ALLIANCE DATA SYSTEMS CORP
Form DEFM14A
July 05, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

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

ALLIANCE DATA SYSTEMS CORPORATION

(Name of Registrant as Specified In Its Charter)

N/A

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

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o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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ALLIANCE DATA SYSTEMS CORPORATION
17655 Waterview Parkway
Dallas, Texas 75252
972-348-5100

July 5, 2007

To Our Stockholders:

We cordially invite you to attend the special meeting of stockholders of Alliance Data Systems Corporation, a Delaware corporation (the Company), at our corporate headquarters, 17655 Waterview Parkway, Dallas, Texas 75252 on August 8, 2007 at 10:00 a.m. (local time).

At the special meeting, we will ask you to consider and vote upon a proposal to adopt the Agreement and Plan of Merger (the Merger Agreement), dated as of May 17, 2007, among the Company, Aladdin Holdco, Inc., a Delaware corporation (Parent), and Aladdin Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent (Merger Sub). Under the terms of the Merger Agreement, Merger Sub will be merged with and into the Company, with the Company continuing as the surviving corporation (the Merger). Parent and Merger Sub were formed by private equity funds sponsored by The Blackstone Group solely for the purpose of entering into the Merger Agreement and consummating the Merger and other transactions contemplated thereby. If the Company s stockholders adopt the Merger Agreement and the Merger is completed, you will be entitled to receive $81.75 in cash, without interest and less any applicable withholding taxes, for each share of Company common stock you own at the time of the Merger (unless you are entitled to and have properly exercised your appraisal rights under Delaware law with respect to the Merger).

After careful consideration, the Company s board of directors by unanimous vote has determined that the Merger Agreement is advisable and in the best interests of the Company and its stockholders. **Accordingly, the Company s board of directors unanimously recommends that you vote FOR the adoption of the Merger Agreement.** The board s recommendation is based, in part, upon the unanimous recommendation of a special committee of the board of directors consisting of seven independent and disinterested directors. The board of directors established the special committee for the purpose of determining which, if any, strategic alternatives the Company should pursue and, in the event that a strategic alternative was to be pursued, to, among other things, determine whether such strategic alternative is fair to and in the best interests of the Company and its stockholders and make an appropriate recommendation to the board.

The accompanying proxy statement provides you with detailed information about the special meeting, the background of and reasons for the proposed Merger, the terms of the Merger Agreement and other important information. Please give this material your careful attention.

Your vote is very important regardless of the number of shares you own. The Merger cannot be completed unless holders of a majority of the outstanding shares entitled to vote at the special meeting of stockholders vote for the adoption of the Merger Agreement. We would like you to attend the special meeting. However, whether or not you plan to attend the special meeting, it is important that your shares be represented. Accordingly, please submit your proxy at your earliest convenience by following the instructions on your proxy card as soon as possible.

If you hold shares through a broker or other nominee, you should follow the procedures provided by your broker or nominee. If you do not vote or instruct your broker or nominee how to vote, it will have the same effect as a vote AGAINST the adoption of the Merger Agreement. If you complete, sign and submit your proxy card without

indicating how you wish to vote, your proxy will be counted as a vote in favor of adoption of the Merger Agreement and approval of any adjournment of the special meeting. Remember, failing to vote has the same effect as a vote AGAINST the adoption of the Merger Agreement.

If you have questions or need assistance voting your shares, please call Innisfree M&A Incorporated, our proxy solicitation agent, toll free at (888) 750-5834.

Thank you for your continued support and we look forward to seeing you on August 8, 2007.

Sincerely,

J. Michael Parks
Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved of the Merger, passed upon the merits or fairness of the Merger or passed upon the adequacy or accuracy of the disclosure in the enclosed documents. Any representation to the contrary is a criminal offense.

The proxy statement is dated July 5, 2007, and is first being mailed to stockholders on or about July 9, 2007.

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ALLIANCE DATA SYSTEMS CORPORATION
17655 Waterview Parkway
Dallas, Texas 75252
972-348-5100

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD ON AUGUST 8, 2007

July 5, 2007

To the Stockholders of Alliance Data Systems Corporation:

A special meeting of the stockholders of Alliance Data Systems Corporation, a Delaware corporation (the Company), will be held at our corporate headquarters, 17655 Waterview Parkway, Dallas, Texas 75252 on August 8, 2007 at 10:00 a.m. (local time), for the following purposes:

(1) to consider and vote upon a proposal to adopt the Agreement and Plan of Merger (the Merger Agreement), dated as of May 17, 2007, among the Company, Aladdin Holdco, Inc., a Delaware corporation (Parent), and Aladdin Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent (Merger Sub), as it may be amended from time to time; and

(2) if necessary or appropriate, to consider and vote upon a proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the Merger Agreement.

In accordance with the Company s bylaws, the board of directors has fixed 5:00 p.m. Central Daylight Time on July 2, 2007 as the record date for the purposes of determining stockholders entitled to notice of and to vote at the special meeting and at any adjournment thereof. A list of the Company s stockholders will be available at our principal executive offices at 17655 Waterview Parkway, Dallas, Texas 75252, during ordinary business hours for at least ten days prior to the special meeting and at the special meeting. All stockholders of record are cordially invited to attend the special meeting in person.

The adoption of the Merger Agreement requires the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding shares of the Company s common stock. **Whether or not you plan to attend the special meeting, we urge you to vote your shares as promptly as possible prior to the special meeting to ensure that your shares will be represented at the special meeting if you are unable to attend. Accordingly, please submit your proxy at your earliest convenience in one of the following ways:**

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

using the Internet website shown on your proxy card; or

completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope.

If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be voted in favor of the adoption of the Merger Agreement. If you fail to return a valid proxy card and do not vote in person at the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the special meeting and, if a quorum is present, it will have the same effect as a vote AGAINST the adoption of the Merger Agreement. Any stockholder attending the special meeting may vote in person, even if he or

she has returned a proxy card; such vote by ballot will revoke any proxy previously submitted. However, if you hold your shares through a bank or broker or other custodian, you must provide a legal proxy issued from such custodian in order to vote your shares in person at the special meeting.

If you plan to attend the special meeting, please note that space limitations make it necessary to limit attendance to stockholders. Each stockholder may be asked to present valid picture identification, such as a driver s license or passport. Stockholders holding stock in brokerage accounts (street name holders) will need to bring a copy of a brokerage statement reflecting stock ownership as of the record date. Cameras (including cellular telephones with photographic capabilities), recording devices and other electronic devices will not be permitted at the special meeting. The special meeting will begin promptly at 10:00 a.m. (local time).

Stockholders who do not vote in favor of the adoption of the Merger Agreement will have the right to seek appraisal of the fair value of their shares if the Merger is completed, but only if they submit a written objection to the Merger to the Company before the vote is taken on the Merger Agreement and they comply with all applicable requirements of Delaware law, which are summarized in the accompanying proxy statement. We urge you to read the entire proxy statement carefully.

PLEASE DO NOT SEND YOUR STOCK CERTIFICATES AT THIS TIME. IF THE MERGER IS COMPLETED, YOU WILL BE SENT INSTRUCTIONS REGARDING THE SURRENDER OF YOUR STOCK CERTIFICATES.

By Order of the Board of Directors

Alan M. Utay
Corporate Secretary
Dallas, Texas

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In this proxy statement, the terms Company, Alliance Data, we, our, ours, and us refer to Alliance Data Syste Corporation, unless the context otherwise requires.

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SUMMARY

This summary highlights selected information from the proxy statement and may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement and its annexes. The Agreement and Plan of Merger, dated as of May 17, 2007 (the Merger Agreement), among Alliance Data Systems Corporation (Alliance Data or the Company), Aladdin Holdco, Inc., a Delaware corporation (Parent), and Aladdin Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent (Merger Sub), is attached as Annex A to this proxy statement. We encourage you to read the Merger Agreement because it is the legal document that governs the parties agreement pursuant to which Merger Sub will be merged with and into the Company (the Merger). Each item in this summary includes a page reference directing you to a more complete description of that item.

The Parties to the Merger

(See The Parties to the Merger beginning on page 22)

The Company is a leading provider of marketing, loyalty and transaction services, managing over 120 million consumer relationships for some of North America s most recognizable companies. Using transaction-rich data, the Company creates and manages customized solutions that change consumer behavior and enable its clients to create and enhance customer loyalty to build stronger, mutually beneficial relationships with their customers. Parent and Merger Sub were formed solely for the purpose of effecting the Merger and the transactions contemplated by the Merger Agreement, and neither Parent nor Merger Sub has engaged in any business except in furtherance of these purposes. Parent is owned by an affiliate of The Blackstone Group, and Merger Sub is a wholly owned subsidiary of Parent. The Blackstone Group, a global investment and advisory fund, has been a leader in the field of private equity investing since 1987, managing over $32.4 billion through its Blackstone Capital Partners I, II, III, IV, and V and Blackstone Communications Partners funds.

The Merger

(See The Merger Effects of the Merger beginning on page 57 and The Merger Agreement The Merger beginning on page 73)

If the Merger Agreement is adopted by our stockholders and the other conditions to closing are satisfied, Merger Sub will merge with and into the Company. When the Merger becomes effective (the Effective Time), the separate corporate existence of Merger Sub will cease, and the Company will continue as the surviving corporation with the name Alliance Data Systems Corporation. The surviving corporation will be a wholly owned subsidiary of Parent, owned indirectly by affiliates of The Blackstone Group and its co-investors (if any). Following completion of the Merger, the Company s common stock will be delisted from the New York Stock Exchange (the NYSE) and will no longer be publicly traded. The surviving corporation will be a privately held corporation, and you will cease to have any ownership interest in the surviving corporation or any rights as a stockholder therein.

Merger Consideration

(See The Merger Effects of the Merger Effect on Common Stock

At the Effective Time, each outstanding share of Company common stock (other than shares held by (a) stockholders who do not vote in favor of the adoption of the Merger Agreement and who are entitled to and properly demand appraisal rights in accordance with Delaware law (if

and Other Equity-Based Awards beginning on page 58 and The Merger Agreement Consideration to be Received in the Merger beginning on page 73)	any), (b) Parent or Merger Sub or held in the Company s treasury, which will be cancelled and extinguished immediately prior to the Effective Time and (c) any Company subsidiary or subsidiary of Parent (other than Merger Sub), which will be converted into shares of the surviving corporation) will be

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converted into the right to receive $81.75 in cash, without interest and less any applicable withholding taxes (the Merger Consideration).

Treatment of Options and Restricted Shares

(See The Merger Effects of the Merger Effect on Common Stock and Other Equity-Based Awards beginning on page 58, The Merger Interests of the Company s Directors and Executive Officers in the Merger Treatment of Options, Restricted Stock, Restricted Stock Units and Other Equity Based Awards beginning on page 60 and The Merger Agreement Company Options and Stock-Based Awards beginning on page 73)

At the Effective Time, unless otherwise agreed between Parent and the holder thereof, each option to acquire Company common stock issued under the Company s equity incentive plans (each a Company Option) outstanding immediately prior to the Effective Time will be converted into the right to receive an amount in cash equal to the product of (a) the total number of shares of Company common stock subject to such Company Option and (b) the excess, if any, of $81.75 over the exercise price per share of Company common stock subject to such Company Option, rounded down to the nearest cent.

At the Effective Time, unless otherwise agreed between Parent and the holder thereof, each share of restricted stock granted under the Company s incentive plans (the Company Restricted Stock) outstanding immediately prior to the Effective Time will become fully vested without restrictions thereon and will be converted into the right to receive an amount in cash equal to the product of (a) the number of shares of Company Restricted Stock and (b) $81.75.

Treatment of Restricted Stock Units

(See The Merger Effects of the Merger Effect on Common Stock and Other Equity-Based Awards beginning on page 58, The Merger Interests of the Company s Directors and Executive Officers in the Merger Treatment of Options, Restricted Stock, Restricted Stock Units and Other Equity Based Awards beginning on page 60 and The Merger Agreement Company Options and Stock-Based Awards beginning on page 73)

At the Effective Time, each award of annual performance based restricted stock units outstanding immediately prior to the Effective Time will become contingently vested with respect to the number of restricted stock units that would have vested in the ordinary course (without regard to time-based vesting) based upon the Company s performance for the applicable performance period through the Effective Time. If the holder of such contingently vested restricted stock unit is employed by the Company or any Company subsidiary on February 1, 2008, then such holder will receive a lump sum cash payment equal to the product of (a) the total number of restricted stock units subject to such award and (b) $81.75.

At the Effective Time, the performance criteria applicable to each award of retention restricted stock units will be deemed to have been satisfied in full, and the restricted stock units subject to the award of retention restricted stock units will become fully vested, if the holder satisfies the time-based vesting criteria thereof (with the applicable vesting dates deemed to be February 21 of each of 2008, 2009 and 2010), and upon vesting of such restricted stock units the Company will distribute to each holder a lump sum cash payment, together with 8% interest thereon from the Effective Time, equal to the product of (a) the total number of retention restricted stock units subject to such award and (b) $81.75.

At the Effective Time, all restricted stock units other than retention restricted stock units and annual performance based restricted stock units will fully vest (to the extent not already vested) and will be automatically converted into the right to receive, promptly following the Effective Time, an amount in cash equal to the product of (a) the total number of such

restricted stock units and (b) $81.75.

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Treatment of Other Equity Based Awards

(See The Merger Effects of the Merger Effect on Common Stock and Other Equity-Based Awards beginning on page 58 and The Merger Agreement Company Options and Stock-Based Awards beginning on page 73)

At the Effective Time, any other Company common stock-based awards will become fully vested and will automatically be converted into the right to receive a cash payment equal to the product of (a) the total number of shares of Company common stock subject to such award and (b) $81.75.

The Special Meeting of Stockholders

(See Questions and Answers About the Special Meeting and the Merger beginning on page 15 and The Special Meeting of Stockholders beginning on page 23)

Place, Date and Time. The special meeting of stockholders will be held at the Company s corporate headquarters, 17655 Waterview Parkway, Dallas, Texas 75252 on August 8, 2007 at 10:00 a.m. (local time).

Purpose. You will be asked to consider and vote upon (a) a proposal to adopt the Merger Agreement, pursuant to which Merger Sub will merge with and into the Company, and (b) if necessary or appropriate, a proposal to adjourn the special meeting to solicit additional proxies if there are insufficient votes at the time of the meeting to adopt the Merger Agreement.

Record Date and Quorum. You are entitled to vote at the special meeting if you owned shares of Company common stock as of 5:00 p.m. Central Daylight Time on July 2, 2007, the record date for the special meeting. As of the record date there were 78,695,695 shares of Company common stock outstanding and entitled to vote, held by approximately 107 holders of record. The presence in person or by proxy of a majority of the issued and outstanding shares of Company common stock at the special meeting constitutes a quorum for the purpose of considering the proposals.

Vote Required For Adoption of the Merger Agreement. The adoption of the Merger Agreement requires the affirmative vote of a majority of the votes entitled to be cast by the holders of the outstanding shares of Company common stock. **The failure to vote has the same effect as a vote AGAINST the adoption of the Merger Agreement.**

Vote Required For Adjournment. If a quorum exists, holders of a majority of the shares of Company common stock present in person or represented by proxy at the special meeting may adjourn the special meeting.

Who Can Vote at the Special Meeting. At the special meeting, you may vote all of the shares of Company common stock you owned of record as of the record date. You may vote any shares you hold of record in person at the special meeting, even if you have returned a proxy card, and your vote by ballot will revoke any proxy previously submitted. If you hold your shares through a bank or broker or other custodian, you must provide a legal proxy issued from such custodian in order to vote your shares in

person at the special meeting.

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Procedure for Voting. You may vote your shares by attending the special meeting and voting in person or you may submit a proxy in one of the following ways:

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

using the Internet website shown on your proxy card; or

completing, signing, dating and returning the enclosed proxy card in the postage-paid envelope.

You may revoke your proxy at any time before the vote is taken at the special meeting. To revoke your proxy, you must advise Innisfree M&A Incorporated (Innisfree), the Company s proxy solicitor, in writing, that you are revoking your proxy and deliver a new proxy dated after the date of the earlier proxy being revoked, or submit a later-dated proxy by telephone or the Internet at or before the special meeting, before your shares of Company common stock have been voted at the special meeting, or attend the special meeting and vote your shares in person. Merely attending the special meeting without voting will not constitute a revocation of your earlier proxy.

If your shares are held in street name by your broker, please follow the directions provided by your broker in order to instruct your broker as to how to vote your shares. **If you do not instruct your broker to vote your shares, it will have the same effect as a vote AGAINST the adoption of the Merger Agreement**.

Timing and Likelihood of Closing

(See The Merger Agreement Closing Conditions beginning on page 80)

We are working toward completing the Merger as quickly as possible, and we anticipate that it will be completed by year-end, assuming the satisfaction or waiver of all of the conditions to the Merger. However, because the Merger is subject to certain conditions, including adoption of the Merger Agreement by our stockholders, receipt of certain banking and other regulatory approvals and the conclusion of the marketing period, the exact timing of the completion of the Merger and the likelihood of the consummation thereof cannot be predicted. If any of the conditions in the Merger Agreement are not satisfied or waived, including the conditions described below under The Merger Agreement Closing Conditions, the Merger Agreement may be terminated and the Merger will not be completed.

Please see The Merger Agreement Marketing Period; Efforts to Obtain Financing beginning on page 79 for an explanation of the term marketing period.

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Determinations and Recommendations of the Special Committee

(See The Merger Reasons for the Merger; Recommendation of the Merger The Special Committee beginning on page 34)

On April 13, 2007, our board of directors established a special committee composed of seven independent and disinterested directors for the purpose of determining which, if any, strategic alternatives the Company should pursue and, in the event that a strategic alternative was to be pursued, to:

- determine whether such strategic alternative is fair to and in the best interests of the Company and its stockholders;
- recommend to the board of directors (a) whether the board should approve such strategic alternative (including documents setting forth the terms thereof), (b) whether the board should recommend such strategic alternative to the Company s stockholders and (c) whether the Company should consummate such strategic alternative;
- discuss and negotiate with any party and its representatives and advisors the terms of such strategic alternative;
- negotiate any and all definitive agreements with respect to such strategic alternative;
- review and comment upon any and all documents and other instruments used in connection with such strategic alternative, including any and all materials to be filed with the Securities and Exchange Commission (the SEC) and other governmental and non-governmental persons and entities; and
- authorize the issuance of press releases and other public statements as the special committee considers appropriate regarding such strategic alternative or consideration thereof.

Members of the special committee received no compensation for their service as members of the special committee other than (a) the compensation normally provided to directors for attendance of board meetings in accordance with the Company s remuneration policies and (b) reimbursement for reasonable out-of-pocket costs and expenses incurred in connection with service on the special committee.

The special committee unanimously (a) determined that it is fair to and in the best interests of the holders of Company common stock to consummate the transactions contemplated by the Merger Agreement, (b) determined that the Merger and the Merger Agreement should be approved and declared advisable by the board of directors and (c) determined that the board of directors should recommend that the holders of Company common stock approve the Merger and the Merger Agreement.

Determinations and Recommendations of the Board of Directors

Our board of directors, by unanimous vote, after considering various factors, including the unanimous recommendation of the special

committee, has (a) declared the Merger Agreement and the transactions contemplated thereby advisable and in the best interests of the Company and its stockholders, (b) approved the Merger Agreement, the Merger and all other transactions contemplated thereby and (c) directed that the adoption of the Merger Agreement

(See The Merger Reasons for the Merger; Recommendation of the Merger The Board of Directors beginning on page 37)

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be submitted to a vote at a meeting of the stockholders of the Company with the recommendation of the board of directors that the stockholders of the Company adopt the Merger Agreement and approve the Merger.

Our board of directors recommends that the Company s stockholders vote FOR the adoption of the Merger Agreement and FOR the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies.

Interests of the Company s Directors and Executive Officers in the Merger

(See The Merger Interests of the Company s Directors and Executive Officers in the Merger beginning on page 60)

In considering the recommendation of the board of directors with respect to the Merger Agreement, you should be aware that some of the Company s directors and executive officers have interests in the Merger that are different from, or in addition to, the interests of our stockholders generally. These interests include the treatment of shares (including restricted shares), options and restricted stock units held by, as well as indemnification and insurance arrangements with, directors and executive officers and change in control severance benefits that may become payable to certain executive officers if the Merger is consummated. In addition, some of our executive officers could enter into employment or other agreements with the surviving corporation. The special committee and the board of directors were aware of these interests and considered them, among other matters, in making their determinations regarding the Merger Agreement and the Merger.

Share Ownership of the Company s Directors and Executive Officers

See Security Ownership by Certain Beneficial Owners and Management beginning on page 90)

As of July 2, 2007, the record date, the Company s directors and executive officers held and were entitled to vote, in the aggregate, shares of Company common stock representing approximately 3.8% of the outstanding shares of Company common stock. The directors and executive officers have informed the Company that they currently intend to vote all of their respective shares of Company common stock FOR the adoption of the Merger Agreement and FOR the adjournment proposal, if necessary or appropriate.

Opinions of Financial Advisors

(See The Merger Opinions of Financial Advisors beginning on page 38, Annex B, Annex C and Annex D)

Banc of America Securities LLC (Banc of America Securities), Lehman Brothers Inc. (Lehman Brothers) and Evercore Group L.L.C. (Evercore) were engaged to act as financial advisors to the special committee in connection with the evaluation of the proposed Merger and potential alternatives.

Banc of America Securities and Lehman Brothers delivered to the special committee of the board of directors and the board of directors of the Company separate written opinions, each dated May 17, 2007, to the effect that, as of the date of the opinions and based on and subject to various assumptions and limitations described in each of the opinions, the consideration to be received in the Merger by holders of Company common stock was fair, from a financial point of view, to such holders. The full text of the written opinions, which describe, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, are attached as Annex B and C,

respectively, to this proxy statement. Holders of the Company common stock are encouraged to read the opinions carefully in their entirety. **Banc of America Securities and Lehman Brothers**

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respective opinions were provided to the special committee of the board of directors and the board of directors of the Company in connection with their respective evaluation of the consideration provided for in the Merger from a financial point of view. The opinions of Banc of America Securities and Lehman Brothers do not address any other aspect of the Merger and do not constitute a recommendation as to how any stockholder should vote or act in connection with the Merger.

On May 17, 2007, at a meeting of the board of directors of the Company held to evaluate the Merger, Evercore rendered to the special committee and the board of directors of the Company an oral opinion, which was confirmed by delivery of a written opinion dated the same date, to the effect that, as of such date and based upon and subject to various assumptions and limitations described in its opinion, the consideration to be received in the proposed Merger by holders of Company common stock was fair, from a financial point of view, to such holders of Company common stock. The full text of Evercore s written opinion, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken, is attached as Annex D to this proxy statement. We urge you to read the opinion in its entirety.

Financing

(See The Merger Financing of the Merger beginning on page 65 and The Merger Agreement Marketing Period; Efforts to Obtain Financing beginning on page 79)

The Merger is not conditioned upon the receipt of financing by Parent. The Company and Parent estimate that the total amount of funds necessary to consummate the Merger and related transactions will be approximately $7.9 billion. Parent and Merger Sub have obtained equity and debt financing commitments (together, the Commitments), the proceeds of which, together with the available cash of the Company, will be sufficient to consummate the Merger on the terms contemplated by the Merger Agreement, effect any other repayment or refinancing of debt contemplated by the Merger Agreement and pay all related fees and expenses of the transactions contemplated by the Merger Agreement or the Commitments.

Parent has received an equity commitment letter from Blackstone Capital Partners V L.P. (BCP V) pursuant to which BCP V agreed, subject to the terms and conditions set forth therein, to purchase or cause the purchase of the equity of Parent for an aggregate cash purchase price of approximately $1.8 billion solely for the purpose of allowing Parent to fund, and to the extent necessary to fund, a portion of the aggregate Merger Consideration and related expenses.

In connection with the execution and delivery of the Merger Agreement, Merger Sub has obtained commitments to provide up to $6.6 billion in aggregate debt financing, consisting of (a) senior secured credit facilities in an aggregate principal amount of $4.4 billion, (b) a senior unsecured bridge loan facility in an aggregate principal amount of up to $1.8 billion, and (c) a senior subordinated unsecured bridge loan facility in an aggregate principal amount of up to $410 million to finance, in part, the

payment of the Merger Consideration, the repayment or refinancing of certain

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of our debt outstanding on the closing date of the Merger and the payment of fees and expenses in connection with the Merger, refinancing, financing and related transactions and, after the closing date of the Merger, to provide for ongoing working capital and general corporate purposes.

Merger Sub has agreed to use its commercially reasonable efforts to arrange the debt financing on the terms and conditions described in the debt financing commitments. If any portion of the debt financing becomes unavailable on the terms and conditions contemplated in the Debt Commitment Letter (as defined below under The Merger Financing of the Merger Debt Financing), Merger Sub has agreed to use its reasonable best efforts to obtain alternative financing from alternative sources.

Under the Merger Agreement, the Debt Commitment Letter may be amended or superseded to replace or add lenders and arrangers, except that the Debt Commitment Letter may not be amended or superseded in a manner that would (a) expand or adversely amend the conditions to the debt financing set forth in the Debt Commitment Letter, (b) reasonably be expected to delay or prevent the closing of the Merger, (c) reduce the aggregate amount of debt financing set forth in the Debt Commitment Letter (unless replaced with new equity financing) or (d) adversely impact the ability of Parent or Merger Sub to enforce their rights against the other parties to the Debt Commitment Letter.

The Company has agreed, upon request by Parent, to use its reasonable best efforts to commence offers to purchase and consent solicitations with respect to all of the outstanding aggregate amou