



Loyalty Ventures Inc. Spinoff

Alliance Data Systems Corporation Stockholder Frequently Asked Questions

On October 13, 2021, we announced that the Alliance Data Systems Corporation (“Alliance Data”) Board of Directors had approved the spinoff of Alliance Data’s LoyaltyOne segment into an independent, publicly traded company, Loyalty Ventures Inc. (“Loyalty Ventures”). For reference, below are “Frequently Asked Questions” that holders of Alliance Data common stock may have related to the spinoff, which is expected to be completed after the market closes on November 5, 2021. Please refer to our publicly available filings with the SEC for more information regarding the spinoff, including the Information Statement attached as Exhibit 99.1 to Loyalty Ventures’ Registration Statement on Form 10, which can be accessed [here](#).

Q: Why is Alliance Data separating the LoyaltyOne segment from its other business?

A: The Alliance Data Board of Directors believes separating Alliance Data’s LoyaltyOne segment from its other business will provide both Alliance Data and Loyalty Ventures with potential opportunities and benefits, including, among others:

1. Enabling the management team of each company to focus on its own strategic priorities with financial targets that best fit its own business, opportunities, market development and geographical focus;
2. Each company can allocate resources and deploy capital in a manner consistent with its own priorities; and
3. Investors, both current and prospective, can value the two companies based on their distinct business characteristics and make more targeted investment decisions based on those characteristics.

Q: How will Alliance Data accomplish the separation of Loyalty Ventures?

A: The separation involves a restructuring (i.e., the transfer of the assets and liabilities related to the LoyaltyOne business to Loyalty Ventures) and a distribution (i.e., Alliance Data’s distribution to its stockholders of 81% of the outstanding shares of Loyalty Ventures’ common stock). Upon completion of this restructuring and distribution, Loyalty Ventures will be a publicly traded company independent from Alliance Data, and Alliance Data will retain an initial 19% ownership interest in Loyalty Ventures, to be monetized at a later time.

Q: As an Alliance Data stockholder, what will I receive in the distribution?

A: At the effective time of the distribution, you will be entitled to receive one share of Loyalty Ventures common stock for every 2.5 shares of Alliance Data common stock held by you on the record date.

Q: What do I have to do to participate in the separation?

A: Nothing. You will not be required to pay any cash or deliver any other consideration in order to receive the shares of Loyalty Ventures common stock you are entitled to receive when the separation is complete. In addition, no stockholder approval will be required for, and you will not be asked to provide a proxy for any of your shares of Alliance Data common stock in connection with, the separation. You should not send us a proxy.

Q: How does my ownership in ADS change as a result of the spinoff?

A: Your ownership of Alliance Data stock will not be affected by the spinoff.

Q: What is the record date for the distribution of Loyalty Ventures shares to holders of Alliance Data common stock?

A: The record date for the distribution is October 27, 2021, and ownership will be determined at the close of business on that date.

Q: When will the distribution occur?

A: The distribution is expected to occur after the market closes on November 5, 2021.

Q: As a holder of shares of Alliance Data common stock as of the record date for the distribution, how will the shares of Loyalty Ventures be distributed to me?

A: At the effective time, our transfer and distribution agents will make book-entry credits for the shares of Loyalty Ventures common stock that you are entitled to receive. Since shares of Loyalty Ventures common stock will be in uncertificated book-entry form, you will receive share ownership statements in place of physical share certificates.

Q: What if I hold my shares through a broker, bank or other nominee?

A: Alliance Data stockholders who hold their shares through a broker, bank or other nominee will have their brokerage account credited with Loyalty Ventures common stock. For additional information, those stockholders should contact their broker or bank directly.

Q: How will fractional shares be treated in the distribution?

A: You will not receive fractional shares of Loyalty Ventures common stock in the distribution. The distribution agent will aggregate and sell (on the open market) the fractional shares of Loyalty Ventures common stock that would otherwise be issued in the distribution. If you would otherwise be entitled to receive a fractional share of Loyalty Ventures common stock in connection with the distribution, you will instead receive the net cash proceeds of the sale attributable to that fractional share.

Q: How will Alliance Data common stock and Loyalty Ventures common stock trade after the separation?

A: There is currently no public market for Loyalty Ventures' common stock. We expect that Loyalty Ventures' shares of common stock will be listed on Nasdaq under the ticker symbol "LYLT." Alliance Data common stock will continue to trade on the New York Stock Exchange under the ticker symbol "ADS."

Q: How will Alliance Data common stock and Loyalty Ventures common stock trade on and prior to the distribution date?

A. Alliance Data expects that a "when-issued" public trading market for Loyalty Ventures' common stock will begin on or around October 26, 2021 under the symbol "LYLTV", and will continue through the distribution date. Alliance Data also anticipates that "regular-way" trading of Loyalty Ventures' common stock will begin on November 8, 2021, the first trading day following the distribution date.

Beginning on or around October 26, 2021, and through the distribution date, it is expected that there will be two ways to trade Alliance Data common stock – either with or without the distribution of Loyalty Ventures common stock. Alliance Data stockholders who sell their shares of Alliance Data common stock in the "regular-way" market (that is, the normal trading market under the symbol "ADS") after the record date and on or prior to the distribution date, will be selling their right to receive shares of Loyalty Ventures common stock in connection with the spinoff. Alternatively, Alliance Data stockholders who sell their shares of Alliance Data common stock in the "ex-distribution" market during the same period under the symbol "ADS WI" will not be selling their right to receive shares of Loyalty Ventures common stock in connection with the spinoff. Investors are encouraged to consult with their financial advisors regarding the specific implications of buying or selling shares of Alliance Data common stock on or before the distribution date.

Q: Will the spinoff affect the trading price of my Alliance Data stock?

A: Yes. The trading price of shares of Alliance Data common stock immediately following the distribution is expected to be lower than immediately before the distribution because the trading price will no longer reflect the value of the business being spun off into Loyalty Ventures. We cannot provide you with any assurance regarding the price at which Alliance Data shares will trade following the spinoff.

Q: Are there conditions to the closing of the spinoff?

A: Yes. The completion of the distribution is subject to customary conditions, including the SEC having declared effective Loyalty Ventures' Registration Statement on Form 10, as amended, which Loyalty Ventures has filed with the SEC and is available at the SEC's website at <http://www.sec.gov>, and Alliance Data's receipt of an opinion from its tax advisor confirming that the distribution qualifies as tax-free for U.S. federal income tax purposes for Alliance Data and its stockholders (except to the extent of cash received in lieu of fractional shares). Alliance Data has received a private letter ruling from the Internal Revenue Service to this effect. The Alliance Data Board reserves the right in its discretion to delay the distribution, change any of the terms relating to the distribution, or abandon the distribution.

Q: Who is the transfer agent for Loyalty Ventures common stock?

A: Computershare will be the transfer agent for Loyalty Ventures common stock. Computershare's mailing address is C/O: Shareholder Services, P.O. Box 505000, Louisville, Kentucky 40233-5000 and Computershare's phone number for stockholders in the U.S., Canada or Puerto Rico is toll-free: 1-800-446-2617. For stockholders from outside the U.S., Canada and Puerto Rico the phone number is +1 (781) 575-3100.

Q: Who is the distribution agent for the distribution?

A: Computershare Trust Company, N.A.

Q: Who can I contact for more information?

A: If you have questions relating to the mechanics of the distribution of Loyalty Ventures shares, you should contact the distribution agent:

Computershare Inc.
Computershare Trust Company
150 Royall Street
Canton, Massachusetts 02021
Toll-Free: 1-877-373-6374
International: 1-781-575-2879