these categories is available in the key following this matrix. All of the nominees listed in the matrix currently serve on our company's board of directors, except Ms. Turney. Our nominees represent a broad range of backgrounds and experience, and each nominee possesses numerous competencies not identified below. The fact that a nominee is not designated as having a particular attribute does not indicate that the nominee does not possess that attribute or would not be able to make a meaningful contribution to the board's decision-making in that area. Demographic information regarding our nominees is also included in the matrix.

		ANDERSON	BALLOU	BARLOW	HEFFERNAN	JENSEN	MINICUCCI	THERIAULT	TUCK
KNOWLEDGE, SKILLS & EXPERIENCE									
Accounting/Auditing/Risk Management			•	•		•	•	•	
Business Operations		•	•	•	•	•	•	•	•
CEO/Executive Leadership		•	•	•	•	•	•	•	•
Corporate Governance / Ethics			•	•			•		•
Corporate Finance / Capital Management		•	•	•	•	•	•		
Financial Expertise/Literacy		•	•	•	•	•	•	•	•
Human Capital/Compensation		•	•	•		•	•	•	•
Independence		•	•	•		•	•	•	•
Information Technology/Cybersecurity/Privacy		•	•		•	•	•	•	•
International Operations		•	•		•	•	•	•	•
Mergers & Acquisitions		•	•	•	•	•	•		
Other Public Company Board Experience		•	•	•		•	•	•	•
Relevant Industry Experience	Banking/Financial Services	•	•		•	•	•	•	
	Business Services	•	•		•	•	•		•
	Data Processing	•			•	•	•	•	
	e-Commerce/Digital				•		•	•	•
	Loyalty/Marketing	•	•		•				•
	Regulated Industry	•	•	•	•	•	•	•	
	Retail							•	•
DEMOGRAPHICS									
RACE/ETHNICITY									
African American/Black									
Asian, Hawaiian or Pacific Islander									
Caucasian/White		•	•	•	•	•	•	•	•
Hispanic/Latino									
Native American									
Other									
GENDER									
Male		•	•	•	•	•	•	•	
Female									•
AGE (as of April 8, 2019)		79	67	50	56	75	66	58	62

BOARD TENURE (Years Served as of June 4, 2019)	22	18	2	10	18	22	2	4
OTHER PUBLIC BOARDS (Serving on as of April 1, 2019)	0	2	0	0	0	1	1	0

The following sets forth information regarding each director nominee, including proposed committee memberships.

Name	Independent	Committee Membership			
		Audit	N&CG	Compensation	Executive
Bruce K. Anderson	√			Chair	
Roger H. Ballou	√	Chair		√	√
Kelly J. Barlow	√	√			
Edward J. Heffernan					√
Kenneth R. Jensen	√	√			√
Robert A. Minicucci (Chair)	√		√	√	√
Timothy J. Theriault	√	√	√		
Laurie A. Tucker	√		Chair		
Sharen J. Turney	√			*	

* If Ms. Turney is elected as a director at our 2019 annual meeting of stockholders, our board of directors expects to appoint Ms. Turney to serve on the compensation committee.

** E. Linn Draper, Jr., Ph.D. currently serves as the chair of the compensation committee, but is not listed in the table above as he is not standing for re-election as a director at the annual meeting. See “Director Not Standing for Re-Election” below.

- Bruce K. Anderson /
  Compensation Committee (Chair) • Age: 79
  Mr. Anderson has served as a director since August 1996. He co-founded the investment firm Welsh, Carson, Anderson & Stowe, or WCAS, and has been a general partner of WCAS since March 1979. Prior to that, he served for nine years with Automatic Data Processing, Inc., or ADP, where, as executive vice president and a director of ADP and president of ADP International, he was active in corporate development and general management. Before joining ADP, Mr. Anderson spent four years in computer marketing with International Business Machines Corporation, or IBM. He also previously served as president and chairman of the board of Amdocs Limited, as a director at Fiserv, Inc. and as an executive officer or director of numerous other public and private companies. Mr. Anderson holds a Bachelor’s degree from the University of Minnesota. Mr. Anderson’s qualifications include executive and/or board-level experience in the data, financial and business services industries, information technology, marketing and global operations experience, service on public company boards, including as a member or chair of public company compensation and executive committees, financial and M&A expertise, demonstrated executive leadership at companies operating in industries relevant to our business and extensive, first-hand knowledge and understanding of our company gained from serving on our board since the company’s inception. Our board of directors believes Mr. Anderson’s skills and experience bring unique perspective and insight to the board and make him well-qualified for re-election as a director. Please see Director Succession and Retirement Policy on page 7 of this proxy statement regarding the board’s determination with respect to Mr. Anderson’s nomination for re-election.

- Roger H. Ballou /
  Audit Committee (Chair) • Compensation Committee • Executive Committee • Age: 67
  Mr. Ballou has served as a director since February 2001. Mr. Ballou served as the chief executive officer and a director of CDI Corporation, a public company engaged in providing staffing and outsourcing services, from October 2001 until January 2011. He was a self-employed consultant from October 2000 to October 2001. Before that time, Mr. Ballou had served as chairman and chief executive officer of Global Vacation Group, Inc. from April 1998 to September 2000. Prior to that, he was a senior advisor for Thayer Capital Partners from September 1997 to April 1998. From April 1995 to August 1997, he served as vice chairman and chief marketing officer, then as president and chief operating officer, of Alamo Rent-a-Car, Inc. Mr. Ballou served as a director of Fox Chase Bank from 2005 until 2016. Mr. Ballou is currently a director of RCM Technologies, Inc. and Univest Financial Corporation. Mr. Ballou holds a Bachelor’s degree from the Wharton School of the University of Pennsylvania and

an MBA from the Tuck School of Business at Dartmouth. Mr. Ballou's qualifications include executive and/or board-level experience in the banking, financial services, business services, data and marketing industries and information technology, financial, global operations and M&A expertise and service on public company boards, including as a member or chair of public company audit, compensation and nominating and corporate governance committees. Our board of directors values Mr. Ballou's significant executive and public company board experience as well as his audit committee financial expertise which, together with his global operations, banking and other relevant industry experience, strengthen and diversify the mix of skills represented on the board and demonstrate his qualifications for re-election as a director.

- Kelly J. Barlow /
  Audit Committee • Age: 50
  Mr. Barlow has served as a director since June 2017. Mr. Barlow has been a partner of ValueAct Capital, an investment partnership engaged in public and private equity investing, since August 2003. Prior to joining ValueAct Capital, Mr. Barlow worked at EGM Capital from 1997 to 2003, where he served primarily as portfolio manager of the firm's long/short equity fund. Prior to EGM Capital, Mr. Barlow worked at Wells Capital Management, a wholly-owned subsidiary of Wells Fargo Bank, in the small capitalization equity department from 1993 to 1997. Mr. Barlow previously served as a director of Adobe Systems, Inc. from December 2012 to April 2016. Mr. Barlow holds a Bachelor's degree from California State University,

Chico and is a CFA Charterholder. A seasoned investor with financial, M&A and risk management expertise and public company board experience, including as a member of public company compensation and nominating and corporate governance committees, Mr. Barlow brings to the board a major investor's point of view. Our board benefits from Mr. Barlow's skills and the unique perspective and insights he contributes, qualifying him as a candidate for re-election as a director.

- Edward J. Heffernan /
President • Chief Executive Officer • Executive Committee • Age: 56
Mr. Heffernan, president and chief executive officer, joined us in May 1998, and has served as a director since June 2009. From May 2000 until March 2009, Mr. Heffernan served as an executive vice president and chief financial officer and, prior to that, he was responsible for mergers and acquisitions. Before joining us, he served as vice president, mergers and acquisitions, for First Data Corporation from October 1994 to May 1998. Prior to that, he served as vice president, mergers and acquisitions for Citicorp from July 1990 to October 1994, and prior to that he served in corporate finance at Credit Suisse First Boston from June 1986 until July 1990. Mr. Heffernan's other board activities are focused solely in the not-for-profit sector, and specifically those areas identified by our associates as most meaningful to them: children's health and education. He is currently chairman of the board of Children's Health System of Texas (parent company of Children's Medical Centers), serves on the board of trustees of The Shelton School of Dallas (for learning different children) as well as holding board positions in higher education at Wesleyan University and Columbia Business School. Mr. Heffernan holds a Bachelor's degree from Wesleyan University and an MBA from Columbia Business School. Mr. Heffernan's role as our former chief financial officer and current chief executive officer provides a link to the company's management and a unique level of insight into the company's operations. His financial, capital allocation, global operations and M&A expertise, together with his experience in the data, financial services, business services and loyalty/marketing industries add important and relevant diversity to the board's overall mix of skills, and the board believes Mr. Heffernan is well-qualified for re-election as a director.

- Kenneth R. Jensen /
Audit Committee • Executive Committee • Age: 75
Mr. Jensen has served as a director since February 2001. Mr. Jensen has served as a business consultant and strategic advisor for a number of companies since July 2006. Mr. Jensen served as the executive vice president, chief financial officer, treasurer and assistant secretary of Fiserv, Inc., a public company engaged in data processing outsourcing, from July 1984 until June 2006. He was named senior executive vice president of Fiserv in 1986. Mr. Jensen was a director of Fiserv, Inc. from 1984 until 2007, and of Transfirst Group Holdings, Inc. from 2009 until 2014. He also previously served as chief financial officer at Sungard Data Systems, Inc., Catallactics Corporation and Market research Corporation of America. Mr. Jensen holds a Bachelor's degree from Princeton University in Economics, an MBA from the University of Chicago in Accounting, Economics and Finance and a Ph.D. from the University of Chicago in Accounting, Economics and Finance. Mr. Jensen possesses strong academic credentials and has extensive leadership experience both as a public company director and in multiple senior officer roles at a public company operating in the data industry. In addition to decades of experience in the data processing experience, Mr. Jensen has banking industry and information technology experience and significant expertise in audit, risk management, M&A, accounting and finance. Collectively these skills and experiences enhance the board's ability to successfully oversee the company's assessment and management of risk, and the board believes Mr. Jensen is well-qualified for re-election as a director. Please see Director Succession and Retirement Policy on page 7 of this proxy statement with regard to the board's determination with respect to Mr. Jensen's nomination for re-election.

- Robert A. Minicucci /

Chair of the Board • Compensation Committee • Executive Committee • Nominating & Corporate Governance Committee • Age: 66

Mr. Minicucci, chair of the board, has served as a director since August 1996. Mr. Minicucci joined private equity firm SARORAS in 2018 and serves as its chairman. Before co-founding SARORAS, Mr. Minicucci served in various capacities at private equity firm Welsh, Carson, Anderson & Stowe, or WCAS, including as a as a general partner, co-managing partner and member of the management committee. Prior to joining WCAS in August 1993, he served as senior vice president and chief financial officer of First Data Corporation from December 1991 to August 1993. Prior to joining First Data Corporation, Mr. Minicucci was treasurer and senior vice president of American Express Company and spent 12 years at Lehman Brothers, where he was a Managing Director. Mr. Minicucci was a director of Paycom Software, Inc. from 2007 until 2016, serving as its chairman from 2013 until 2016, and of Retalix Ltd. from 2009 until 2013. Mr. Minicucci is currently the chairman of the board of directors of Amdocs Limited. Mr. Minicucci holds a Bachelor's degree from Amherst College and an MBA from Harvard Business School. Mr. Minicucci's qualifications include executive and board-level experience in the data, credit card, financial and business services industries, information technology and global operations experience, service on public company boards, including as a member or chair of public company audit, compensation and nominating and corporate governance committees, financial expertise and demonstrated executive leadership at companies operating in industries relevant to our business. In addition, Mr. Minicucci has extensive, first-hand knowledge and understanding of our company

gained from serving as a founding member of our board. Our board of directors believes Mr. Minicucci's strong leadership and unique insight strengthen the board and make him well-qualified for re-election as a director.

- Timothy J. Theriault /
Audit Committee • Nominating & Corporate Governance Committee • Age: 58
Mr. Theriault has served as a director since October 2016. Mr. Theriault served as an advisor to the chief executive officer of Walgreens Boots Alliance, Inc. from June 2015 until November 2016. Prior to that, he served as executive vice president and global chief information officer of Walgreens Boots Alliance, Inc. from July 2014 to June 2015. He served in senior leadership positions with increasing responsibility at Walgreen Co. from October 2009 to July 2014, including as senior vice president and chief information, innovation and improvement officer. Prior to that, Mr. Theriault was employed by Northern Trust Corporation, where he served in various executive and management positions with increasing responsibility in the area of information technology from May 1991 to October 2009 and July 1982 to October 1989. Mr. Theriault served as director of end user computing and advanced technologies for S. C. Johnson & Son, Inc., from October 1989 to May 1991. He currently serves as a director of Vitamin Shoppe, Inc. and Wellmark Blue Cross and Blue Shield, and previously served as a director of the Depository Trust Clearing Corporation and Surescripts, LLC. Mr. Theriault holds a Bachelor's degree from Illinois State University and completed the Harvard Business School advanced management program. Mr. Theriault brings significant expertise in information technology and cyber-security to our board. Together with his financial sophistication, banking, global operations, risk management and compensation experience gained as a senior executive in the financial services, health care and retail industries and service on public company boards, including as a member of public company audit and compensation committees, Mr. Theriault's expertise and experience broaden the board's skill set and enhance its ability to understand and oversee risk, including those associated with information technology, cyber-security and bank regulatory matters. The board believes Mr. Theriault is well-qualified for re-election as a director.

- Laurie A. Tucker /
Nominating & Corporate Governance Committee (Chair) • Age: 62
Ms. Tucker has served as a director since June 2015. Ms. Tucker has served as the founder and chief strategy officer for marketing consultancy firm, Calade Partners LLC since January 2014. Ms. Tucker served as the senior vice president-corporate marketing of FedEx Services, Inc., a subsidiary of FedEx Corporation, a public company engaged in transportation, e-commerce and business services, from 2000 to 2013 and was employed by FedEx in various capacities of increasing experience and responsibilities since 1978. Ms. Tucker was a director of Iron Mountain Incorporated from 2007 until 2014. Ms. Tucker holds a Bachelor's degree and an MBA from the University of Memphis. Ms. Tucker's qualifications include financial and compensation expertise, global operations experience and strong leadership skills developed as a public company board member, including as a member of public company compensation and nominating and corporate governance committees, and as a senior executive serving in various roles at a large multinational public company. These credentials, together with her expertise and experience in e-commerce, retail, technology, customer service and corporate marketing, add significant value to the board and make Ms. Tucker a well-qualified candidate for re-election as a director.

- Sharen J. Turney /
Compensation Committee • Age: 62
Ms. Turney is a nominee for director. Ms. Turney has served as the chief executive officer of Russia-based jeans brand Gloria Jeans since November 2018 and as a director of Sweden-based designer sock and underwear brand Happy Socks AB since January 2018. She served as president and chief executive officer of Victoria's Secret, a division of publicly-traded national retailer L Brands, Inc., from July 2006 until February 2016, and as president and chief executive officer of Victoria's Secret Direct, the brand's catalogue and e-commerce arm, from May 2000 until July 2006. Prior to that, Ms. Turney served for 10 years in various executive roles including president and chief executive officer of Neiman Marcus Direct, the direct marketing division of luxury brand retailer Neiman Marcus Group. Ms. Turney served as a director of M/I Homes, Inc. from January 2011 until February 2018, a director of FULLBEAUTY Brands from July 2016 to September 2018 and a director of Nationwide Children's

Hospital, Inc., including as chairman of the board of its Research Institute, from 2012 to 2018. She holds a Bachelor's degree from the University of Oklahoma and serves on the Baker Retailing Center Industry Advisory Board at Wharton School at the University of Pennsylvania. Ms. Turney has also served as an advisor to several retailers and technology companies. Ms. Turney's qualifications include executive and/or board-level experience in the retail industry, including as an executive officer of a Fortune 500 fashion retailer, loyalty, marketing and digital/e-commerce expertise, global operations experience, service on public company boards, including as a member of public company compensation and nominating and corporate governance committees, financial expertise and executive leadership at companies operating in industries relevant to our business. Our board of directors believes Ms. Turney's expertise, particularly with respect to her retail and digital/e-commerce marketing experience, will benefit our business and enhance our understanding of our customers' businesses, making her well-qualified to serve on our board.

J. Jeffrey Chesnut and Laura Santillan, and each of them, as proxies, will have full discretion to cast votes for other persons in the event any nominee is unable to serve. Our board of directors has no reason to believe that any nominee will be unable to serve if elected. If a quorum is present, directors are elected by a majority of the votes cast, in person or by proxy. This means that the nine nominees will be elected if they receive more "For" votes than "Against" votes.

In accordance with Section 3.3.1 of our bylaws, any nominee who is currently serving as a director and does not receive a majority of votes cast shall immediately tender his or her resignation for consideration by our board of directors. Our board of directors will evaluate whether to accept or reject such resignation, or whether other action should be taken. The board of directors will publicly disclose its decision to accept or reject such resignation and its rationale within 90 days from the date of certification of the director election results.

√ The board of directors unanimously recommends that stockholders vote FOR the election of each of the nine director nominees.

DIRECTOR NOT STANDING FOR RE-ELECTION:

Despite Dr. Draper's extensive qualifications and experience, as part of a multi-year board succession plan and as Dr. Draper exceeds the retirement age in our corporate governance guidelines, the nominating & corporate governance committee has not nominated Dr. Draper for re-election at the 2019 annual meeting. The board wishes to thank Dr. Draper for his significant contributions during his nearly 15 years of service on the board, including, most recently, for his nearly 10 years of service as chair of the compensation committee.

COMPENSATION
COMMITTEE REPORT

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

This report has been furnished by the current members of the compensation committee.

E. Linn Draper, Jr., Chair
Bruce K. Anderson
Roger H. Ballou
Robert A. Minicucci

COMPENSATION
DISCUSSION AND ANALYSIS

OVERVIEW:

We consider our total executive compensation package integral to our ability to grow and improve our business. In determining appropriate compensation for our executive officers, the compensation committee uses the philosophies and methodologies described in this Compensation Discussion and Analysis. By design, we have tailored, with the guidance of external compensation consultants, a mix of compensation elements appropriate for our business. Our executive compensation program, assuming sustained above industry-average performance, is designed to reward executive officers at competitive levels. Our program, however, is also structured to significantly reduce rewards for performance below expectations. The compensation committee believes that this design will attract, retain and motivate executive officers with the quality and profile required to successfully lead the company and each of its segments in our highly competitive and evolving industries.

Our compensation programs, practices and policies are reviewed and evaluated on an ongoing basis to address evolving best practices and changing regulatory requirements. We list below some of the more significant best practices we have adopted and the practices we have avoided.

What We Do		What We Don't Do	
Performance-Based Pay. We emphasize pay for performance. For 2018, an average of 82.3% of the principal compensation components for our NEOs (89.2% for our chief executive officer) was tied to performance.	√	No Pledging. Our non-employee directors and executive officers are prohibited from holding company securities in a margin account or otherwise pledging company securities as collateral for a loan.	×
Independent Compensation Committee. Each member of our compensation committee meets the independence requirements under SEC rules and NYSE listing standards.	√	No Hedging. Our non-employee directors, executive officers and associates are prohibited from engaging in hedging transactions with respect to our securities.	×
Independent Compensation Consultant. The compensation committee engages an independent compensation consultant.	√	No Excessive Perquisites. We provide only limited perquisites to our executive officers.	×
Clawback Provisions. Our equity incentive plans include clawback provisions that allow us to "clawback" executive incentive compensation in certain circumstances.	√	No Speculative Trading. Our non-employee directors and executive officers are prohibited from trading in puts or calls or engaging in short sales with respect to our securities.	×
Double-Trigger Change in Control. We use double trigger acceleration provisions upon a change in control in our equity incentive plans and in the change in control severance protection agreement with our chief executive officer.	√	No Tax Gross-Up Provisions. We have no excise tax gross-up arrangements with any of our executive officers or associates and we have a policy prohibiting entry into such arrangements in the future.	×
Significant Stock Ownership. Our non-employee directors and executive officers have significant stock ownership requirements.	√	No Employment Agreements. We do not have employment agreements with our executive officers.	×
Balanced Compensation Structure. We utilize a balanced approach to compensation, which combines fixed and variable, short-term and long-term, and cash and equity components.	√	No Excessive Risk-Taking. We regularly review our compensation program to ensure that the program does not promote unnecessary or excessive risk-taking.	×

Named Executive Officers

Our compensation committee, and with respect to the chief executive officer, the board of directors, annually approves compensation for our named executive officers, or NEOs, which for 2018 included the following:

Name	Title
Edward J. Heffernan	President and Chief Executive Officer
Charles L. Horn	Executive Vice President and Chief Financial Officer
Bryan J. Kennedy	Executive Vice President and President, Epsilon
Melisa A. Miller	Executive Vice President and President, Card Services
Bryan A. Pearson	Executive Vice President and President, LoyaltyOne

Objectives of Compensation

The objectives of our executive compensation program are to retain our executive officers, to reward our executive officers for meeting our growth and profitability objectives and to align the interests of our executive officers with those of our stockholders. Total direct compensation for our executive officers in 2018 was a combination of three components:

We use each component of compensation to satisfy one or more of our compensation objectives. The compensation committee places a significant portion of the overall target compensation for our executive officers “at risk” in the form of performance-based non-equity incentive compensation and long-term equity incentive compensation, without encouraging excessive or unnecessary risk-taking. According to the survey results provided by our external executive compensation consultant, our target percentage of executive compensation “at risk” for 2018 was consistent with our proxy peer group.

Retention. We believe that continuity in our executive leadership is critical to our long-term success. To encourage executive retention and foster a focus on long-term results, the vast majority of the long-term equity incentive compensation granted to our executive officers is subject to multi-year vesting schedules. In addition, the compensation committee has occasionally granted special retention awards designed to encourage retention of our executive officers. Further details of these compensation practices are included below under the caption “Elements of Executive Compensation.”

Pay for Performance. Historically, we have tracked metrics such as revenue growth, income before income taxes, or EBT, growth, adjusted EBITDA growth and core earnings per share, or core EPS, growth. In 2017, we added relative total stockholder return, or rTSR, as a tangible and objective metric to evaluate our performance against the performance of other companies and to align the interests of our NEOs and other executive officers with the interests of our stockholders in creating long-term value. The compensation committee selects target performance measures for performance-based non-equity incentive compensation and long-term equity incentive compensation that it believes are integral to achievement of these and other growth and profitability objectives. This performance-based compensation generally pays out or vests only upon achievement of a threshold performance target. Further details of these compensation practices are included below under the caption “Elements of Executive Compensation.”

Assessment of Risk in Compensation Program Design. The compensation committee reviewed the design of our compensation program for both our executive officers and other officers and key contributors who receive performance-based compensation and assessed the potential for our compensation program to encourage excessive risk-taking. The compensation committee considered the following characteristics of our compensation program, among others:

- a balance of both short- and long-term performance-based incentive compensation;
- a balance within equity incentive compensation of both time-based restricted stock units and performance-based restricted stock units, some of which may also be subject to further time-based vesting restrictions;

- the use of multiple performance metrics in incentive compensation, including the use of both consolidated and segment-specific performance measures;
- the definition of performance metrics at the beginning of the performance period;
- inclusion of maximum payout limitations under our 2015 Omnibus Incentive Plan;
- stock ownership guidelines applicable to certain key executives;
- standardized equity grant and forfeiture procedures;
- ability of the compensation committee to apply negative discretion in determining payouts for incentive compensation; and
- clawback provisions contained in various executive compensation plans and agreements.

As a result of this review, the compensation committee believes that the design of our compensation program provides multiple, effective safeguards against and does not promote unnecessary or excessive risk-taking that is reasonably likely to have a material adverse effect on Alliance Data.

Prohibitions on Hedging and Pledging. Our insider trading policies prohibit directors, executive officers and associates from engaging in hedging transactions with respect to our securities. These prohibited transactions include the use of financial instruments, including prepaid variable forward contracts, equity swaps, collars and exchange funds, that are designed to hedge or offset any decrease in market value of such person's holdings in our equity securities.

Furthermore, our insider trading policies prohibit directors, executive officers and designated associates from trading in puts, calls or other derivative securities or engaging in short sales with respect to our securities. In addition, directors, executive officers, and designated associates may not hold our securities in a margin account and may not pledge our securities as collateral for a loan.

These policies help to ensure that our directors, executive officers and associates remain aligned with those of our other stockholders.

Clawback Provisions. Under both the 2015 Omnibus Incentive Plan and 2010 Omnibus Incentive Plan, if our financial statements are required to be restated due to errors, omissions, fraud or misconduct, the compensation committee may direct the company to recover all or a portion of any award or any past or future compensation from any participant or former participant with respect to any fiscal year of the company for which financial results are negatively affected by such restatement. Such recoveries will be limited to those participants or former participants who had knowledge or reasonably should have had knowledge of such errors, omissions, fraud or misconduct and failed to take reasonable steps to bring it to the attention of the appropriate individuals, or who personally and knowingly engaged in practices that materially contributed to the restatement. Further, under the 2015 Omnibus Incentive Plan, 2010 Omnibus Incentive Plan and the 2005 Long Term Incentive Plan, the compensation committee has the authority to cancel or require repayment of an award in the event a participant or former participant breaches any non-solicitation, non-competition or confidentiality agreement entered into with us.

Alignment with Stockholders. We believe that our directors and executive officers should maintain at least a minimum position in our common stock so that their interests are aligned with those of our stockholders. Our stock ownership guidelines require our directors and executive officers to maintain an investment position in our common stock equal to a multiple of his or her base salary or annual retainer, as applicable. These investment positions must be met within five years from the January 1st following the time a director or executive officer first becomes subject to the stock ownership guidelines. In addition to our stock ownership guidelines, each grant of restricted stock units to our non-employee directors contains restrictions that lapse on the earlier of 10 years from the date of grant or upon termination of the director's service on our board of directors. Given these restrictive terms, our stock ownership guidelines permit these restricted stock units to be included when calculating the investment position for non-employee directors.

The following table shows the stock ownership guideline for each of our NEOs and non-employee directors, as well as their current ownership position as of April 8, 2019:

Name	Stock Ownership Guideline	Stock Ownership Position[1]
Edward J. Heffernan	6 times base salary	35 times base salary
Charles L. Horn[2]	3 times base salary	1 times base salary
Bryan J. Kennedy	3 times base salary	38 times base salary
Melisa A. Miller	3 times base salary	7 times base salary

Bryan A. Pearson	3 times base salary	41 times base salary
Bruce K. Anderson	5 times retainer	2,544 times retainer
Roger H. Ballou	5 times retainer	27 times retainer
Kelly J. Barlow[3]	5 times retainer	3 times retainer
E. Linn Draper, Jr., Ph.D.	5 times retainer	63 times retainer
Kenneth R. Jensen	5 times retainer	197 times retainer
Robert A. Minicucci	5 times retainer	124 times retainer
Timothy J. Theriault[4]	5 times retainer	5 times retainer
Laurie A. Tucker[5]	5 times retainer	8 times retainer

(1) The share price used for ownership calculations is calibrated periodically under our stock ownership guidelines. The 12-month average fair market value of our common stock as of December 31, 2018, the last date on which we calibrated the stock price used to determine the retained value required by the stock ownership guidelines, was $222.69 and is the basis for the stock ownership positions shown in this table.

(2) On July 20, 2018, Mr. Horn notified the company of his intention to retire from his position as Executive Vice President and Chief Financial Officer in 2019.

(3) Mr. Barlow joined the board of directors in June 2017 and has until January 1, 2023 to meet the required investment position.

(4) Mr. Theriault joined the board of directors in October 2016 and has until January 1, 2022 to meet the required investment position.

(5) Ms. Tucker joined the board of directors in June 2015 and has until January 1, 2021 to meet the required investment position.

2018 “Say-on-Pay” Advisory Vote on Executive Compensation. At our 2018 annual meeting of stockholders, stockholders expressed substantial support at 95.3% approval for the “say-on-pay” advisory vote on the compensation of our NEOs. We believe these results represent strong investor support for our overall compensation philosophy and decisions. The compensation committee evaluated the results of the 2018 “say-on-pay” vote together with the other factors discussed in this Compensation Discussion and Analysis, including the committee’s assessment of retention of executives, alignment of performance targets with growth and profitability objectives and the analysis of pay practices of our proxy peer group, each of which is evaluated in the context of the committee’s fiduciary duty to act as such directors determine is in the best interests of our stockholders. Based on its analysis, the compensation committee did not make any changes to the executive compensation program or policies as a direct result of the 2018 “say-on-pay” advisory vote, but continued its utilization of multiple performance-based metrics, including a metric with a multi-year performance period for 2019. See “Looking Forward: Fiscal Year 2019 Long-Term Incentive Compensation” on page 28 of this proxy.

We currently provide stockholders an annual “say-on-pay” advisory vote on the compensation of our NEOs and will continue to do so through our next stockholder advisory vote regarding the frequency of holding advisory votes on executive compensation, which will be no later than our annual meeting of stockholders in 2023.

Determining Compensation

Role of the Compensation Committee. The compensation committee reviews and approves the compensation for our non-CEO executive officers, and, together with the other independent directors, approves the compensation of our

chief executive officer. The compensation committee typically sets the total direct compensation targets for our executive officers immediately prior to the beginning of each year. This timing allows us to consider the performance of the company and each potential recipient in the prior year, as well as expectations for the upcoming year. Performance-based non-equity incentive compensation and long-term equity incentive compensation are awarded as early as practicable in the year, contingent upon the availability of the prior year's financial results, in order to maximize the time period over which the applicable performance incentives apply. Consistent with our practice of granting equity-based awards for new hires, promotions and associates that have joined the company as a result of a merger or acquisition on a date certain each month (currently the 15th of each month), long-term equity incentive compensation awards for executive officers are made on February 15 (or if February 15 falls on a weekend or holiday, the next business day) of each year, or such other pre-determined date following release of the company's earnings for the prior fiscal year as is appropriate. In the event there exists material information that we have not yet disclosed, the compensation committee may delay or defer the grant of any equity-based awards until all disclosures are current. Material changes to pay levels for individuals are typically made only upon a significant change in job responsibilities.

Role of the Chief Executive Officer. Typically, our chief executive officer makes compensation recommendations to the compensation committee with respect to our non-CEO executive officers. The compensation committee may accept or adjust the chief executive officer's recommendations in its sole discretion and also makes a recommendation regarding the chief executive officer's compensation to the full board of directors. The chief executive officer does not make any recommendations to the compensation committee or to the board of directors

relating to performance measures, targets or similar items that affect his own compensation. Moreover, the chief executive officer recuses himself from discussions of his own compensation during board of directors and compensation committee meetings.

Role of the Compensation Consultant. In 2018, the compensation committee directly engaged the assistance of an external executive compensation consultant, Meridian Compensation Partners, LLC, or Meridian, for their industry knowledge and experience in advising on executive compensation matters. The compensation committee has considered and assessed all relevant factors, including, but not limited to, those set forth in Rule 10C-1(b)(4)(i) through (vi) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that could give rise to a potential conflict of interest with respect to Meridian. Based on this review, we are not aware of any conflict of interest that has been raised by the work performed by Meridian. In particular, Meridian assisted the compensation committee in 2018 with competitive market analysis, peer assessment, consultation and review of compensation policies and practices.

Competitive Considerations

In determining appropriate levels of compensation, the compensation committee considers the competitive market for talent and compensation levels provided by comparable companies to minimize significant differences that could negatively impact our ability to attract and retain exceptional executive officers. As mentioned above, the compensation committee engaged Meridian to, among other things, assist with competitive market analysis and peer assessment. For conducting market review, Meridian formed and surveyed two data sets: a general industry group and a proxy peer group. The general industry group encompasses companies of similar size based on revenue. The proxy peer group consists of public companies that are currently monitored as competitors or are in similar industries and have similar revenue or market cap.

Meridian reviewed the compensation practices for the proxy peer group set forth below with whom we compete for business and talent. This approach provides us with a balanced perspective, reflecting industry, performance and company size considerations as they affect executive pay. Meridian collected, analyzed and presented comprehensive market data, including base salary and target short- and long-term incentive amounts, for each of our executive officers, including our NEOs, from both published proxy data and proprietary data sources.

For 2018, the companies comprising the proxy peer group included:

Company Name	Symbol	Market Cap ($B)	Market Cap Date	Fiscal 2018 Revenue ($M)
WPP plc	WPP.L	13.6	2/14/2019	20,831
Synchrony Financial	SYF	22.2	2/14/2019	16,118
Omnicom Group Inc.	OMC	16.6	2/14/2019	15,290
MasterCard Incorporated	MA	225.5	2/14/2019	14,950
Discover Financial Services	DFS	23.1	2/14/2019	10,709
The Interpublic Group of Companies, Inc.	IPG	8.9	2/14/2019	9,714
Fidelity National Information Services, Inc.	FIS	34.8	2/14/2019	8,423
Alliance Data Systems Corporation	ADS	9.1	2/14/2019	7,791
Nielsen N.V.	NLSN	9.3	2/14/2019	6,515
Fiserv, Inc.	FISV	33.6	2/14/2019	5,823
Experian plc	EXPN.L	23.8	2/14/2019	4,662
Total System Services, Inc.	TSS	16.8	2/14/2019	4,028
Worldpay, Inc.	WP	27.2	2/14/2019	3,925
Equifax Inc.	EFX	13.1	2/14/2019	3,412
Global Payments Inc.	GPN	19.2	2/14/2019	3,366
CDK Global, Inc.	CDK	7.1	2/14/2019	2,273
The Dun & Bradstreet Corporation*	DNB	5.4	2/14/2019	1,792

*

On February 8, 2019, Dun & Bradstreet was acquired by an investor group led by CC Capital, Cannae Holdings and Thomas H. Lee Partners. The market capitalization shown represents the latest known share price and share count data while the revenue shown is for the twelve months ended September 30, 2018.

Market data provides an important benchmark by indicating what an executive could expect to earn at a comparable company and what we might expect to pay if we should have to recruit and compete for outside executive talent. Market data, however, is only one factor that the compensation committee considers in assessing the reasonableness

of compensation provided to our NEOs. The compensation committee also considers other relevant factors, including an NEO's experience, breadth of knowledge, talent supply and demand that may be industry or application specific, cost constraints, internal compensation equity considerations, company performance, individual performance, expected future contributions, prior compensation and retention risk for each NEO.

Based on publicly available data in December 2017 when the compensation determinations for 2018 were made, our market capitalization was near the 25th percentile and our annual revenue was near the 75th percentile for this proxy peer group; our one-year total stockholder return was near the 50th percentile, three-year total stockholder return was below the 25th percentile and five-year total stockholder return was near the 25th percentile for this proxy peer group.

When conducting the market review, the compensation committee reviews each component of compensation in relation to certain percentiles of both the proxy peer group and the general industry group surveyed. For our NEOs, base salaries, total cash compensation (base salary plus target performance-based non-equity incentive compensation) and total direct compensation (base salary plus target performance-based non-equity incentive compensation plus target long-term equity incentive compensation) target the 50th percentile, with some amounts higher or lower based on factors such as skills, performance, seniority and institutional knowledge. We believe compensation at this level, vis-à-vis the proxy peer group and the general industry group companies surveyed, is appropriate given our performance record and the tenure of our executive officers. Actual performance above or below each of the established targets for our performance-based non-equity incentive compensation and long-term equity incentive compensation results in actual compensation that may be higher or lower than the target percentiles.

ELEMENTS OF EXECUTIVE COMPENSATION:

The main elements of our executive compensation program are base salary, an annual non-equity incentive and a long-term equity incentive. The chart below shows the breakdown of these elements for our NEOs' 2018 compensation.

Base Salary

While a large portion of our NEOs and other executive officers' compensation is contingent upon meeting specified performance targets, we pay our executive officers a base salary as fixed compensation for their time, efforts and commitments throughout the year. To aid in attracting and retaining qualified executive officers, the compensation committee seeks to keep base salary competitive. In determining the appropriate base salary, the compensation committee also considers, among other factors, the nature and responsibility of the position and, to the extent available, salary norms for persons in comparable positions at our proxy peer group; the expertise of the individual; and the competitiveness in the market for the executive officer's services.

Annual Performance-Based Non-Equity Incentive Compensation

For 2018, performance-based non-equity incentive compensation was paid to our NEOs pursuant to the 2015 Omnibus Incentive Plan. The purpose of performance-based non-equity incentive compensation is to provide an

incentive to our NEOs and other executive officers to contribute to our annual growth and profitability objectives and to retain such executive officers. The 2015 Omnibus Incentive Plan focuses on matching rewards with results and encourages executive officers to make significant contributions toward our financial results by providing a basic reward for reaching threshold expectations, plus an upside for reaching our aspirational goals.

Terms of Awards. Each NEO has a target payout amount that approximates a percentage of his or her annualized base salary. Guided by our annual growth and profitability objectives, the payout of performance-based non-equity

incentive plan compensation for our NEOs is generally contingent upon meeting segment-specific and/or consolidated targets, which in 2018 were based on revenue and EBT at the consolidated level, as well as segment-specific revenue and EBT. As discussed above, the compensation committee does not believe that the targets set for each of these metrics promotes unnecessary or excessive risk-taking that is reasonably likely to have a material adverse effect on Alliance Data.

The compensation committee set the performance targets for consolidated and segment revenue and EBT related to payout of our performance-based non-equity incentive compensation at the beginning of 2018 based on certain assumptions about our performance and subject to adjustment for certain defined factors. In determining the payout for the performance-based non-equity incentive compensation for 2018, the compensation committee exercised its discretion to adjust our reported consolidated EBT for certain factors, including adjustments related to the interest expense attributable to our share repurchase program during 2018 and the exclusion of costs incurred related to the exploration of strategic alternatives for Epsilon. Adjusting for this factor altered the resultant payout level from 73.3% to 75.8% for consolidated EBT, from 80.5% to 90.3% for Card Services EBT, from 40.0% to 62.6% for Epsilon EBT and from 54.0% to 55.7% for consolidated performance.

The following tables set forth the individual calculations for the non-equity incentive plan compensation payouts for the 2018 performance year for each of our NEOs. The non-equity incentive plan compensation for each of Messrs. Heffernan and Horn was based on the consolidated performance as set forth in the first table below; Ms. Miller's was based on a combination of consolidated and Card Services as set forth in the second table below; Mr. Kennedy's was based on a combination of consolidated and Epsilon as set forth in the third table below; and Mr. Pearson's was based on a combination of consolidated and LoyaltyOne as set forth in the fourth table below. For each performance target, payout is determined on a fixed scale, ranging from 0% to 25% payout when a minimum from approximately 83% to 96% of the target is met, 100% payout when 100% of the target is met and a maximum 200% payout when the target is exceeded at 110% to 120% or more for each of the metrics set forth in the various tables below. Establishing a maximum payout amount under our non-equity incentive plan helps deter excessive risk-taking, while having a minimum payout amount that can be earned at a defined performance threshold encourages goal attainment. No payout is made for performance below the minimum threshold.

2018 Consolidated Performance for the Non-Equity Incentive Plan:
(In thousands, except percentages)

Components	Target Performance	Weighting	Performance	Achievement Level	Payout Level	Weighted Payout Level
Consolidated EBT	$ 1,296,000	67.0%	$ 1,230,400	94.9%	75.8%	50.8%
Consolidated Revenue	$ 8,201,000	33.0%	$ 7,791,200	95.0%	14.9%	4.9%
Total:		100.0%				55.7%

2018 Card Services Performance for the Non-Equity Incentive Plan:
(In thousands, except percentages)

Components	Target Performance	Weighting	Performance	Achievement Level	Payout Level	Weighted Payout Level
Consolidated EBT	$ 1,296,000	20.0%	$ 1,230,400	94.9%	75.8%	15.2%
Card Services Revenue	$ 4,736,000	20.0%	$ 4,597,600	97.1%	81.6%	16.3%
Card Services EBT	$ 1,433,000	60.0%	$ 1,407,500	98.2%	90.3%	54.2%
Total:		100.0%				85.7%

2018 Epsilon Performance for the Non-Equity Incentive Plan:
(In thousands, except percentages)

Components	Target	Weighting	Performance	Achievement	Payout	Weighted

	Performance			Level	Level	Payout Level
Consolidated EBT	$ 1,296,000	20.0%	$ 1,230,400	94.9%	75.8%	15.2%
Epsilon Revenue	$ 2,371,000	20.0%	$ 2,175,100	91.7%	–%	–%
Epsilon EBT	$ 161,000	60.0%	$ 152,400	94.7%	62.6%	37.6%
Total:		100.0%				52.7%

2018 LoyaltyOne Performance for the Non-Equity Incentive Plan:
(In thousands, except percentages)

Components	Target Performance	Weighting	Performance	Achievement Level	Payout Level	Weighted Payout Level
Consolidated EBT	$ 1,296,000	20.0%	$ 1,230,400	94.9%	75.8%	15.2%
LoyaltyOne Revenue	$ 1,123,000	20.0%	$ 1,068,400	95.1%	60.2%	12.0%
LoyaltyOne EBT	$ 184,000	60.0%	$ 159,200	86.5%	–%	–%
Total:		100.0%				27.2%

The target non-equity incentive plan compensation for each of Edward J. Heffernan, Charles L. Horn, Bryan J. Kennedy, Melisa A. Miller and Bryan A. Pearson is set forth in the first column of the following table and represents approximately 175%, 100%, 100%, 100% and 100% of their respective base salaries. The actual non-equity incentive plan payouts, prior to the adjustments to such payouts discussed below, are set forth in the final column of the following table.

	Target Non-Equity Incentive Plan Compensation	Weighted Payout	Achieved Non-Equity Incentive Plan Compensation
Edward J. Heffernan	$ 2,012,500	55.7%	$ 1,120,963
Charles L. Horn	$ 667,000	55.7%	$ 371,519
Bryan J. Kennedy	$ 640,000	52.7%	$ 337,280
Melisa A. Miller	$ 640,000	85.7%	$ 548,480
Bryan A. Pearson[1]	$ 652,500	27.2%	$ 177,480

(1) Amounts for Mr. Pearson are shown in Canadian Dollars; in the Summary Compensation Table and the Grants of Plan-Based Awards Table, this amount was converted to U.S. Dollars using the prevailing exchange rate as of the last business day of 2018 of 0.7333 U.S. Dollars per Canadian Dollar.

The compensation committee feels that revenue and EBT performance measures are integral to achievement of our long-term growth and profitability objectives. However, when making awards, the compensation committee has discretion to select from numerous performance measures that were previously approved by our stockholders and may employ those performance measures it deems most appropriate for a given year. The selected performance measures may differ from year to year, and may also include any of the following: revenue, annual return on capital, net earnings, annual earnings per share, annual cash flow provided by operations, funds from operations, funds from operations per share, operating income, before or after tax income, cash available for distribution, cash available for distribution per share, return on equity, return on assets, share price performance, improvements in our attainment of expense levels, implementation or completion of critical projects, improvement in cash flow or (before or after tax) earnings and attainment of strategic business criteria or total stockholder return.

We set applicable revenue and EBT targets relative to our past performance, while continuing to challenge our segments to grow and expand our client base even as we encounter periods of slow economic growth or other macroeconomic challenges. These performance targets are intended to challenge our executive officers and will continue to encourage sustained above industry-average growth.

Long-Term Equity Incentive Compensation

We grant long-term equity incentive awards to encourage retention and foster a focus on long-term results, as well as to align the interests of our NEOs and other executive officers with those of our stockholders. In granting these awards, the compensation committee may establish such restrictions, performance measures and targets as it deems appropriate. Generally, awards of long-term equity incentive compensation pay out only upon attainment of a threshold level of pre-determined performance targets, such as revenue, EBT, adjusted EBITDA, adjusted EBITDA, net, core EPS, or continued employment of an executive officer.

In determining the size of long-term equity incentive awards, the compensation committee generally also considers, among other factors, the value of total direct compensation for comparable positions at our proxy peer group, company and individual performance against strategic plans, the number and value of restricted stock or restricted stock unit awards previously granted, the allocation of overall equity awards attributed to our executive officers relative to all equity awards and the relative proportion of long-term incentives within the total direct compensation mix.

In 2018, we granted long-term equity incentive compensation to the executive officers, including our NEOs, pursuant to our 2015 Omnibus Incentive Plan. As permitted by the plan, the board of directors has delegated its authority under

the plan to the compensation committee, except for purposes of awards to the chief executive officer.

Terms of Awards. After taking into consideration the long-term incentive practices in the marketplace, we believe that an equity mix of performance-based restricted stock units and time-based restricted stock units provides a conservative and balanced approach. The portion granted in time-based restricted stock units is intended to provide not only some stability in our equity program and increase retention, but also to promote direct alignment with stockholders through our executives' stock holdings. The portion granted in performance-based restricted stock units, whose vesting criteria are tied to selected components of our financial performance, is intended to focus and incentivize our executives to deliver exceptional performance. Performance-based restricted stock unit grants may be subject to both performance criteria and time-based restrictions to vest. For both types of grants, the executive officer must be employed by us at the time of vesting to receive the award.

The 45-day average fair market value of the company's common stock as quoted on the NYSE as of the date of grant is utilized as the basis for determining the specific number of either time-based or performance-based restricted stock unit awards to be granted.

Awards Granted During 2018. In 2018, consistent with the objective of placing a significant portion of the overall target compensation for our executive officers "at risk" as discussed above, our board of directors and compensation committee approved equity grants for our NEOs consisting of 80% performance-based restricted stock units and 20% time-based restricted stock units, which were awarded on February 15, 2018. Specifically, performance-based restricted stock units are based on multiple metrics over multiple timeframes, namely 40% subject to 2018 EBT and 40% subject to rTSR for 2018-2019. Establishing a maximum payout amount under our long-term equity incentive plan helps deter excessive risk-taking, while having a minimum payout amount that can be earned at a defined performance threshold encourages goal attainment. No payout is made for performance below the minimum threshold.

Performance-based and time-based equity grants for 2018 were made to our NEOs as follows:

Name	Performance-Based Restricted Stock Units	Time-Based Restricted Stock Units	Total Equity Value (on Grant Date)
Edward J. Heffernan	23,648	5,912	$7,113,615
Charles L. Horn	6,170	1,542	$1,855,892
Bryan J. Kennedy	7,230	1,806	$2,174,514
Melisa A. Miller	7,594	1,897	$2,284,009
Bryan A. Pearson	7,334	1,833	$2,206,039

The time-based restricted stock units vest over three years, with 33% of the awards vesting in February 2019, and the remaining 33% and 34% scheduled to vest in each of February 2020 and 2021, respectively, provided the executive officer is employed by us at each vesting date. Each of the performance-based restricted stock unit equity awards are also subject to the executive officer's employment with us at such vesting date.

2018 EBT: The performance-based restricted stock unit equity awards subject to a 2018 EBT performance metric also vest over three years, provided that we meet pre-determined EBT goals for fiscal year 2018. To achieve 0% to 150% of the target award, the compensation committee set the 2018 EBT goal on a fixed scale between $1,093.1 million and $1,425.6 million. The 100% achievement threshold approximates a 19.9% growth over our 2017 EBT performance.

2018-2019 rTSR: The performance-based restricted stock unit equity awards subject to a 2018-2019 rTSR performance metric vest in February 2020, provided that we meet a pre-determined rTSR goal for fiscal years 2018 and 2019. To achieve 0% to 175% of the target award, the compensation committee set the 2018-2019 rTSR goal on a fixed scale measured against the companies within the S&P 500 as of January 1, 2018, calculated based on the average trading price of the company and S&P 500 companies over the 30 trading days preceding January 1, 2018 and the 30 days preceding January 1, 2020, where the rTSR meets or exceeds the 25th to the 100th percentile.

Performance Measurement for Fiscal Year Ended 2018. The compensation committee set the performance targets for consolidated EBT related to payout of our performance-based restricted stock units at the beginning of 2018 based on certain assumptions about our performance and subject to adjustment for certain defined factors. For 2018, our reported consolidated EBT was $1,223.7 million. In determining the payout for the 2018 performance-based

restricted stock units whose metric was consolidated EBT, the compensation committee, and the board of directors with respect to the chief executive officer, exercised its discretion to adjust reported consolidated EBT for certain factors, including adjustments related to the interest expense attributable to our share repurchase program during 2018 and the exclusion of costs incurred related to the exploration of strategic alternatives for Epsilon. Adjusting for this factor resulted in payout at 75.8% for these 2018 performance-based restricted stock units. For the 30 trading days preceding January 1, 2017 and the 30 days preceding January 1, 2019, our S&P 500 TSR achievement measured below the 25th percentile, resulting in payout at 0% for these 2017-2018 performance-based restricted stock units. For additional information related to these payouts, please see "Fiscal Year 2018 Grants of Plan-Based Awards" and "Fiscal Year 2018 Outstanding Equity Awards at Fiscal Year-End." The payout for the 2018-2019 rTSR performance-based restricted stock units will be determined when the full measurement can occur, after December 31, 2019.

Looking Forward: Fiscal Year 2019 Long-Term Incentive Compensation. For fiscal year 2019, the compensation committee approved a long-term incentive compensation plan for our executive officers that consists of 80% performance-based restricted stock units and 20% time-based restricted stock units. Specifically, in 2019, performance-based restricted stock units will be based on multiple metrics over multiple timeframes, namely 40% subject to 2019 EBT and 40% subject to rTSR for 2019-2020. The high proportion of performance-based awards reflects our pay-for-performance philosophy. The compensation committee believes the combined EBT and rTSR goals for the performance shares can be characterized as challenging to achieve, but attainable with the application of significant skill and effort on the part of our executive officers. The time-based awards encourage retention, and are linked to stockholder value and ownership, which are also important goals of our executive compensation program. The compensation committee plans to continue to review our compensation plans to support our current and long-term business strategy, to continue to align pay with stockholder interests and sustain good governance practices.

Perquisites

With limited exceptions, the compensation committee's policy is to provide personal benefits and perquisites to our NEOs that are substantially similar to those offered to our other associates at or above the level of vice president. The personal benefits and perquisites that may be available to our NEOs in addition to those available to our other associates include enhanced life insurance, long-term disability benefits, and an annual physical. For additional information about the perquisites given to our NEOs in 2018, see the "All Other Compensation" table below.

REASONABILITY OF COMPENSATION:

In determining appropriate compensation levels during the course of 2018, the compensation committee reviewed all forms of executive compensation, including base salary, performance-based non-equity incentive compensation, long-term equity incentive awards, ratios of vested to unvested equity previously granted to our executive officers, realizable amounts from equity previously granted to our executive officers, the company's contributions to the Alliance Data Systems 401(k) and Retirement Savings Plan and Executive Deferred Compensation Plan and the value of any perquisites received for the 2018 performance year. Based on company performance in 2018 and in prior years, and other applicable factors and known information, including the market data provided by Meridian, the compensation committee, and the board of directors with respect to the chief executive officer, have each determined that the total 2018 compensation paid to our executive officers was reasonable and not excessive. As previously reported, our fiscal year 2018 financial performance included a year-over-year increase of 1% in revenue, impacted by the adoption of ASC 606, a 22% increase in net income, an 11% increase in adjusted EBITDA and a 17% increase in core earnings per diluted share. See Appendix A to this proxy statement for a discussion and reconciliation of non-GAAP financial measures, including adjusted EBITDA and core earnings per diluted share. For 2018, the compensation committee, with the assistance of Meridian, targeted the 50th percentile of both our proxy peer group and the general industry group surveyed for each of base salary, target total cash compensation (base salary plus target

performance-based non-equity incentive compensation) and target total direct compensation (base salary plus target performance-based non-equity incentive compensation plus target long-term equity incentive compensation) for all NEOs.

TAX CONSIDERATIONS:

Internal Revenue Code, or IRC, Section 162(m) generally limits the deductibility of certain compensation expenses in

excess of $1.0 million to a “covered employee” in any fiscal year, although, in general, prior to January 1, 2018, certain qualifying performance-based compensation was not subject to the limits on deductibility. For these purposes, prior to January 1, 2018, “covered employees” consisted of our chief executive officer and the three most highly compensated executive officers other than our chief executive officer and our chief financial officer. The compensation committee has considered these requirements and believes that certain grants made under the 2015 Omnibus Incentive Plan meet the requirement that they be “performance-based” and, therefore, compensation paid to our executive officers pursuant to the terms of these plans would generally be exempt from the limitations on deductibility. Among other changes to IRC Section 162(m), the ability to rely on this performance-based exception was generally eliminated, effective as of January 1, 2018, unless such compensation qualifies for transition relief applicable to written binding contracts in place as of November 2, 2017, and the scope of “covered employees” was expanded to include the chief financial officer.

OTHER PLANS OR AGREEMENTS GOVERNING EXECUTIVE COMPENSATION:

Change in Control Severance Protection Agreement

We have a Change in Control Severance Protection Agreement with Mr. Heffernan. We originally entered into this agreement with Mr. Heffernan, as well as our other then-current executive officers, in September 2003 to help avoid distraction and uncertainty in the event of an actual or threatened change in control. None of our NEOs other than Mr. Heffernan are covered by a change in control agreement. In December 2016, we terminated the existing agreement and entered into a new Change in Control Severance Protection Agreement with Mr. Heffernan to eliminate the sole remaining tax gross-up provision between us and any of our NEOs. Payouts under this agreement are subject to a “double trigger” qualification, whereby Mr. Heffernan will only receive payout following both a change in control and subsequent termination under certain enumerated circumstances, which we believe is appropriate as it continues to help assure Mr. Heffernan’s continuity, objectivity and dedication in the event of an actual or threatened change in control. For additional information relating to any potential payouts under this agreement, please see “Potential Payments upon Termination or Change in Control.”

Qualifying Terminations. Payouts under Mr. Heffernan’s change in control agreement are triggered upon a qualifying termination, which is defined as: (1) termination by the executive officer for good reason within two years of a change in control; or (2) termination of the executive officer by the company without cause within two years of a change in control. A termination of the executive officer’s employment due to disability, retirement or death will not constitute a qualifying termination.

Pursuant to the change in control agreement, “cause,” “good reason,” and “change in control” have the following meanings: “Cause” means a good faith finding by the board of directors of: (1) a material breach of the executive officer’s covenants or obligations under any applicable employment agreement or offer letter or any other agreement for services or non-compete agreement; (2) continued failure after written notice from the company or any applicable affiliate to satisfactorily perform assigned job responsibilities or to follow the reasonable instructions of the executive officer’s superiors; (3) conviction of, or plea of guilty or nolo contendere, to a crime constituting a felony (or its equivalent) or other crime involving moral turpitude; or (4) a material violation of any material law or regulation or any policy or code of conduct adopted by the company or engaging in any other form of misconduct which, if it were made public, could reasonably be expected to adversely affect the business reputation or affairs of the company or of an affiliate.

“Good reason” means, in each case without the executive officer’s consent: (1) a material lessening of the executive officer’s responsibilities; (2) a reduction of at least five percent in the executive officer’s annual salary and/or opportunity for incentive compensation; or (3) the company’s requiring the executive officer to be based anywhere other than within 50 miles of the executive officer’s place of employment at the time of the occurrence of the change in control.

“Change in Control” means one of the following events: (1) our merger, consolidation or other reorganization in which our outstanding common stock is converted into or exchanged for a different class of our securities, a class of securities of any other issuer (except one of our wholly-owned subsidiaries), cash or other property; (2) the sale, lease or exchange of all or substantially all of our assets; (3) the adoption by our stockholders of a plan of liquidation and dissolution; (4) the acquisition by any person or entity, including without limitation a “group” as contemplated by Section 13(d)(3) of the Exchange Act, of beneficial ownership of more than 20 percent (based on voting power) of our outstanding capital stock and such person, entity or group currently

has, or either publicly or by written notice to us states an intention to seek, a representative member on our board of directors; (5) the acquisition by any person, entity or group of beneficial ownership of more than 30 percent (based on voting power) of our outstanding capital stock; or (6) as a result of or in connection with a contested election of directors, the persons who were our directors before such election shall cease to constitute a majority of our board of directors.

Payments and Benefits Following a Qualifying Termination. Upon a qualifying termination, Mr. Heffernan will be paid all earned and accrued salary due and owing to him, a pro-rata portion of his target bonus, other benefits due under benefit plans, all accrued and unpaid vacation and a severance amount. The severance amount is equal to two and one half times the sum of his current base salary and target non-equity incentive compensation. Any entitled severance amounts will be paid in a lump sum within 30 days of execution by Mr. Heffernan of a general release. If Mr. Heffernan ceases to be actively employed following a change in control, he will receive the value of his deferred compensation account, if any, no earlier than six months following the end of the quarter in which the termination occurred.

Upon a qualifying termination, Mr. Heffernan and his dependents are eligible to receive equivalent medical, dental and hospitalization coverage and benefits as provided to him immediately prior to the qualifying termination, which coverage and benefits will continue for a period of 24 months. The change in control agreement further provides that if any payments or benefits received constitute “parachute payments” within the meaning of the IRC Section 280G and are otherwise subject to the excise tax imposed under IRC Section 4999, then Mr. Heffernan’s severance benefits may be delivered in full or to such lesser extent that would result in no portion of such severance benefits being subject to such excise tax, whichever results in Mr. Heffernan’s receipt of an after-tax basis of the greatest amount of severance.

Change in Control - Impact on Outstanding Equity

Our equity incentive plans provide that our board of directors may accelerate vesting of stock options and restricted stock or restricted stock units in the event of a change in control. Further, in the event of a qualifying termination within 12 months of a change in control event, all restrictions on stock options and restricted stock or restricted stock units will lapse. Stock options will be exercisable following a qualifying termination until the earlier of the end of the option term or the end of the one year period following a qualifying termination.

Executive Deferred Compensation Plan

We maintain an Executive Deferred Compensation Plan, which allows our executive officers and certain other highly-compensated associates to maximize their pre-tax savings and company contributions that are otherwise restricted due to tax limitations. The Executive Deferred Compensation Plan allows the participant to contribute:

- up to 50% of eligible compensation on a pre tax basis;
- any pre-tax 401(k) contributions that would otherwise be returned because of reaching the statutory limit under IRC Section 415; and
- any retirement savings plan contributions for compensation in excess of the statutory limits.

Contributions made under the Executive Deferred Compensation Plan are unfunded and subject to the claims of our creditors, with participants having the status of an unsecured creditor with respect to our obligation to make benefit payments. For additional information relating to our NEOs’ participation in the Executive Deferred Compensation Plan, please see the “Fiscal Year 2018 Nonqualified Deferred Compensation” table.

Alliance Data Systems 401(k) and Retirement Savings Plan

The Alliance Data Systems 401(k) and Retirement Savings Plan is a defined contribution plan that is qualified under IRC Section 401(k). Eligible associates can participate in the 401(k) and Retirement Savings Plan immediately upon joining the company and after 180 days of employment begin receiving company matching contributions. The 401(k) and Retirement Savings Plan covers eligible U.S. associates of the company and all of its U.S. subsidiaries. The company matches dollar-for-dollar up to five percent of the associate’s eligible compensation. All company matching

contributions are immediately vested.

LoyaltyOne, Co. Group Retirement Savings Plan and LoyaltyOne, Co. Deferred Profit Sharing Plan

We maintain the LoyaltyOne, Co. Group Retirement Savings Plan, or GRSP, which is a group retirement savings plan registered with the Canada Revenue Agency. Eligible associates of LoyaltyOne, Co., one of our wholly-owned subsidiaries in Canada, may contribute to the GRSP on their behalf or on behalf of their spouse, and income earned

on these contributions is not taxable to associates until withdrawn from the GRSP. Associate contributions eligible for company match may not exceed the overall maximum allowed by the Income Tax Act (Canada); which amount is set by the Canada Revenue Agency each year.

We also maintain the LoyaltyOne, Co. Deferred Profit Sharing Plan, or DPSP, which is a legal trust registered with the Canada Revenue Agency. Eligible full-time associates of LoyaltyOne, Co. can participate in the GRSP after three months of employment and eligible part-time associates after six months of employment. Based on the eligibility guidelines, the company matches dollar-for-dollar up to five percent of the associate's eligible compensation. Contributions made to the DPSP reduce an associate's maximum contribution amounts to the GRSP under the Income Tax Act (Canada) for the following year. All company matching contributions into the DPSP vest after receipt of one continuous year of DPSP contributions.

LoyaltyOne, Co. Canadian Supplemental Executive Retirement Plan

We maintain the Canadian Supplemental Executive Retirement Plan, which allows executive officers and certain other highly compensated associates of LoyaltyOne, Co. to maximize company contributions that are otherwise restricted due to statutory limitations. All contributions to the Canadian Supplemental Executive Retirement Plan are made by LoyaltyOne, Co. in an amount equal to the maximum employer contributions that would be made to the participant's DPSP account if the maximum contribution provisions of the Income Tax Act (Canada) were not applicable, less actual employer contributions to the participant's DPSP account.

Contributions made under the Canadian Supplemental Executive Retirement Plan are unfunded and subject to the claims of our creditors, with participants having the status of an unsecured creditor with respect to our obligation to make benefit payments. A distribution from the Canadian Supplemental Executive Retirement Plan is taxed as ordinary income and is not eligible for any special tax treatment. For additional information relating to our NEOs' participation in the Canadian Supplemental Executive Retirement Plan, please see the "Fiscal Year 2018 Nonqualified Deferred Compensation" table.

Indemnification Agreements

We have entered into indemnification agreements with each of our NEOs so that they may serve the company without undue concern for their protection in connection with their services. These agreements provide that we indemnify such persons against certain liabilities that may arise by reason of their status or service as an officer, to advance their expenses incurred as a result of a proceeding as to which they may be indemnified and to cover such persons under any directors' and officers' liability insurance policy that we may choose to maintain. These indemnification agreements are intended to provide indemnification rights to the fullest extent permitted by Delaware law and are in addition to any other rights the indemnitee may have under our certificate of incorporation, bylaws and applicable law.

DIRECTOR AND EXECUTIVE
OFFICER COMPENSATION

The following tables and accompanying narratives set forth the compensation paid to our NEOs for the fiscal years ended December 31, 2018, 2017 and 2016:

SUMMARY COMPENSATION TABLE:

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)[2]	Stock Awards ($)[3]	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)[4][5]	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)[6]	All Other Compensation ($)[7]	Total ($)
Edward J. Heffernan President and Chief Executive Officer	2018	1,150,000	–	7,113,615	–	1,120,963	533,327	60,569	9,978,474 [10]
	2017	1,150,000	–	7,805,256	–	1,393,800	500,246	33,511	10,882,813
	2016	1,114,000	–	4,711,624	–	1,617,528	361,308	35,957	7,840,417
Charles L. Horn Executive Vice President and Chief Financial Officer	2018	666,592	–	1,855,892	–	371,519	29,481	37,773	2,961,257
	2017	645,800	–	2,228,920	–	521,806	29,984	30,480	3,456,990
	2016	627,000	–	1,344,303	–	606,936	23,646	30,091	2,631,976
Bryan J. Kennedy Executive Vice President and President, Epsilon	2018	639,627	–	2,174,514	–	337,280	97,133	44,671	3,293,225
	2017	620,600	437,523	2,706,431	–	336,986	81,045	33,842	4,216,427
	2016	602,500	–	1,659,099	–	196,415	52,838	34,785	2,545,637
Melisa A. Miller Executive Vice President and President, Card Services	2018	639,627	–	2,284,009	–	548,480	136,668	45,231	3,654,015
	2017	620,600	–	2,755,542	–	708,725	121,935	36,609	4,243,411
	2016	602,500	–	1,663,036	–	644,073	86,182	28,343	3,024,134
Bryan A. Pearson[8]	2018	478,253	–	2,206,039	–	130,146	(11,572) [9]	105,785	2,908,651
	2017	505,766	–	2,797,736	–	70,341	45,839	121,637	3,541,319
	2016	459,895	–	1,716,096	–	377,714	33,698	157,808	2,745,211

Executive Vice President and President, LoyaltyOne

(1) This column includes amounts deferred pursuant to the Executive Deferred Compensation Plan. See "Fiscal Year 2018 Nonqualified Deferred Compensation" table for additional information. In 2018, $437,000 was deferred by Mr. Heffernan and $127,925 was deferred by Mr. Kennedy; in 2017, $386,577 was deferred by Mr. Heffernan and $121,488 was deferred by Mr. Kennedy; and in 2016, $423,320 was deferred by Mr. Heffernan, $18,810 was deferred by Mr. Horn and $205,215 was deferred by Mr. Kennedy.

(2) Amounts in this column represent discretionary payments under our non-equity incentive plan to the executive officers by the compensation committee, and with regard to the chief executive officer, by the board of directors.

(3) Amounts in this column reflect the dollar amount, without any reduction for risk of forfeiture, of the estimate of the aggregate compensation cost to be recognized over the service period as of the grant date under Financial Accounting Standards Board, or FASB, Accounting Standards Codification, or ASC, 718, which for 2018 represents the closing market price of our common stock of $240.65 per share on the grant date of February 15, 2018. These amounts may not correspond to the actual value that will be realized by the NEOs. To see the value of awards made to the NEOs in 2018, see the Fiscal Year 2018 Grants of Plan Based Awards table below. Awards included in the Stock Awards and Option Awards columns were granted pursuant to the 2015 Omnibus Incentive Plan. Additional details are included above under the caption "Long-Term Equity Incentive Compensation."

(4) This column includes amounts deferred pursuant to the Executive Deferred Compensation Plan, which amounts are not paid or deferred until February of the following year. In 2019, $425,966 was deferred by Mr. Heffernan, $101,184 was deferred by Mr. Kennedy and $274,240 was deferred by Ms. Miller; in 2018, $529,644 was deferred by Mr. Heffernan, $271,078 was deferred by Mr. Kennedy and $354,363 was deferred by Ms. Miller; and in 2017, $614,661 was deferred by Mr. Heffernan, $98,208 was deferred by Mr. Kennedy and $322,037 was deferred by Ms. Miller.

(5) Amounts in this column reflect the amounts earned and paid to each NEO in February 2019, 2018 and 2017 for 2018, 2017 and 2016 performance, respectively, under the 2015 Omnibus Incentive Plan. For the 2018 performance year, these amounts are the actual amounts earned under the awards described in the Fiscal Year 2018 Grants of Plan-Based Awards table below. These payout amounts were computed in accordance with the pre-determined formula for the calculation of performance-based non-equity incentive compensation and the applicable weightings as set forth above in the Compensation Discussion and Analysis.

(6) Amounts in this column consist entirely of above-market earnings on compensation deferred pursuant to the Executive Deferred Compensation Plan, as described below following the Fiscal Year 2018 Nonqualified Deferred Compensation table. Above-market earnings represent the difference between market interest rates determined pursuant to SEC rules and the 7.75% annual interest rate credited by the company on account balances during 2018.

(7) See the All Other Compensation table below for further information regarding amounts included in this column.

(8) Amounts included for Mr. Pearson are shown in U.S. Dollars but were paid to Mr. Pearson in Canadian Dollars. To convert the amounts paid to U.S. Dollars, we used the prevailing exchange rate as of the last business day of the applicable year (for 2018 amounts, an exchange rate of 0.7333 U.S. Dollars per Canadian Dollar; for 2017 amounts, an exchange rate of 0.7950 U.S. Dollars per Canadian Dollar; for 2016 amounts, an exchange rate of 0.7445 U.S. Dollars per Canadian Dollar).

(9) This amount represents the deemed investment earnings (losses) credited to Mr. Pearson pursuant to the terms of the Canadian Supplemental Executive Retirement Plan.

(10)

As required by SEC rules, amounts reported in the “Stock Awards” column of the Summary Compensation Table reflect the accounting value of long-term equity incentive compensation at grant and not the value realized from these awards upon vesting. Since up to 70% of our NEO compensation links to this component, disclosure of realized pay provides a more complete picture of our executive officer compensation.

Realized long-term equity incentive compensation may differ significantly from the “Stock Awards” reported in the Summary Compensation Table due to both performance adjustments and stock price differentials between the grant and vesting dates. The taxable income amount shown above represents 2018 W-2 reported earnings, which includes realized long-term equity compensation.

Each year, realized long-term equity incentive compensation vests from multiple prior year grants of restricted stock units. Following completion of the 2018 performance period, restricted stock units from eight separate grants made in 2016, 2017 and 2018 vested. These eight separate grants factored for performance and stock price differential resulted in a reduction from an intended value at time of grant (at an assumed 100% achievement threshold) of approximately $7,543,198 to approximately $3,188,266, resulting in realization of an aggregate 42% of the intended value.

ALL OTHER COMPENSATION:

Name	Year	Registrant Contributions to 401(k) or Other Retirement Savings Plans ($)	Registrant Contributions to Deferred Compensation Plans ($)	Life Insurance Premiums ($)	Medical and Dental Insurance Premiums ($)	Disability Insurance Premiums ($)	Other[1] ($)	Perquisites and Personal Benefits ($)
Edward J. Heffernan	2018	13,750	–	53	14,826	679	23,529	7,732 [2]
	2017	13,500	–	59	14,775	406	–	4,770
	2016	13,250	–	59	14,703	331	–	7,614
Charles L. Horn	2018	13,750	–	53	14,826	679	6,716	1,749 [3]
	2017	13,500	–	59	14,775	406	–	1,740
	2016	13,250	–	59	14,703	331	–	1,748
Bryan J. Kennedy	2018	13,750	–	53	16,309	679	8,210	5,670 [4]
	2017	13,500	–	59	17,177	406	–	2,700
	2016	13,250	–	59	16,420	331	–	4,725
Melisa A. Miller	2018	13,750	–	53	14,826	679	8,305	7,618 [5]
	2017	13,500	–	59	14,775	406	–	7,869
	2016	13,250	–	59	14,703	331	–	–
Bryan A. Pearson[6]	2018	9,716 [7]	17,441 [8]	–	48,328 [9]	5,731 [10]	8,487	16,082 [11]
	2017	10,426	31,948	–	57,580	6,242	–	15,439
	2016	9,682	35,134	–	91,978	5,846	–	15,168

(1) The amounts listed are cash paid for dividend equivalent rights on restricted stock that vested in 2018.
(2) This amount represents $4,770 in supplemental life insurance premiums and $2,962 for an executive physical.
(3) This amount represents $1,749 in supplemental life insurance premiums.
(4) This amount represents $5,670 for personal use of a country club membership.
(5) This amount represents $7,618 in supplemental life insurance premiums.
(6) Amounts included for Mr. Pearson are shown in U.S. Dollars but were paid to Mr. Pearson in Canadian Dollars. To convert the amounts paid to U.S. Dollars, we used the prevailing exchange rate as of the last business day of the applicable year (for 2018 amounts, an exchange rate of 0.7333 U.S. Dollars per Canadian Dollar; for 2017 amounts, an exchange rate of 0.7950 U.S. Dollars per Canadian Dollar; and for 2016 amounts, an exchange rate of 0.7445 U.S. Dollars per Canadian Dollar).
(7) This amount represents the company's contributions to Mr. Pearson's account pursuant to the DPSP.
(8) This amount represents the company's contributions to Mr. Pearson's account pursuant to the Canadian Supplemental Executive Retirement Plan.
(9) This amount includes medical, dental and wellness insurance premiums and $42,606 in required employer health tax, and a wellness program for emergency medical assistance outside of Canada.
(10) This amount includes both short-term and long-term disability insurance premiums.
(11) This amount includes $6,626 in supplemental life insurance premiums, $1,808 in long-term illness premiums, $1,980 in company subsidized parking, $1,646 for an executive physical, and $4,022 personal use of a country club membership. Each of these items was either reimbursed directly to Mr. Pearson or directly paid on behalf of Mr. Pearson.

FISCAL YEAR 2018 GRANTS OF PLAN-BASED AWARDS:

The following table provides information about equity and non-equity awards granted to the NEOs in 2018, including performance-based non-equity incentive compensation awards and restricted stock unit awards. Each award is shown separately for each NEO, with the corresponding vesting schedule for each equity award in the footnotes following this table.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units (#)[2]	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Full Grant Date Value Equit Awar Grant in 20 ($)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
Edward J. Heffernan	2/15/18							5,912[3]			1,422
Edward J. Heffernan	2/15/18				–	11,824[4]	17,736				2,845
Edward J. Heffernan	2/15/18				–	11,824[5]	20,692				2,845
Edward J. Heffernan		–	2,012,500	4,025,000							
Charles L. Horn	2/15/18							1,542[6]			371,0
Charles L. Horn	2/15/18				–	3,085 [7]	4,628				742,4
Charles L. Horn	2/15/18				–	3,085 [8]	5,399				742,4
Charles L. Horn		–	667,000	1,334,000							
Bryan J. Kennedy	2/15/18							1,806[9]			434,6
Bryan J. Kennedy	2/15/18				–	3,615 [10]	5,423				869,9
Bryan J. Kennedy	2/15/18				–	3,615 [11]	6,326				869,9
Bryan J. Kennedy		–	640,000	1,280,000							
Melisa A. Miller	2/15/18							1,897[12]			456,5
Melisa A. Miller	2/15/18				–	3,797 [13]	5,696				913,7
Melisa A. Miller	2/15/18				–	3,797 [14]	6,645				913,7
Melisa A. Miller		–	640,000	1,280,000							
	2/15/18							1,833[15]			441,1

Bryan A. Pearson								
Bryan A. Pearson	2/15/18			–	3,667	(16)	5,501	882,4
Bryan A. Pearson	2/15/18			–	3,667	(17)	6,417	882,4
Bryan A. Pearson(18)		–	478,478	956,956				

(1) Awards shown in this column were granted pursuant to the 2015 Omnibus Incentive Plan. Actual payout amounts of these awards have already been determined and were paid in February 2019, and are included in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table above.

(2) Full grant date fair value of equity awards granted in 2018 is computed in accordance with ASC 718 and reflects the total amount of the award to be spread over the applicable vesting period. The amount recognized for financial reporting purposes under ASC 718 of the target awards granted is included in the Stock Awards and Option Awards columns of the Summary Compensation Table above.

(3) The award is for 5,912 shares of common stock represented by time-based restricted stock units. The restrictions lapsed on 1,950 units on 2/15/19 and will lapse on 1,951 units on 2/18/20 and on 2,011 units on 2/16/21.

(4) The award is for 11,824 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the EBT performance metric for 2018 at the time of vesting. On 2/15/19, 75.8% of the original award of 11,824 performance-based restricted stock units granted on 2/15/18, or 8,963 units, were earned and the restrictions on 2,957 units lapsed. The restrictions will lapse on 2,958 units on 2/18/20 and on 3,048 units on 2/16/21.

(5) The award is for 11,824 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(6) The award is for 1,542 shares of common stock represented by time-based restricted stock units. The restrictions lapsed on 508 units on 2/15/19 and will lapse on 509 units on 2/18/20 and on 525 units on 2/16/21.

(7) The award is for 3,085 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the EBT performance metric for 2018 at the time of vesting. On 2/15/19, 75.8% of the original award of 3,085 performance-based restricted stock units granted on 2/15/18, or 2,339 units, were earned and the restrictions on 772 units lapsed. The restrictions will lapse on 772 units on 2/18/20 and on 795 units on 2/16/21.

(8) The award is for 3,085 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(9) The award is for 1,806 shares of common stock represented by time-based restricted stock units. The restrictions lapsed on 595 units on 2/15/19 and will lapse on 596 units on 2/18/20 and on 615 units on 2/16/21.

(10) The award is for 3,615 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the EBT performance metric for 2018 at the time of vesting. On 2/15/19, 75.8% of the original award of 3,615 performance-based restricted stock units granted on 2/15/18, or 2,741 units, were earned and the restrictions on 904 units lapsed. The restrictions will lapse on 905 units on 2/18/20 and on 932 units on 2/16/21.

(11) The award is for 3,615 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(12) The award is for 1,897 shares of common stock represented by time-based restricted stock units. The restrictions lapsed on 626 units on 2/15/19 and will lapse on 626 units on 2/18/20 and on 645 units on 2/16/21.

(13) The award is for 3,797 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the EBT performance metric for 2018 at the time of vesting. On 2/15/19, 75.8% of the original award of 3,797 performance-based restricted stock units granted on 2/15/18, or 2,879 units, were earned and the restrictions on 950 units lapsed. The restrictions will lapse on 950 units on 2/18/20 and on 979 units on 2/16/21.

(14) The award is for 3,797 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(15) The award is for 1,833 shares of common stock represented by time-based restricted stock units. The restrictions lapsed on 604 units on 2/15/19 and will lapse on 605 units on 2/18/20 and on 624 units on 2/16/21.

(16) The award is for 3,667 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the EBT performance metric for 2018 at the time of vesting. On 2/15/19, 75.8% of the original award of 3,667 performance-based restricted stock units granted on 2/15/18, or 2,780 units, were earned and the restrictions on 918 units lapsed. The restrictions will lapse on 918 units on 2/18/20 and on 944 units on 2/16/21.

(17) The award is for 3,667 shares of common stock represented by performance-based restricted stock units, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(18) Amounts included for Mr. Pearson are shown in U.S. Dollars but were paid to Mr. Pearson in Canadian Dollars. We used an exchange rate of 0.7333 U.S. Dollars per Canadian Dollar, which was the prevailing exchange rate as of December 31, 2018, to convert the amounts paid to U.S. Dollars.

FISCAL YEAR 2018 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END:

The following table provides information on the holdings of restricted stock units by the NEOs. This table includes unvested restricted stock units. Each equity award is shown separately for each NEO, with the corresponding vesting schedule for each award in the footnotes following this table.

	Option Awards					Stock Awards			
Name	Number of Securities Underlying Unexercised Options - Exercisable (#)	Number of Securities Underlying Unexercised Options - Unexercisable (#)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date	Number Of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)[1]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[1]
Edward J. Heffernan						11,358 [2]	1,704,609		
Edward J. Heffernan						3,041 [3]	456,393		
Edward J. Heffernan						5,210 [4]	781,917		
Edward J. Heffernan						4,473 [5]	671,308		
Edward J. Heffernan								11,155 [6]	1,674,142
Edward J. Heffernan								11,824 [7]	1,774,546
Edward J. Heffernan								11,824 [8]	1,774,546
Charles L. Horn						3,096 [9]	464,648		
Charles L. Horn						868 [10]	130,269		
Charles L. Horn						1,488 [11]	223,319		
Charles L. Horn						1,276 [12]	191,502		
Charles L. Horn								3,186 [13]	478,155
Charles L. Horn								3,085 [14]	462,997

Charles L. Horn				3,085	(15)	462,997
Bryan J. Kennedy	3,698	(16)	554,996			
Bryan J. Kennedy	1,071	(17)	160,736			
Bryan J. Kennedy	1,800	(18)	270,144			
Bryan J. Kennedy	1,576	(19)	236,526			
Bryan J. Kennedy				3,855	(20)	578,558
Bryan J. Kennedy				3,615	(21)	542,539
Bryan J. Kennedy				3,615	(22)	542,539
Melisa A. Miller	3,819	(23)	573,156			
Melisa A. Miller	1,073	(24)	161,036			
Melisa A. Miller	1,839	(25)	275,997			
Melisa A. Miller	1,579	(26)	236,976			
Melisa A. Miller				3,938	(27)	591,015
Melisa A. Miller				3,797	(28)	569,854
Melisa A. Miller				3,797	(29)	569,854
Bryan A. Pearson	3,790	(30)	568,803			
Bryan A. Pearson	1,107	(31)	166,139			
Bryan A. Pearson	1,861	(32)	279,299			
Bryan A. Pearson	1,629	(33)	244,480			
Bryan A. Pearson				3,985	(34)	598,069
Bryan A. Pearson				3,667	(35)	550,343
Bryan A. Pearson				3,667	(36)	550,343

(1) Market values of the restricted stock unit awards shown in this table are based on the closing market price of our common stock as of December 31, 2018, which was $150.08, and assumes the satisfaction of the applicable vesting conditions.

(2) Stock units subject to time-based restrictions. The restrictions subsequently lapsed on 3,791 units on 2/15/19 and on 1,708 units on 2/19/19; the restrictions are scheduled to lapse on 3,848 units on 2/18/20 and on 2,011 units on 2/16/21.

(3) Stock units subject to additional time-based restrictions. On 2/19/19, based on having met an EBT performance metric for 2016, the additional

time-based restrictions subsequently lapsed on 3,041 units.

(4) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met an EBT performance metric for 2017, the additional time-based restrictions subsequently lapsed on 2,566 units; the additional time-based restrictions are scheduled to lapse on 2,644 units on 2/18/20.

(5) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met a core EPS performance metric for 2017, the additional time-based restrictions subsequently lapsed on 4,473 units.

(6) Stock units subject to performance-based restrictions. On 2/15/19, the 11,155 performance-based restricted stock units granted on 2/15/17 were forfeited due to failure to meet the rTSR performance metric for 2017-2018.

(7) Stock units subject to performance-based restrictions. On 2/15/19, based on the EBT performance metric for 2018, 75.8% of the original award of 11,824 performance-based restricted stock units granted on 2/15/18, or 8,963 units, were earned and the restrictions on 2,957 units lapsed. The restrictions will lapse on 2,958 units on 2/18/20 and on 3,048 units on 2/16/21.

(8) Stock units subject to performance-based restrictions, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(9) Stock units subject to time-based restrictions. The restrictions subsequently lapsed on 1,034 units on 2/15/19 and on 486 units on 2/19/19; the restrictions are scheduled to lapse on 1,051 units on 2/18/20 and on 525 units on 2/16/21.

(10) Stock units subject to additional time-based restrictions. On 2/19/19, based on having met an EBT performance metric for 2016, the additional time-based restrictions subsequently lapsed on 868 units.

(11) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met an EBT performance metric for 2017, the additional time-based restrictions subsequently lapsed on 733 units; the additional time-based restrictions are scheduled to lapse on 755 units on 2/18/20.

(12) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met a core EPS performance metric for 2017, the additional time-based restrictions subsequently lapsed on 1,276 units.

(13) Stock units subject to performance-based restrictions. On 2/15/19, the 3,186 performance-based restricted stock units granted on 2/15/17 were forfeited due to failure to meet the rTSR performance metric for 2017-2018.

(14) Stock units subject to performance-based restrictions. On 2/15/19, based on the EBT performance metric for 2018, 75.8% of the original award of 3,085 performance-based restricted stock units granted on 2/15/18, or 2,339 units, were earned and the restrictions on 772 units lapsed. The restrictions will lapse on 772 units on 2/18/20 and on 795 units on 2/16/21.

(15) Stock units subject to performance-based restrictions, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(16) Stock units subject to time-based restrictions. The restrictions subsequently lapsed on 1,231 units on 2/15/19 and on 601 units on 2/19/19; the restrictions are scheduled to lapse on 1,251 units on 2/18/20 and on 615 units on 2/16/21.

(17) Stock units subject to additional time-based restrictions. On 2/19/19, based on having met an EBT performance metric for 2016, the additional time-based restrictions subsequently lapsed on 1,071 units.

(18) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met an EBT performance metric for 2017, the additional time-based restrictions subsequently lapsed on 887 units; the additional time-based restrictions are scheduled to lapse on 913 units on 2/18/20.

(19) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met a core EPS performance metric for 2017, the additional time-based restrictions subsequently lapsed on 1,576 units.

(20) Stock units subject to performance-based restrictions. On 2/15/19, the 3,855 performance-based restricted stock units granted on 2/15/17 were forfeited due to failure to meet the rTSR performance metric for 2017-2018.

(21) Stock units subject to performance-based restrictions. On 2/15/19, based on the EBT performance metric for 2018, 75.8% of the original award of 3,615 performance-based restricted stock units granted on 2/15/18, or 2,741 units, were earned and the restrictions on 904 units lapsed. The restrictions will lapse on 905 units on 2/18/20 and on 932 units on 2/16/21.

(22) Stock units subject to performance-based restrictions, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse

on 100% of such shares on 2/18/20.

(23) Stock units subject to time-based restrictions. The restrictions subsequently lapsed on 1,276 units on 2/15/19 and on 602 units on 2/19/19; the restrictions are scheduled to lapse on 1,296 units on 2/18/20 and on 645 units on 2/16/21.

(24) Stock units subject to additional time-based restrictions. On 2/19/19, based on having met an EBT performance metric for 2016, the additional time-based restrictions subsequently lapsed on 1,073 units.

(25) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met an EBT performance metric for 2017, the additional time-based restrictions subsequently lapsed on 907 units; the additional time-based restrictions are scheduled to lapse on 932 units on 2/18/20.

(26) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met a core EPS performance metric for 2017, the additional time-based restrictions subsequently lapsed on 1,579 units.

(27) Stock units subject to performance-based restrictions. On 2/15/19, the 3,938 performance-based restricted stock units granted on 2/15/17 were forfeited due to failure to meet the rTSR performance metric for 2017-2018.

(28) Stock units subject to performance-based restrictions. On 2/15/19, based on the EBT performance metric for 2018, 75.8% of the original award of 3,797 performance-based restricted stock units granted on 2/15/18, or 2,879 units, were earned and the restrictions on 950 units lapsed. The restrictions will lapse on 950 units on 2/18/20 and on 979 units on 2/16/21.

(29) Stock units subject to performance-based restrictions, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

(30) Stock units subject to time-based restrictions. The restrictions subsequently lapsed on 1,261 units on 2/15/19 and on 622 units on 2/19/19; the restrictions are scheduled to lapse on 1,283 units on 2/18/20 and on 624 units on 2/16/21.

(31) Stock units subject to additional time-based restrictions. On 2/19/19, based on having met an EBT performance metric for 2016, the additional time-based restrictions subsequently lapsed on 1,107 units.

(32) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met an EBT performance metric for 2017, the additional

time-based restrictions subsequently lapsed on 917 units; the additional time-based restrictions are scheduled to lapse on 944 units on 2/18/20.

(33) Stock units subject to additional time-based restrictions. On 2/15/19, based on having met a core EPS performance metric for 2017, the additional time-based restrictions subsequently lapsed on 1,629 units.

(34) Stock units subject to performance-based restrictions. On 2/15/19, the 3,985 performance-based restricted stock units granted on 2/15/17 were forfeited due to failure to meet the rTSR performance metric for 2017-2018.

(35) Stock units subject to performance-based restrictions. On 2/15/19, based on the EBT performance metric for 2018, 75.8% of the original award of 3,667 performance-based restricted stock units granted on 2/15/18, or 2,780 units, were earned and the restrictions on 918 units lapsed. The restrictions will lapse on 918 units on 2/18/20 and on 944 units on 2/16/21.

(36) Stock units subject to performance-based restrictions, which could be adjusted up or down based on the rTSR performance metric for 2018-2019 at the time of vesting. Following any such adjustment, the restrictions will lapse on 100% of such shares on 2/18/20.

FISCAL YEAR 2018 OPTION EXERCISES AND STOCK VESTED:

The following table provides information on stock option exercises and restricted stock units vested during 2018:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
Edward J. Heffernan	–	–	19,976[1]	4,888,091
Charles L. Horn	–	–	5,716[2]	1,398,717
Bryan J. Kennedy	–	–	7,097[3]	1,736,807
Melisa A. Miller	–	–	7,019[4]	1,717,473
Bryan A. Pearson	–	–	7,376[5]	1,805,154

(1) Of the 19,976 shares acquired by Mr. Heffernan on vesting, 7,250 shares were withheld to pay withholding taxes.
(2) Of the 5,716 shares acquired by Mr. Horn on vesting, 1,959 shares were withheld to pay withholding taxes.
(3) Of the 7,097 shares acquired by Mr. Kennedy on vesting, 2,657 shares were withheld to pay withholding taxes.
(4) Of the 7,019 shares acquired by Ms. Miller on vesting, 3,008 shares were withheld to pay withholding taxes.
(5) Of the 7,376 shares acquired by Mr. Pearson on vesting, 3,952 shares were withheld to pay withholding taxes.

All values in this table reflect gross amounts before payment of any applicable withholding tax and broker commissions. For Stock Awards, the value realized on vesting is calculated by multiplying the number of shares vested by the average of the high and low prices of our common stock on the NYSE during the trading hours on the date of vesting.

FISCAL YEAR 2018 NONQUALIFIED DEFERRED COMPENSATION:

The table below provides information on the nonqualified deferred compensation of the NEOs in 2018, including contributions by each NEO and by the company and earnings on contributions credited during 2018:

Name	Executive Contributions in Last Fiscal Year ($)[1]	Registrant Contributions in Last Fiscal Year ($)[2]	Aggregate Earnings in Last Fiscal Year ($)[3]	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last Fiscal Year End ($)
Edward J. Heffernan	966,644	–	910,730	–	12,945,078
Charles L. Horn	–	–	49,778	–	692,072
Bryan J. Kennedy	399,004	–	166,662	–	2,413,630
Melisa A. Miller	354,363	–	229,716	–	3,235,308
Bryan A. Pearson[4]	–	17,441	(11,572)	–	441,908

(1) In 2018, the following amounts were deferred from salary: $437,000 by Mr. Heffernan and $127,925 by Mr. Kennedy. In 2018, the following amounts were deferred from non-equity incentive compensation earned in 2017: $529,644 by Mr. Heffernan, $271,078 by Mr. Kennedy and $354,363 by Ms. Miller.

(2) All amounts in this column were included in the All Other Compensation column of the Summary Compensation Table above.

(3) The amounts in this column include all interest accrued on contributions under the Executive Deferred Compensation Plan for U.S. executives. The above-market portion of such earnings, as defined by the SEC, is included in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column of the Summary Compensation Table above. For Mr. Pearson, the amount in this column reflects the deemed investment earnings (losses) credited pursuant to the terms of the Canadian Supplemental Executive Retirement Plan.

(4) Mr. Pearson is a Canadian executive. As a result, he is not eligible for Alliance Data's EDCP which is offered to U.S. executives. Canadian Supplemental Executive Retirement Plan amounts included for Mr. Pearson are shown in U.S. Dollars but were paid to Mr. Pearson in Canadian Dollars. We used an exchange rate of 0.7333 U.S. Dollars per Canadian Dollar, which was the prevailing exchange rate as of December 31, 2018, to convert the amounts paid to U.S. Dollars.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL:

The information below shows estimated payouts to our NEOs in the event of a termination of employment following a change in control, assuming such termination occurred as of December 31, 2018. In accordance with rules prescribed by the SEC, the amounts included with respect to equity awards have been calculated using the closing price of our common stock on December 31, 2018, which was $150.08. A change in control, however, did not occur on December 31, 2018 and our NEOs were not terminated on that date.

While the information below provides an estimate of the payments that may be made to NEOs, actual payments upon termination can only be determined at the time of such NEO's actual termination. The information below includes only those benefits, if any, that are enhanced or increased as a result of the event of termination and do not include benefits that the NEO is entitled to receive regardless of the termination, including (1) any base salary earned but not yet paid, (2) amounts contributed to or accrued and earned under broad-based employee benefit plans or deferred compensation plans and (3) basic continuation of medical, dental, life and disability benefits.

We have entered into a Change in Control Severance Protection Agreement with Mr. Heffernan. The estimated payouts to Mr. Heffernan in connection with a termination following a change in control are set forth in the table below. We do not have any employment or severance agreements with Messrs. Horn, Kennedy and Pearson or Ms. Miller, but pursuant to our long-term equity grant agreements, in the event of a change in control, if the compensation committee fails to exercise its discretion to accelerate the award or fails to provide for the award's assumption, substitution or other continuation, or in any event, if the executive is terminated within 12 months after a change in control, such awards would automatically vest, resulting in a payout of $2,301,927, $2,754,868, $2,824,356 and $2,840,114, respectively, to each of Messrs. Horn, Kennedy and Pearson and Ms. Miller assuming such event occurred on December 31, 2018. For additional details on Mr. Heffernan's change in control agreement and the impact a change in control would have on our outstanding equity, see "Compensation Discussion and Analysis—Other Plans and Agreements Governing Executive Compensation."

Edward J. Heffernan:

Payments and Benefits Upon Separation	Change in Control: Termination Without Cause or Termination by Executive Officer for Good Reason ($)
Severance Amount	7,906,250 (1)
Pro Rata Target Non-Equity Incentive Compensation for 2018	2,012,500 (2)
Benefits	31,010 (3)
Value of Accelerated Equity	8,408,082 (4)

(1) Represents the severance amount pursuant to the change in control agreement described above, and is equal to two and one half times the sum of Mr. Heffernan's current base salary and target non-equity incentive compensation.

(2) Represents Mr. Heffernan's target annual cash bonus prorated for the portion of the year worked, which in this case is the full year, pursuant to the change in control agreement.

(3) Represents equivalent medical, dental and hospitalization coverage and benefits pursuant to the change in control agreement described above, and is estimated at two times the sum of the cost of Mr. Heffernan's current equivalent benefits.

(4) Represents the value of Mr. Heffernan's accelerated restricted stock units as if exercised or sold on December 31, 2018, calculated using the closing price of our common stock on December 31, 2018 ($150.08).

All unvested shares of restricted stock or restricted stock units granted to such NEO will be forfeited upon termination of employment for any reason other than a qualifying termination in connection with a change in control event, as

described above. Notwithstanding the foregoing, the compensation committee may exercise its discretion to accelerate the vesting of any restricted stock units granted to the NEO upon that NEO's termination of employment for any reason other than for cause, subject to any restrictions in the 2015 Omnibus Incentive Plan under which such restricted stock units were granted.

EQUITY COMPENSATION PLAN INFORMATION – OUTSTANDING GRANTS AND SECURITIES AVAILABLE FOR FUTURE ISSUANCE:

As of December 31, 2018, as a result of grants made under all of our equity plans, there were outstanding 10,854 vested but unexercised options to purchase our common stock at a weighted average exercise price of $25.01, 317,441 unvested time-based restricted stock units, 423,242 unvested performance-based restricted stock units, and 56,229 unvested performance-based restricted stock units subject to a rTSR market condition. The following table provides information as of December 31, 2018 with respect to shares of our common stock that were issued under prior plans that have since expired and are still outstanding and shares of our common stock that may be issued under the 2015 Omnibus Incentive Plan or the 2015 Employee Stock Purchase Plan:

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column)	
Equity compensation plans approved by security holders	490,325	$ 25.01	5,118,540	(1)
Equity compensation plans not approved by security holders	None	N/A	None	
Total	490,325	$ 25.01	5,118,540	

(1) Includes 1,099,812 shares available for future issuance under 2015 Employee Stock Purchase Plan.

Following certain significant corporate events, unusual and non-recurring corporate events or following changes in applicable laws, regulations or accounting principles, the compensation committee has the authority, subject to certain restrictions set forth in the respective plan documents, under each of the 2015 Omnibus Incentive Plan, 2010 Omnibus Incentive Plan and the 2005 Long Term Incentive Plan to waive performance conditions relating to an award and to make adjustments to any award that the compensation committee feels is appropriate. Further, the compensation committee may reduce payout amounts under performance-based awards if, in the discretion of the compensation committee, such a reduction is appropriate. The compensation committee may not, however, increase the payout amount for any such performance-based award. In addition, these plans do not permit stock options to be “repriced” at a lower exercise price, or otherwise modified or amended in such a manner that would constitute a “repricing.”

DIRECTOR COMPENSATION:

The compensation committee annually reviews and approves the form and amount of board compensation for non-employee directors. Members of our board of directors who are also officers or associates of our company, currently only Mr. Heffernan, do not receive compensation for their services as directors. The compensation committee considers the comprehensive market data collected and analyzed by Meridian as a benchmark for competitive pay. Meridian utilized the same peer group as was used to evaluate executive compensation. In considering and determining director compensation, the compensation committee reviews each element of director compensation. All directors are reimbursed for reasonable out-of-pocket expenses incurred while serving on the board of directors and any committee of the board of directors. Non-employee director compensation typically includes an annual cash retainer, cash meeting fees and annual equity awards consisting of restricted stock units. The annual retainers and equity awards, if any, are paid at the beginning of the director's service year, and prior year meeting fees are paid at the end of the service year.

Annual Retainers and Meeting Fees. For the 2018-2019 service term of the board of directors, which began in June 2018 and ends in June 2019, non-employee directors receive an annual cash retainer of $75,000. The chair of the board receives an additional cash retainer of $150,000; the audit committee chair receives an additional cash retainer of $25,000, while each other audit committee member receives an additional cash retainer of $5,000; and each of the compensation committee chair and the nominating & corporate governance committee chair receives an additional cash retainer of $20,000. Non-employee directors also receive meeting fees on a per meeting basis as follows: $1,500 per board of directors meeting, $1,000 per committee meeting for non-chair committee members, and $1,500 per committee meeting for committee chairs. Each of these retainers and meeting fees are paid at the election of the director as either cash or partially or entirely in equity.

Annual Equity Award. For the 2018-2019 service term of the board of directors, which began in June 2018 and ends in June 2019, non-employee directors receive an annual equity award of $140,000. Time-based restrictions on the restricted stock units granted to non-employee directors will lapse on the earlier of (1) June 24, 2028 or (2) termination of the director's service on our board of directors, but in any case no earlier than June 24, 2019. In addition to our stock ownership guidelines for our directors and executive officers, we have also built stock ownership restrictions into the grants of equity made to the non-employee directors since 2008, with each grant of restricted stock units containing restrictions that lapse on the earlier of 10 years from the date of grant or termination of the director's service on our board of directors. For additional information on our stock ownership guidelines, see "Alignment with Stockholders" contained in Compensation Discussion and Analysis on page 21.

The following table provides information concerning the compensation of our non-employee directors for the fiscal year ended December 31, 2018. Mr. Cobb did not stand for election at our 2018 Annual Meeting of Stockholders in June 2018.

Name[1]	Fees Earned or Paid in Cash[2] ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Bruce K. Anderson[3]	18,750	233,097	–	–	–	–	251,847
Roger H. Ballou [4] [5]	127,000	153,755	–	–	5,424	–	286,179
Kelly J. Barlow [6]	100,000	153,755	–	–	–	–	253,755
D. Keith Cobb	22,230[7]	–	–	–	15,672	–	37,902

E. Linn Draper, Jr., Ph.D. (8)	–	277,697	–	–	2,848	–	280,545
Kenneth R. Jensen (9)	101,500	153,755	–	–	–	–	255,255
Robert A. Minicucci (10)	–	422,532	–	–	–	–	422,532
Timothy J. Theriault (11)	101,000	153,755	–	–	–	–	254,755
Laurie A. Tucker (12)	–	271,125	–	–	–	–	271,125

(1) Edward J. Heffernan is not included in this table because he was an executive officer of the company during 2018 and thus received no compensation for his service as a director. The compensation received by Mr. Heffernan as an executive officer of the company is shown in the Summary Compensation Table above.

(2) This column includes the following amounts deferred pursuant to the Non-Employee Director Deferred Compensation Plan: $56,750 by Mr. Ballou. For the 2017-2018 service term, Messrs. Anderson, Draper and Minicucci and Ms. Tucker each elected to receive 100% of their

meeting fees for meetings held during 2017 and 2018 in the form of equity in lieu of cash. Messrs. Draper and Minicucci and Ms. Tucker each elected to receive 100%, and Mr. Anderson elected to receive 75%, of their annual cash retainer and committee retainer in the form of equity in lieu of cash for the 2018-2019 service term.

(3) As of December 31, 2018, Mr. Anderson held 12,503 restricted stock units.

(4) As of December 31, 2018, Mr. Ballou held 10,208 restricted stock units.

(5) Mr. Ballou received an in-service distribution in 2018 under the Non-Employee Director Deferred Compensation Plan in the amount of $218,394.

(6) As of December 31, 2018, Mr. Barlow held 1,219 restricted stock units.

(7) This amount includes $1,230 in cash paid for dividend equivalent rights on restricted stock that vested in 2018.

(8) As of December 31, 2018, Dr. Draper held 16,146 restricted stock units.

(9) As of December 31, 2018, Mr. Jensen held 8,527 restricted stock units.

(10) As of December 31, 2018, Mr. Minicucci held 22,421 restricted stock units.

(11) As of December 31, 2018, Mr. Theriault held 1,666 restricted stock units.

(12) As of December 31, 2018, Ms. Tucker held 3,522 restricted stock units.

The amounts reported in the Stock Awards and Option Awards columns reflect the dollar amount, without any reduction for risk of forfeiture, of the estimate of the aggregate compensation cost to be recognized over the service period as of the grant date under ASC 718, which represents the closing market price of our common stock of $234.74 per share on the grant date of June 25, 2018 for awards granted to non-employee directors. Awards granted in 2018 and included in the Stock Awards column were granted pursuant to the 2015 Omnibus Incentive Plan.

Non-Employee Deferred Compensation Plan. We offer our non-employee directors the option to defer up to 50% of their cash compensation under our Non-Employee Director Deferred Compensation Plan. Any non-employee director is eligible to participate in the Non-Employee Director Deferred Compensation Plan. To be eligible to make contributions, a director must complete and file an enrollment form prior to the beginning of the calendar year in which the director performs the services for which the election is to be effective. Mr. Ballou elected to make such a deferral in 2018. Participants in the Non-Employee Director Deferred Compensation Plan are always 100% vested in their contributions and related earnings. The amounts reported in the Change in Pension Value and Nonqualified Deferred Compensation Earnings column are comprised entirely of above-market earnings on compensation deferred pursuant to the Non-Employee Director Deferred Compensation Plan, as described below. Above-market earnings represent the difference between market interest rates determined pursuant to SEC rules and the 7.75% annual interest rate credited by the company on contributions during 2018. This interest rate may be adjusted periodically by the committee of management that administers the Non-Employee Director Deferred Compensation Plan, which committee also administers the Executive Deferred Compensation Plan.

Indemnification Agreement. We have also entered into an indemnification agreement with each of our directors. These indemnification agreements contain substantially the same terms as described above with respect to our executive officers.

CEO PAY RATIO:

In determining compensation for executive officers and non-executive associates, we consider many relevant factors, including responsibility, skills, experience, and market data. Similar to our use of a compensation consultant for NEOs discussed on page 23, we conduct an extensive analysis of market pay based on the responsibilities and necessary skills for each position at the company. We seek to compensate all associates on a competitive basis and target mid-market compensation rates for all positions in all geographic locations.

Our CEO to median employee pay ratio is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K. As there has been no change to our employee population or our employee compensation arrangements that we believe would significantly impact the disclosure, we have calculated the ratio using the total compensation of the same median employee identified during 2017. We identified this median employee by

examining the annual total cash compensation for all individuals, excluding our CEO, who were employed by us on October 1, 2017. We believe the use of annual total cash compensation for all associates is a consistently applied compensation measure because we do not widely distribute annual equity incentive awards to associates. During 2017, only 7% of our approximately 20,000 associates received equity incentive awards. Our calculation of annual total cash compensation included base salary or earnings, bonus and commissions. We included all company associates (excluding the CEO), whether employed on a full-time, part-time, temporary or seasonal basis, and we annualized the compensation for those associates who were not employed for the full year of 2017. No exclusions or

exemptions were utilized. We applied a foreign currency to U.S. dollar exchange rate as of the last business day, December 29, 2017, to the compensation elements paid in any foreign currency.

The median employee identified using annual total cash compensation resulted in an associate with anomalous characteristics; specifically, such associate was a seasonal employee part of the year making the associate ineligible to participate in certain medical, retirement and incentive compensation programs in 2017. Consistent with the guidance provided in the SEC's Pay Ratio Disclosure adopting release, an associate within a 1% variance of the median, specifically the associate with the next lower annual total cash compensation was selected as the substitute for the original identified median employee.

After identifying the median employee based on total cash compensation, we calculated annual total compensation for such associate using the same methodology we use for our NEOs as set forth in the Summary Compensation Table of this proxy statement. The annual total compensation for fiscal year 2018 for our CEO was $9,978,474 and for our median employee was $62,680. The resulting ratio of the compensation for our CEO to the compensation for our median employee in 2018 is approximately 159:1.

SECURITY OWNERSHIP OF
CERTAIN BENEFICIAL OWNERS

The following table sets forth certain information regarding the beneficial ownership of our common stock as of April 8, 2019 (or such other date as set forth below): (1) by each director and nominee for director; (2) by each of our NEOs; (3) by all of our directors and executive officers as a group; and (4) by each person known by us to be the beneficial owner of more than 5% of our outstanding common stock. Except as otherwise indicated, the named beneficial owner has sole voting and investment power with respect to the shares held by such beneficial owner. The shares owned by our directors and NEOs are subject to the terms of the individual's customary brokerage account agreements.

Name of Beneficial Owner	Shares Beneficially Owned[1]	Percent of Shares Beneficially Owned[1]
Bruce K. Anderson	844,393	1.6%
Roger H. Ballou	1,876	*
Kelly J. Barlow[2]	–	*
E. Linn Draper, Jr., Ph.D[3]	26,990	*
Edward J. Heffernan	180,718	*
Charles L. Horn	3,550	*
Kenneth R. Jensen	62,144	*
Bryan J. Kennedy[4]	109,354	*
Melisa A. Miller	19,456	*
Robert A. Minicucci	102,723	*
Bryan A. Pearson[5]	88,938	*
Timothy J. Theriault	–	*
Laurie A. Tucker	–	*
Sharen J. Turney	–	*
All directors and executive officers as a group (16 individuals)[6]	1,462,897	2.8%
BlackRock, Inc.[7] 55 East 52nd Street New York, New York 10055	3,265,413	6.2%
FMR LLC[8] 245 Summer Street Boston, Massachusetts 02210	3,282,260	6.3%
ValueAct Capital Master Fund, L.P.[9] One Letterman Drive Building D, 4th Floor San Francisco, California 94129	5,207,646	9.9%
The Vanguard Group, Inc.[10] 100 Vanguard Blvd. Malvern, Pennsylvania 19355	5,049,876	9.6%

*Less than 1%

(1) Beneficial ownership is determined in accordance with the SEC's rules. In computing percentage ownership of each person, restricted stock units that may vest into shares of common stock within 60 days of April 8, 2019, are deemed to be beneficially owned. These shares, however, are not deemed outstanding for the purpose of computing the percentage ownership of each other person. The percentage of shares beneficially owned is based upon 52,382,392 shares of common stock outstanding as of April 8, 2019, which includes 1,306 shares of our common

stock that are treated as outstanding for purposes of calculating our shares outstanding but have not been issued to former Conversant, Inc. stockholders as of April 8, 2019.

(2) As a partner of ValueAct Capital, Mr. Barlow may be deemed to be the beneficial owner of the shares held by the ValueAct entities as described in footnote 9 below. Mr. Barlow disclaims beneficial ownership of these shares except to the extent of his pecuniary interest in each applicable ValueAct entity.

(3) Includes 16,146 restricted stock units, which are due to vest into shares of common stock within 60 days of April 8, 2019.

(4) Includes 600 shares held by Mr. Kennedy as trustee for the Norma Kay Kennedy Living Trust, for which he possesses voting and investment power.

(5) Includes 85,942 shares held by 2456779 Ontario Inc., an Ontario, Canada corporation, of which Mr. Pearson is the sole shareholder, and for which Mr. Pearson possesses voting and investment power.

(6) Includes 16,146 restricted stock units, which are due to vest into shares of common stock within 60 days of April 8, 2019, held by Dr. Draper; 600 shares held by Mr. Kennedy as trustee for the Norma Kay Kennedy Living Trust, for which he possesses voting and investment power; and 85,942 shares held by 2456779 Ontario Inc., an Ontario, Canada corporation, of which Mr. Pearson is the sole shareholder, and for which Mr. Pearson possesses voting and investment power. The 16 individuals are comprised of Mses. Miller, Santillan, Tucker and Turney, and Messrs. Anderson, Ballou, Barlow, Draper, Heffernan, Horn, Jensen, Kennedy, Minicucci, Motes, Pearson and Theriault.

(7) Based on a Schedule 13G/A filed with the SEC on February 4, 2019, BlackRock, Inc. beneficially owns 3,265,413 shares of common stock, over which it has sole voting power with respect to 2,842,457 of such shares and sole dispositive power with respect to all of such shares, through its subsidiaries, BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock (Singapore) Limited, BlackRock Advisors (UK) Limited, BlackRock Advisors, LLC, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Asset Management North Asia Limited, BlackRock Asset Management Schweiz AG, BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Fund Managers Ltd, BlackRock Institutional Trust Company, National Association, BlackRock International Limited, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (UK) Limited, Blackrock Investment Management, LLC, BlackRock Japan Co., Ltd. and BlackRock Life Limited.

(8) Based on a Schedule 13G filed with the SEC on February 13, 2019, each of FMR LLC and Abigail P. Johnson, its chairman and chief executive officer, beneficially owns 3,282,260 shares of common stock over which they have sole dispositive power with respect to all of such shares and over which FMR LLC has sole voting power with respect to 313,268 of such shares, in part through subsidiaries of FMR LLC, including FIAM LLC, Fidelity Institutional Asset Management Trust Company, Fidelity Management & Research Company, Fidelity Management & Research (Hong Kong) Limited, FMR Co., Inc. and Strategic Advisers LLC.

(9) ValueAct Capital Master Fund, L.P. may be deemed the direct beneficial owner of 5,207,646 shares of common stock, and such shares may be deemed to be indirectly beneficially owned by (i) VA Partners I, LLC as General Partner of ValueAct Capital Master Fund, L.P., (ii) ValueAct Capital Management, L.P. as the manager of ValueAct Capital Master Fund, L.P., (iii) ValueAct Capital Management, LLC as General Partner of ValueAct Capital Management, L.P., (iv) ValueAct Holdings, L.P. as the majority owner of the membership interests of VA Partners I, ULC, (v) ValueAct Holdings II, L.P. as the sole owner of the membership interests of ValueAct Capital Management, LLC and as the majority owner of the limited partnership interests of ValueAct Capital Management, L.P., and (vi) ValueAct Holdings GP, LLC as General Partner of ValueAct Holdings, L.P. and ValueAct Holdings II, L.P.

(10) Based on a Schedule 13G/A filed with the SEC on February 11, 2019, The Vanguard Group, Inc. beneficially owns 5,049,876 shares of common stock over which it has sole voting power with respect to 58,314 of such shares; sole dispositive power with respect to 4,977,880 of such shares; shared voting power with respect to 14,611 of such shares; and shared dispositive power with respect to 71,996 of such shares, in part through its subsidiaries Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd.

02 /
PROPOSAL TWO:
advisory vote on executive compensation

Pursuant to Section 14A(a)(1) of the Exchange Act, we are asking that our stockholders approve, on an advisory and non-binding basis, the compensation of our NEOs as disclosed in this proxy statement, including the Compensation Discussion and Analysis, compensation tables and narrative discussion related thereto. This advisory vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the relevant philosophy, policies and practices used in determining such compensation.

Our executive compensation program, assuming sustained above industry-average performance, is designed to reward executive officers at competitive levels. Our program, however, is also structured to significantly reduce rewards for performance below expectations. Payouts of certain components of both our non-equity incentive plan compensation and long-term equity incentive plan compensation are subject to meeting or exceeding performance-based metrics set for each fiscal year. We encourage stockholders to read the “Compensation Discussion and Analysis” in this proxy statement, which describes the details of our executive compensation program and the decisions made by the compensation committee relating to our NEO’s 2018 compensation.

Our fiscal year 2018 financial performance included a year-over-year increase of 1% in revenue, impacted by the adoption of ASC 606, a 22% increase in net income, an 11% increase in adjusted EBITDA and a 17% increase in core earnings per diluted share. In determining 2018 compensation for our NEOs, our compensation committee considered this performance, along with other factors, including each NEO’s contributions to the company. See Appendix A to this proxy statement for a discussion and reconciliation of non-GAAP financial measures, including adjusted EBITDA, and core earnings per diluted share.

For the reasons set forth directly above, we are asking our stockholders to approve the following resolution:

“RESOLVED, that the stockholders approve, on an advisory basis, the compensation paid to the company’s named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and the narrative discussion related thereto.”

This vote is advisory, and therefore not binding on the company, the board of directors or the compensation committee. However, both the board of directors and the compensation committee value the opinion of our stockholders and will consider the outcome of the vote when making future compensation decisions regarding NEOs.

√ The board of directors unanimously recommends that stockholders vote FOR the compensation paid to our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules and regulations of the SEC.

AUDIT COMMITTEE REPORT

The audit committee of the board of directors assists the board of directors in fulfilling its oversight responsibilities by reviewing: (1) the integrity of the company's financial statements; (2) the company's compliance with legal and regulatory requirements; (3) the independent accountant's qualifications and independence; and (4) the performance of the company's internal audit department. The audit committee appoints, compensates, and oversees the work of the independent accountant. The audit committee reviews with the independent accountant the plans and results of the audit engagement, approves and pre-approves professional services provided by the independent accountant, considers the range of audit and non audit fees, and reviews the adequacy of the company's financial reporting process. The audit committee met with the independent accountant without the presence of any of the other members of the board of directors or management and met with the full board of directors without the presence of the independent accountant to help ensure the independence of the independent accountant. The board of directors has adopted a written charter for the audit committee, posted at http://www.alliancedata.com.

The audit committee obtained from the independent accountant, Deloitte & Touche LLP, a formal written statement describing all relationships between the company and the independent accountant that might bear on the accountant's independence pursuant to the applicable requirements of the Public Company Accounting Oversight Board (United States), and has discussed with the independent accountant the independent accountant's independence. Based on the foregoing, the audit committee has satisfied itself that the non audit services provided by the independent accountant are compatible with maintaining the independent accountant's independence. The audit committee reviewed with the independent accountant the matters required to be discussed by Auditing Standard No. 1301 "Communications with Audit Committees." The lead audit partner having primary responsibility for the audit and the concurring audit partner will be rotated at least every five years. The audit committee also discussed with management, internal audit, and the independent accountant the quality and adequacy of the company's disclosure controls and procedures. In addition, the audit committee reviewed with internal audit the risk-based audit plan, responsibilities, budget, and staffing.

The audit committee reviewed and discussed with management, internal audit and the independent accountant the company's system of internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act of 2002. The audit committee discussed the classification of deficiencies under standards established by the Public Company Accounting Oversight Board (United States). Management determined and the independent accountant concluded that no identified deficiency, nor the aggregation of same, rose to the level of a material weakness based on the independent accountant's judgment.

The audit committee reviewed and discussed with management and the independent accountant the audited financial statements for the year ended December 31, 2018. Management has the responsibility for the preparation of the financial statements and the reporting process. The independent accountant has the responsibility for the examination of the financial statements and expressing an opinion on the conformity of the audited financial statements with accounting principles generally accepted in the United States. Based on the review and discussions with management and the independent accountant as described in this report, the audit committee recommended to the board of directors that the audited financial statements be included in the Annual Report on Form 10 K for the year ended December 31, 2018, as filed with the SEC.

This report has been furnished by the current members of the audit committee.

Roger H. Ballou, Chair
Kelly J. Barlow
Kenneth R. Jensen
Timothy J. Theriault

03 /
PROPOSAL THREE:
ratification of the
selection of the independent
registered public accounting firm

In accordance with its charter, the audit committee is directly responsible for the appointment, compensation (including the negotiation of audit fees), retention and oversight of the independent registered public accounting firm retained to audit the company's financial statements. The audit committee has appointed Deloitte & Touche LLP as the independent registered public accounting firm for Alliance Data in 2019. Deloitte & Touche LLP has served as our independent registered public accounting firm continuously since 1998.

Before reappointing Deloitte & Touche LLP as the company's independent registered public accounting firm for 2019, the audit committee carefully considered Deloitte & Touche LLP's qualifications. This included a review of Deloitte & Touche LLP's performance in prior years, its knowledge of the company and its operations as well as its reputation for integrity and competence in the fields of accounting and auditing. The audit committee's review also included matters required to be considered under rules of the SEC with respect to the independence of the independent registered public accounting firm, including the nature and extent of non-audit services. The audit committee pre-approved all audit and permissible non-audit services fees for 2017 and 2018. Non-audit services that have received pre-approval include tax preparation, tax consultation and advice and assistance with our securitization program. The audit committee has considered whether the provision of these services is compatible with maintaining the registered public accounting firm's independence and believes the payment of these fees would not prohibit Deloitte & Touche LLP from maintaining its independence. In accordance with SEC rules, the lead partner overseeing the company's engagement rotates every five years, and the audit committee and its chair are directly involved in Alliance Data's selection of the lead engagement partner.

The audit committee believes that, if handled properly, there are numerous benefits of a long-tenured independent registered public accounting firm relationship, including:

- higher audit quality due to Deloitte & Touche LLP's deep understanding of our business and accounting policies and practices;
- efficient fee structures due to Deloitte & Touche LLP's industry expertise and familiarity with us; and
- avoidance of significant costs and disruptions (including board and management time and distractions) that would be associated with retaining a new independent registered public accounting firm.

Nonetheless, the audit committee is also aware that a long-tenured independent registered public accounting firm may be believed by some to pose an independence risk. To address these concerns, there are robust safeguards for independence, including:

- a strong regulatory framework for independence, including limitations on non-audit services and mandatory audit partner rotation requirements for our independent registered public accounting firm;
- conducting regular private meetings separately with each of Deloitte & Touche LLP and our management at the end of each regularly scheduled audit committee meeting, as appropriate;

- oversight of Deloitte & Touche LLP that includes regular communication on and evaluation of the quality of the audit and independence of the independent registered public accounting firm;
- Deloitte & Touche LLP's own internal independence processes and compliance reviews;
- annual assessment of Deloitte & Touche LLP's qualifications, service quality, sufficiency of resources, quality of communications, independence, working relationship with our management, objectivity, and professional skepticism;
- interviewing and approving the selection of Deloitte & Touche LLP's new lead engagement partner with each rotation; and
- considering periodically whether to conduct a search or request for proposal process for a new independent registered public accounting firm.

During fiscal year 2018, Deloitte & Touche LLP served as our independent registered public accounting firm and also provided certain tax and other audit-related services. See "Fees and Services" below. A representative of Deloitte & Touche LLP is expected to be present at the 2019 annual meeting and will have an opportunity to make a statement if so desired and to answer appropriate questions from the stockholders.

In connection with the audit of the 2018 financial statements, we entered into an engagement letter with Deloitte & Touche LLP that set forth the terms by which Deloitte & Touche LLP performed audit services for us. That engagement letter is subject to a limitation on our right to assign or transfer a claim without the prior written consent of Deloitte & Touche LLP. The audit committee does not believe that such provision limits the ability of stockholders to seek redress from Deloitte & Touche LLP.

Stockholder ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm is not required by our bylaws or otherwise. However, the board of directors is submitting the selection of Deloitte & Touche LLP to the stockholders for ratification. If the stockholders do not ratify the selection, the audit committee will reconsider whether it is appropriate to select a different independent registered public accounting firm. In such event, the audit committee may retain Deloitte & Touche LLP, notwithstanding the fact that the stockholders did not ratify the selection, or may select another independent registered public accounting firm without re-submitting the matter to the stockholders. Even if the selection is ratified, the audit committee reserves the right in its discretion to select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the company and its stockholders.

FEES AND SERVICES:

The billed fees for services provided by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates, during 2017 and 2018 were as follows:

	2017	2018
Audit Fees [1]	$6,161,926	$6,697,753
Audit-Related Fees [2]	387,119	1,475,976
Tax Fees [3]	295,693	496,938
All Other Fees [4]	524,814	54,700
Total Fees	$7,369,552	$8,725,367

(1) Consists of fees for the audits of our financial statements for the years ended December 31, 2017 and 2018, reviews of our interim quarterly financial statements, and evaluation of our compliance with Section 404 of the Sarbanes-Oxley Act.

(2) Consists of fees for accounting consultations, credit card receivables master trust securitizations, review and support for securities issuances as well as due diligence services related to potential business acquisitions/dispositions.

(3) Consists of fees for tax consultation and advice and tax return preparation.

(4) Consists of all other non-audit related fees, including annual subscription licenses.

If a quorum is present and a majority of the shares represented, in person or by proxy, and entitled to vote are in favor of Proposal Three, the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019 will be ratified. Votes marked “For” Proposal Three will be counted in favor of ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019.

√ The board of directors unanimously recommends that stockholders vote FOR the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm of the company for 2019.

ADDITIONAL INFORMATION

Our board of directors is soliciting your proxy to vote at the 2019 annual meeting of stockholders to be held on June 4, 2019 at 9:00 a.m. (local time) and any adjournments or postponements of that meeting. The meeting will be held at our corporate headquarters, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024.

QUESTIONS AND ANSWERS ABOUT THE PROXY PROCESS:

Why did I receive a Notice of Internet Availability of Proxy Materials instead of a paper copy of the proxy materials?
Pursuant to SEC rules, we are providing access to our proxy materials over the Internet. As a result, we are mailing to many of our stockholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of our proxy materials. Your Notice of Internet Availability of Proxy Materials or proxy card contains instructions on how to access our proxy materials over the Internet, as well as instructions on how to request a paper copy of our proxy materials by mail.

We are providing those of our stockholders that have previously requested a paper copy of our proxy materials with paper copies of our proxy materials instead of a Notice of Internet Availability of Proxy Materials. Our proxy materials are also available on our company website at http://www.alliancedata.com.

What is the purpose of holding this meeting?
We are holding the 2019 annual meeting of stockholders to:
· elect nine directors,
· hold an advisory vote on executive compensation, and
· ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019.

The director nominees, eight of whom are currently serving as our directors, have been recommended by our nominating & corporate governance committee to serve on our board of directors; and our board of directors has nominated the nine nominees and recommends that our stockholders elect them as directors. The board of directors also recommends that our stockholders (1) approve, on an advisory basis, the compensation of our NEOs and (2) ratify the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019. If any other matters requiring a stockholder vote properly come before the meeting, those stockholders present at the meeting and the proxies who have been appointed by our stockholders will vote as they think appropriate.

How does the proxy process and stockholder voting operate?
The proxy process is the means by which corporate stockholders can exercise their rights to vote for the election of directors and other corporate proposals. The notice of meeting and this proxy statement provide notice of a scheduled stockholder meeting, describe the directors presented for election and include information about each of the proposals to be voted on at the annual meeting, as well as other information required to be disclosed to stockholders. Stockholders may vote by telephone or through the Internet, or by returning a proxy card, without having to attend the stockholder meeting in person.

By executing a proxy, you authorize Mr. Chesnut and Ms. Santillan, and each of them, to act as your proxies to vote your shares in the manner that you specify. The proxy voting mechanism is vitally important to us. In order for us to obtain the necessary stockholder approval for proposals, a “quorum” of stockholders (a majority of the issued and outstanding shares of common stock as of the record date entitled to vote) must be represented at the meeting in person or by proxy. Because few stockholders can spend the time or money to attend stockholder meetings in person, voting by proxy is necessary to obtain a quorum and complete the stockholder vote. It is important that you attend the meeting in person or grant a proxy to vote your shares to assure a quorum is present so corporate business can be transacted. If a quorum is not present, we must adjourn the meeting and solicit additional proxies, which is an

expensive and time-consuming process that is not in the best interest of our company or its stockholders.

Why did I receive these materials?

All of our stockholders as of the close of business on April 8, 2019, the record date, are entitled to vote at our 2019 annual meeting. We are required by law to distribute the Notice of Internet Availability of Proxy Materials or a full set of proxy materials to all of our stockholders as of the record date.

What does it mean if I receive more than one set of materials?
This means your ownership of shares is registered under different names. For example, you may own some shares directly as a "registered holder" and other shares through a broker in "street name," or you may own shares through more than one broker. In these situations, you may receive multiple sets of proxy materials. It is necessary for you either to (i) attend and vote in person (please note, however, that if a broker or other nominee holds your shares of record and you wish to vote at the meeting, you must obtain from each registered holder a proxy card issued in your name), (ii) vote your shares by telephone or through the Internet by following the instructions provided in each Notice of Internet Availability of Proxy Materials, or (iii) return each signed, dated and marked proxy card if you received a paper copy of the proxy card. If you vote by mail, make sure you return each proxy card in the return envelope that accompanied that proxy card.

If I own my shares through a broker, how is my vote recorded?
Brokers typically own shares of common stock for many stockholders who are referred to as "beneficial owners." In this situation, the "registered holder" on our stock register is the broker or its nominee. The beneficial owners do not appear in our stockholder register, and their ownership is often referred to as holding shares in "street name." Therefore, for shares held in street name, distributing the proxy materials and tabulating votes are both two-step processes. Brokers inform us how many of their clients are beneficial owners, and we provide the broker with the appropriate number and type of proxy materials. Each broker then forwards the appropriate proxy materials to its clients who are beneficial owners to obtain their votes. When you receive proxy materials from your broker, instructions will be included to submit your voting instructions to your broker. Shortly before the meeting, each broker totals the votes and submits a proxy reflecting the aggregate votes of the beneficial owners for whom it holds shares.

How do I vote?
You may attend the annual meeting and vote your shares in person. Please note, however, that if a broker or other nominee holds your shares of record and you wish to vote at the meeting, you must obtain from that registered holder a proxy card issued in your name.

You may also grant your proxy to vote by telephone or through the Internet by following the instructions included on the Notice of Internet Availability of Proxy Materials, or by returning a signed, dated and marked proxy card if you received a paper copy of the proxy card. To grant your proxy to vote by mail, sign and date each proxy card you receive, indicating your voting preference on each proposal, and return each proxy card in the prepaid envelope that accompanied that proxy card. If you return a signed and dated proxy card but you do not indicate your voting preference, your shares, except for those shares you own beneficially or in the ADS Stock Fund portion of the Alliance Data Systems 401(k) and Retirement Savings Plan, will be voted in favor of (1) the nine director nominees, (2) the approval, on an advisory basis, of the compensation of our NEOs and (3) the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019, all in accordance with the recommendation of our board of directors. If you are a registered holder or hold your shares in street name, votes submitted by Internet or telephone must be received by 11:59 p.m. eastern time on June 3, 2019. For shares you own in the ADS Stock Fund portion of the Alliance Data Systems 401(k) and Retirement Savings Plan, your proxy card or voting instructions must be received by May 31, 2019. All outstanding shares of common stock for which you have provided instructions that are received by the applicable deadline will be voted.

Does my vote matter?
Yes. Corporations are required to obtain stockholder approval for the election of directors and certain other important matters. Stockholder participation is not a mere formality. Each share of our common stock held on the record date is entitled to one vote, and every share voted has the same weight. It is also important that you vote to assure that a quorum is present so corporate business can be transacted.

What constitutes a quorum?
Unless a quorum is present at the annual meeting, no action may be taken at the meeting except the adjournment thereof until a later time. The presence at the annual meeting, in person or by proxy, of stockholders holding a

majority of our issued and outstanding shares of common stock as of the record date will constitute a quorum for the transaction of business at the 2019 annual meeting. Shares that are represented at the annual meeting but abstain from voting on any or all matters and “broker non-votes” (shares held by brokers or nominees for which they have no discretionary power to vote on a particular matter and have received no instructions from the beneficial owners or persons entitled to vote) will be counted as shares present and entitled to vote in determining whether a quorum is present at the annual meeting. If you own shares in the ADS Stock Fund portion of the Alliance Data Systems 401(k)

and Retirement Savings Plan, your shares will not be represented at the meeting for quorum purposes and the trustee cannot vote those shares if you do not provide a proxy with explicit directions to the trustee. The inspector of election appointed for the annual meeting will determine the number of shares of our common stock present at the meeting, determine the validity of proxies and ballots, determine whether a quorum is present, and count all votes and ballots.

What vote is required to approve each of the proposals being voted on?
Proposal One – Election of Directors: If a quorum is present, directors are elected by the affirmative vote of a majority of the votes cast, in person or by proxy. The number of shares voted "For" a director nominee must exceed the number of votes cast "Against" that nominee. Stockholders may not cumulate their votes with respect to the election of directors. For purposes of the election of directors, "broker non-votes" and "Abstentions" will not be counted as votes cast "For" or "Against" the proposal and thus will have no effect on the outcome of the election of directors.

Proposal Two – Advisory Vote on Executive Compensation: If a quorum is present and a majority of the shares represented, in person or by proxy, and entitled to vote are voted in favor of Proposal Two, the compensation of our NEOs will be approved on an advisory basis. Votes marked "For" Proposal Two will be counted in favor of approval, on an advisory basis, of the compensation of our NEOs. On Proposal Two "broker non-votes" will not be counted as shares entitled to vote for the proposal and thus will have no effect on the outcome of the approval, on an advisory basis, of the compensation of our NEOs. An "Abstention" with respect to Proposal Two will not be voted on that item, although it will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an "Abstention" will have the same effect as a vote "Against" Proposal Two.

Proposal Three – Ratification of the Selection of the Independent Registered Public Accounting Firm: If a quorum is present and a majority of the shares represented, in person or by proxy, and entitled to vote are in favor of Proposal Three, the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019 will be ratified. Votes marked "For" Proposal Three will be counted in favor of ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019. An "Abstention" with respect to Proposal Three will not be voted on that item, although it will be counted for purposes of determining the number of shares represented and entitled to vote. Accordingly, an "Abstention" will have the same effect as a vote "Against" Proposal Three. Except as otherwise directed and except for those proxies representing shares held in the ADS Stock Fund portion of the Alliance Data Systems 401(k) and Retirement Savings Plan for which no voting preference is indicated, proxies solicited by the board of directors will be voted to approve the selection by the audit committee of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019.

What is the effect of not voting?
The effect of not voting depends on how you own your shares. If you own shares as a registered holder, rather than through a broker, your unvoted shares will not be represented at the meeting and will not count toward the quorum requirement. Assuming a quorum is present, your unvoted shares will not affect whether a proposal is approved or rejected. If you own shares through a broker and do not vote, your broker may represent your shares at the meeting for purposes of obtaining a quorum. As described in the answer to the following question, if you do not provide your broker with voting instructions, your broker may or may not vote your shares, depending upon the proposal. If you own shares in the ADS Stock Fund portion of the Alliance Data Systems 401(k) and Retirement Savings Plan, your unvoted shares will not be represented at the meeting and will not count toward the quorum requirements, or affect whether a proposal is approved or rejected.

If I do not vote, will my broker vote for me?
If you own your shares through a broker and you do not vote, your broker may vote your shares in its discretion on some "routine matters." However, with respect to other proposals, your broker may not vote your shares for you. With respect to these proposals, the aggregate number of unvoted shares is reported as broker non-votes. Broker non-vote shares are counted toward the quorum requirement. Proposals One and Two set forth in this proxy statement are not considered to be routine matters and brokers will not be permitted to vote unvoted shares on these two proposals. Proposal Three is a routine matter on which brokers will be permitted to vote unvoted shares.

Is my vote confidential?

It is our policy that all stockholder meeting proxies, ballots and voting records that identify the particular vote of a stockholder are confidential. The vote of any stockholder will not be revealed to anyone other than an inspector of election or a non-employee tabulator of votes, except: (1) as necessary to meet applicable legal and stock exchange listing requirements; (2) to assert claims for or defend claims against us; (3) to allow the inspector of election to certify

the results of the stockholder vote; (4) in the event of a contested proxy solicitation; or (5) if a stockholder has requested that their vote be disclosed.

Can I revoke my proxy and change my vote?
You have the right to revoke your proxy at any time prior to the time your shares are voted. If you are a registered holder, your proxy can be revoked in several ways: (1) by timely delivery of a written revocation delivered to Joseph L. Motes III, Corporate Secretary, Alliance Data Systems Corporation, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024; (2) by submitting another valid proxy bearing a later date; or (3) by attending the meeting in person and giving the inspector of election notice that you intend to vote your shares in person. However, if your shares are held in street name by a broker, you must contact your broker in order to revoke your proxy.

Will any other business be transacted at the meeting? If so, how will my proxy be voted?
We do not know of any business to be transacted at the 2019 annual meeting other than the election of directors; the approval, on an advisory basis, of compensation of our NEOs; and the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019, each as described in this proxy statement. The period specified in our bylaws for submitting proposals to be considered at the meeting has passed and no proposals were properly submitted and not withdrawn. However, should any other matters properly come before the meeting, and any adjournments and postponements thereof, shares with respect to which voting authority has been granted to the proxies will be voted by the proxies in accordance with their judgment.

Who counts the votes?
If you are a registered holder, your vote, as provided by mail, telephone or through the Internet, will be returned or delivered directly to Computershare Investor Services for tabulation. As noted above, if you hold your shares through a broker or trustee, your broker or trustee returns one proxy to Computershare on behalf of its clients. Votes will be counted and certified by the inspector of election.

Will you use a soliciting firm to receive votes?
We use Computershare, our transfer agent and their agents, as well as brokers to distribute all the proxy materials to our stockholders. We will pay them a fee and reimburse any expenses they incur in making the distribution. Our directors, officers and associates may solicit proxies in person, by mail, telephone, facsimile transmission or electronically. No additional compensation will be paid to such directors, officers and associates for soliciting proxies. We will bear the entire cost of solicitation of proxies.

What is the deadline for submitting proposals, including director nominations, for our 2020 annual meeting?
Requirements for Stockholder Proposals to Be Considered for Inclusion in the Company's Proxy Materials: If any of our stockholders intends to present a proposal for consideration at the 2020 annual meeting, excluding the nomination of directors, and desires to have such proposal included in the proxy statement and form of proxy distributed by the board of directors with respect to such meeting, such proposal must be in writing and received by us not later than December 20, 2019. Proposals may be submitted by eligible stockholders and must comply with the relevant regulations of the SEC regarding stockholder proposals.

Requirements for Stockholder Proposals or Director Nominations to Be Brought Before the 2020 Annual Meeting: If any of our stockholders intends to present a proposal for consideration at the 2020 annual meeting without inclusion in the proxy statement and form of proxy, notice of such proposal must be in writing and received by our Corporate Secretary no sooner than November 20, 2019 and no later than December 20, 2019. If any of our stockholders intends to nominate a director for consideration at the 2020 annual meeting without inclusion in the proxy statement and form of proxy, notice of such nomination must be in writing and received by our Corporate Secretary no sooner than January 6, 2020 and no later than February 5, 2020. Our bylaws provide a proxy access right. Specifically, Section 3.5 of our bylaws permits a stockholder, or a group of up to 20 stockholders, owning continuously for at least 3 years shares of our company representing an aggregate of at least 3% of the voting power entitled to vote in the election of directors, to nominate and include in our proxy materials director nominees constituting up to 20% of our board,

provided that the stockholder(s) and the nominee(s) satisfy the requirements in our bylaws. Notice of proxy access director nominees must be received by our Corporate Secretary at the address below no sooner than November 20, 2019 and no later than December 20, 2019. Any such notice must comply with our bylaws. The foregoing time limits also apply in determining whether notice is timely for purposes of rules adopted by the SEC relating to the exercise of discretionary voting authority with respect to proxies.

A copy of our bylaws is available from our Corporate Secretary upon written request. Requests or proposals should be directed to Joseph L. Motes III, Corporate Secretary, Alliance Data Systems Corporation, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024.

How can I request a full set of proxy materials?
You may request, without charge, a full set of our proxy materials, including our annual report on Form 10-K for the year ended December 31, 2018, for one year following the annual meeting of stockholders. If a broker or other nominee holds your shares of record, you may request a full set of our proxy materials by following the instructions contained in the Notice of Internet Availability of Proxy Materials that you received. If you are a registered holder or if you own shares through the ADS Stock Fund portion of the Alliance Data Systems 401(k) and Retirement Savings Plan, you may request, without charge, a full set of our proxy materials by following the instructions contained in the Notice of Internet Availability of Proxy Materials that you received or by written request directed to Joseph L. Motes III, Corporate Secretary, Alliance Data Systems Corporation, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024.

What do I need to do if I want to attend the Annual Meeting?
To attend the annual meeting, stockholders must preregister no later than 5:00 p.m. CT on Tuesday, May 28, 2019. For additional information, please see “Preregistering for and Attending the Annual Meeting” below.

PREREGISTERING FOR AND ATTENDING THE ANNUAL MEETING:

Important Notice Regarding Admission to the 2019 Annual Meeting of Stockholders
Stockholders or their legal proxy holders who wish to attend the annual meeting must preregister. Requests for preregistration must be received by us no later than 5:00 p.m. CT on Tuesday, May 28, 2019. For complete instructions for preregistering, please read the information below.

Registration and Rules for Admission
Due to security considerations, only stockholders or their legal proxy holders that have preregistered may attend the annual meeting. We are not able to admit the guests of either stockholders or their legal proxy holders. We reserve the right to deny admission to any person carrying any item that may pose a threat to the physical safety of stockholders or other meeting participants. We also reserve the right to implement additional security procedures to ensure the safety of the meeting attendees. Stockholders holding shares in a joint account may both attend the meeting if they provide proof of joint ownership and both stockholders follow the admission requirements described below.

To preregister for the annual meeting, please send your request as follows:
- email, InvestorRelations@alliancedata.com;
- fax, (214) 494-3900; or
- mail, Alliance Data, Attn: Joseph L. Motes III, Corporate Secretary, 7500 Dallas Parkway, Suite 700, Plano, Texas 75024.

If you have questions about the admission process, you may call (214) 494-3048. Requests for preregistration must be received no later than 5:00 p.m. CT on Tuesday, May 28, 2019.

Your request must include your name, email address, mailing address, telephone number (in case we need to contact you regarding your request), and one of the following:
- If you are a registered holder, your request must include one of the following items: (i) a copy of your proxy card delivered as part of your proxy materials, (ii) a copy of your Computershare account statement indicating your ownership of our common stock as of the record date, or (iii) the Notice Regarding the Availability of Proxy Materials, if you received one.
- If you hold your shares in street name, your request must include one of the following items: (i) a copy of the voting instruction form provided by your broker or other holder of record as part of your proxy materials, (ii) a copy of a recent bank or brokerage account statement indicating your ownership of our common stock as of the record date, or

(iii) the Notice Regarding the Availability of Proxy Materials, if you received one.

If you are not a stockholder, but are attending as proxy for a stockholder, your request must include a valid legal proxy. If you plan to attend as proxy for a registered holder, you must present a valid legal proxy from the registered holder to you. If you plan to attend as proxy for a street name stockholder, you must present a valid legal proxy from the registered holder (i.e., the bank, broker, or other registered holder) to the street

name stockholder that is assignable and a valid legal proxy from the street name stockholder to you. Stockholders may appoint only one proxy holder to attend on their behalf.

On the day of the Annual Meeting, please be prepared to present a form of government-issued photo identification, at the meeting registration desk. The registration desk will open at 8:00 a.m. local time on June 4, 2019.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE:

Section 16(a) of the Exchange Act requires our directors and executive officers, and persons who beneficially own more than 10% of our common stock, to file reports of ownership and changes in ownership of our common stock with the SEC. Our directors, executive officers, and greater than 10% beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies furnished to us and representations from our directors and executive officers, we believe that all Section 16(a) filing requirements for the year ended December 31, 2018 applicable to our directors, executive officers and greater than 10% beneficial owners were satisfied. Based on written representations from our directors and executive officers, we believe that no Forms 5 for directors, executive officers and greater than 10% beneficial owners were required to be filed with the SEC that have not been filed for the year ended December 31, 2018.

INCORPORATION BY REFERENCE:

With respect to any filings with the SEC into which this proxy statement is incorporated by reference, the material under the headings “Compensation Committee Report” and “Audit Committee Report” shall not be incorporated into such filings nor shall it be deemed “filed.”

HOUSEHOLDING OF ANNUAL MEETING MATERIALS:

If you and other residents at your mailing address own shares of common stock in “street name,” your broker or bank may have sent you a notice that your household will receive only one Notice of Internet Availability of Proxy Materials or annual report and proxy statement for each company in which you hold stock through that broker or bank. This practice, known as “householding,” is designed to reduce our printing and postage costs. If you did not respond that you did not want to participate in householding, the broker or bank will assume that you have consented and will send one copy of either our Notice of Internet Availability of Proxy Materials or of our annual report and proxy statement to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm, and your account number to Householding Department, 51 Mercedes Way, Edgewood, New York 11717. The revocation of your consent to householding will be effective 30 days following its receipt.

IN ANY EVENT, IF YOU DID NOT RECEIVE AN INDIVIDUAL COPY OF THIS PROXY STATEMENT OR OUR ANNUAL REPORT, WE WILL PROMPTLY SEND A COPY UPON WRITTEN OR ORAL REQUEST, WITHOUT CHARGE. REQUESTS SHOULD BE DIRECTED TO JOSEPH L. MOTES III, CORPORATE SECRETARY, ALLIANCE DATA SYSTEMS CORPORATION, 7500 DALLAS PARKWAY, SUITE 700, PLANO, TEXAS 75024 OR (214) 494-3000.

OTHER MATTERS

The board of directors knows of no matters that are likely to be presented for action at the 2019 annual meeting other than the election of directors; the advisory vote on executive compensation; and the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for 2019, each as previously described. If any other matter properly comes before the 2019 annual meeting for action, it is intended that the persons named in the accompanying proxy and acting hereunder will vote or refrain from voting in accordance with their best judgment pursuant to the discretionary authority conferred by the proxy.

By order of the Board of Directors,

/s/ Robert A. Minicucci

April 18, 2019 Robert A. Minicucci
Plano, Texas Chair of the Board

APPENDIX A

RECONCILIATION OF NON-GAAP INFORMATION:

In addition to financial measures presented in accordance with generally accepted accounting principles, or GAAP, we present financial measures that are non-GAAP measures, such as adjusted EBITDA, adjusted EBITDA, net, core earnings and core earnings per diluted share. We believe that these non-GAAP financial measures, viewed in addition to and not in lieu of our reported GAAP results, provide useful information regarding our performance and overall results of operations.

These metrics are an integral part of our internal reporting to measure the performance of reportable segments and the overall effectiveness of senior management. Reconciliations to comparable GAAP financial measures are available in the table below. The financial measures presented are consistent with our historical financial reporting practices. Core earnings and core earnings per diluted share represent performance measures and are not intended to represent liquidity measures. The non-GAAP financial measures presented herein may not be comparable to similarly titled measures presented by other companies, and are not identical to corresponding measures used in other various agreements or public filings.

ALLIANCE DATA SYSTEMS CORPORATION
(In millions, except per share amounts)
(Unaudited)

Adjusted EBITDA and Adjusted EBITDA, net:	Year Ended December 31, 2018
Net income	$963.1
Stock compensation expense	80.8
Provision for income taxes	260.6
Interest expense, net	670.6
Depreciation and other amortization	196.1
Amortization of purchased intangibles	291.2
Strategic transaction costs [1]	3.3
Adjusted EBITDA	$2,465.7
Less: Securitization funding costs	220.2
Less: Interest expense on deposits	165.7
Adjusted EBITDA, net	$2,079.8
Core Earnings:	
Net income	$963.1
Add back non-cash/non-operating items:	
Stock compensation expense	80.8
Amortization of purchased intangibles	291.2
Non-cash interest expense [2]	47.3
Strategic transaction costs [1]	3.3
Income tax effect [3]	(134.6)
Core earnings	$1,251.1
Weighted average shares outstanding – diluted	55.1
Core earnings per share – diluted	$22.72

(1) Represents expenditures directly associated with the exploration of strategic alternatives related to Epsilon.
(2) Represents amortization of debt issuance costs.
(3) Represents the tax effect for the related non-GAAP measure adjustments using the effective tax rate.