

---

---

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

---

**FORM 8-K**

---

**CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported):  
February 25, 2009

---

**ALLIANCE DATA SYSTEMS CORPORATION**

(Exact Name of Registrant as Specified in Charter)

---

**DELAWARE**  
(State or Other Jurisdiction  
of Incorporation)

**001-15749**  
(Commission File Number)

**31-1429215**  
(IRS Employer  
Identification No.)

**17655 WATERVIEW PARKWAY  
DALLAS, TEXAS 75252**  
(Address and Zip Code of Principal Executive Offices)

**(972) 348-5100**  
(Registrant's Telephone Number, including Area Code)

**NOT APPLICABLE**  
(Former name or former address, if changed since last report)

---

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
- 
-

**ITEM 7.01. Regulation FD Disclosure**

Attached is a slide presentation to be given to investors and others by senior officers of Alliance Data Systems Corporation.

**ITEM 9.01. Financial Statements and Exhibits**

(d) Exhibits

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
99.1	Investor Presentation Materials.

*Note:* The information contained in this report (including Exhibit 99.1) shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Alliance Data Systems Corporation

Date: February 25, 2009

By: /s/ Edward J. Heffernan  
Edward J. Heffernan  
Executive Vice President and  
Chief Financial Officer

EXHIBIT INDEX

EXHIBIT  
NUMBER  
99.1

DESCRIPTION  
Investor Presentation Materials.

---

Alliance Data  
NYSE:ADS



Q1  
2009



## Alliance Data: A Unique Business Model

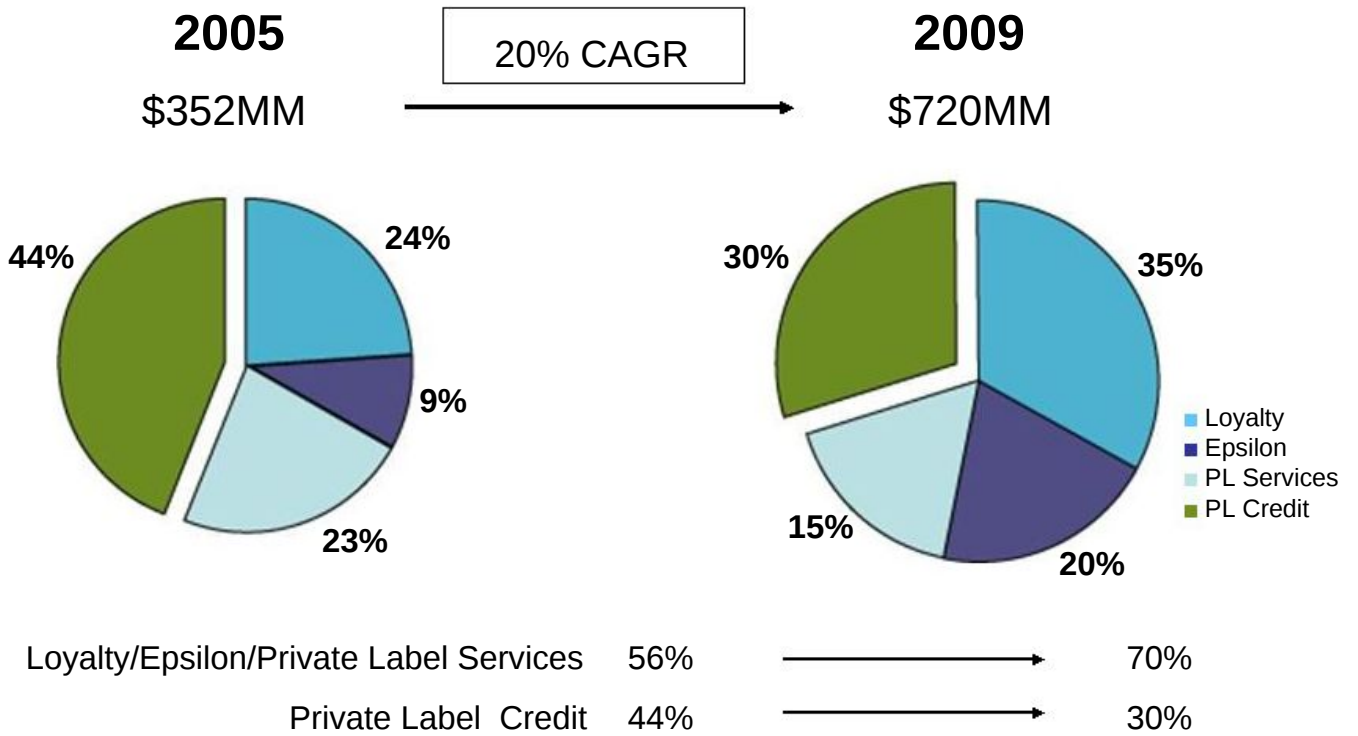
### Largest and Most Comprehensive Provider of Transaction-based Marketing and Loyalty Solutions

- Highly sophisticated transaction-based programs are measurable, trackable and allow for micro-segmentation of clients' customers.
- Drives high, measurable ROIs for our clients and displaces traditional marketing channels; a \$670 billion market.
- Comprehensive nature of our programs cuts across many traditional industries.
  - Multi-channel marketing strategy
  - Data products
  - Database design and build
  - Analytics
  - Permission-based email
  - Customer care
  - Processing
  - Credit

Very "sticky" programs: recession resistant and resilient pricing power



# Growth & Shift In Operating EBITDA (Op. Cash Flow)



## Loyalty Services Canada AIR MILES<sup>®</sup> Reward Program (constant currency basis)

(1) “Key driver (reward miles issued) had lowest growth ever in Q4”

- Not true: 2001 & 2002 had lower quarters (see chart)

(2) “Q4 is the start of a trend”

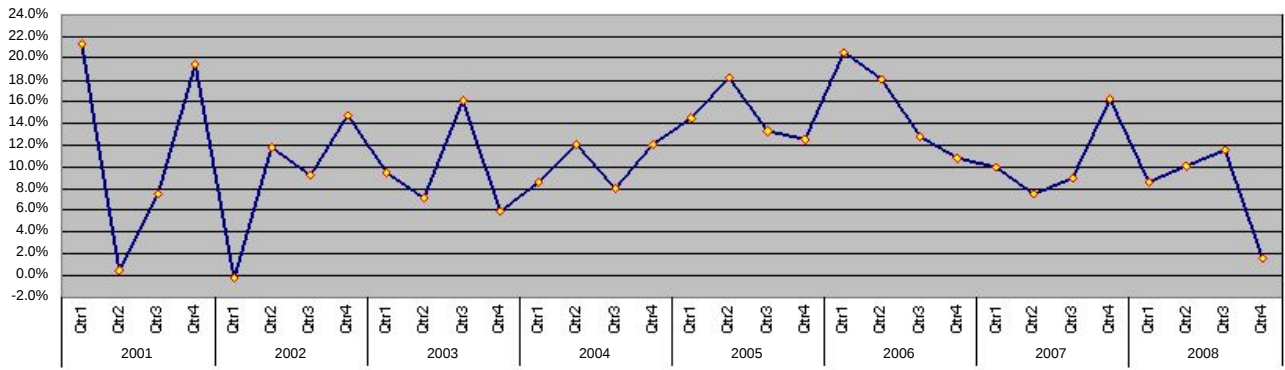
- Not true – there has never been a quarterly trend



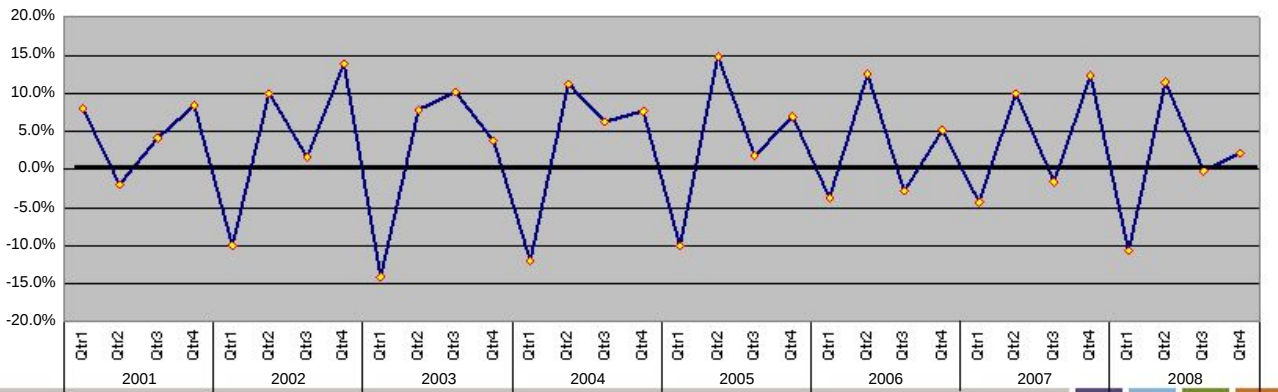


# Loyalty Services Canada AIR MILES® Reward Program

Year over Year % Change in Reward Miles Issued



Sequential % Change in Reward Miles Issued



## Loyalty Services Canada AIR MILES<sup>®</sup> Reward Program (constant currency basis)

(3) “Weak issuance, if continued, will decimate this year”

- Not true
  - 2001 & 2002: Revs & Adjusted EBITDA grew 18% & 20% annually
  - Issuance does not drive current year earnings
    - Deferred and recognized over time
    - Note \$1 Billion on balance sheet
    - Free cash flow \$40MM > reported Adjusted EBITDA

## Loyalty Services Canada AIR MILES<sup>®</sup> Reward Program (constant currency basis)

### (4) Recession will cause massive redemptions and destroy cash flow

- Not true
  - Redemptions are paid from a Trust account with money already set aside
  - Redemptions therefore don't impact cash flow
  - Finally, Canadians are savers – no material change in redemptions

### (5) Guidance (constant currency):

- Mid-teens topline, high teens Adjusted EBITDA (100% organic)
- Reward Miles issued: single-digits; miles redeemed: teens

## Epsilon Marketing Services

(6) “Q4 was flat. Pressure on marketing budgets will cause big declines in 2009 performance”

- Not true –
  - Majority of business (database, analytics, digital) tied to massive multi-year loyalty programs
    - very stable – double-digit growth
  
  - Remaining business (primarily Abacus)
    - gaining wallet share, but
    - client bankruptcies offsetting gains

(7) Guidance

- Chippy quarters
- 7% topline & Adjusted EBITDA full year



## Private Label Credit Services

### (8) Credit Losses:

- Typically, run about 100-120bps above unemployment
- Initially set losses at 8.8%
- Using high-end of Fed's latest numbers

<u>Dec.</u>	→	<u>End '09</u>	→	<u>Avg.</u>	→	<u>Losses</u>
7.2%		8.8%		8%		9.2%

- 40bps increase = (\$17MM) hit = 3% of cash earnings
- Jan: 8.9%; Feb. currently tracking stable to Jan.

### (9) "Credit Losses will skyrocket"

- Not true: portfolio growth: 6% Dec, 9% Jan, 10% Feb
  - Strong growth due to our model; different from bankcard companies (shrinking)
  - Strong growth allows loss rates to be dampened ("denominator effect")
  - Expect slow manageable creep up through the year



## Private Label Credit Services

### (10) “Higher credit loss rates will crush earnings”

- Mitigants:
  - (+) Strong portfolio growth
  - (+) Stable to increasing gross yields
  - (+) Lower funding costs
    - LIBOR is low, but spreads can come in

### (11) Guidance

- Mitigants will largely offset higher credit losses
- No material I/O strip hit
  - (+) Growth (off balance sheet moderate); yield, funding (spreads), life
  - (-) Credit Losses

## Etc., Etc.

### (12) “Recent organization change complete surprise.”

- Board started the process a few years ago
- Chairman & CEO: 12 years on the job
  - Remaining as Exec. Chairman (i.e., executive officer)
  - Focusing daily on top 500 leaders (out of 7,000 employees)
- “The New Guy”
  - Been joined at the hip to the former CEO for the last 11 years
- Timing is never perfect, but this is seamless

### (13) Future?

- Currently tracking to guidance, but also:
- Investing in growth initiatives for 2010 and beyond
  - Loyalty Services & Epsilon Marketing Services



## (14) 2009 Guidance

- Revenues: \$2,150MM
- Operating EBITDA: \$ 720MM
- Adjusted EBITDA: \$ 680MM

• Cash EPS:	\$5.15 - \$5.20 ↑17% – 18%
-------------	----------------------------

- 
- Q1 Cash EPS \$1.10

- Includes \$10MM Adjusted EBITDA hit for FX; or 10¢ drag on Cash EPS
- Q1 toughest FX comp (Cash EPS drag: Q2: (9¢), Q3 (6¢), Q4 (0))
- Reported 10% growth in Cash EPS
- Constant currency growth: 20% in Cash EPS for Q1
- FY constant currency growth: 23% in Cash EPS



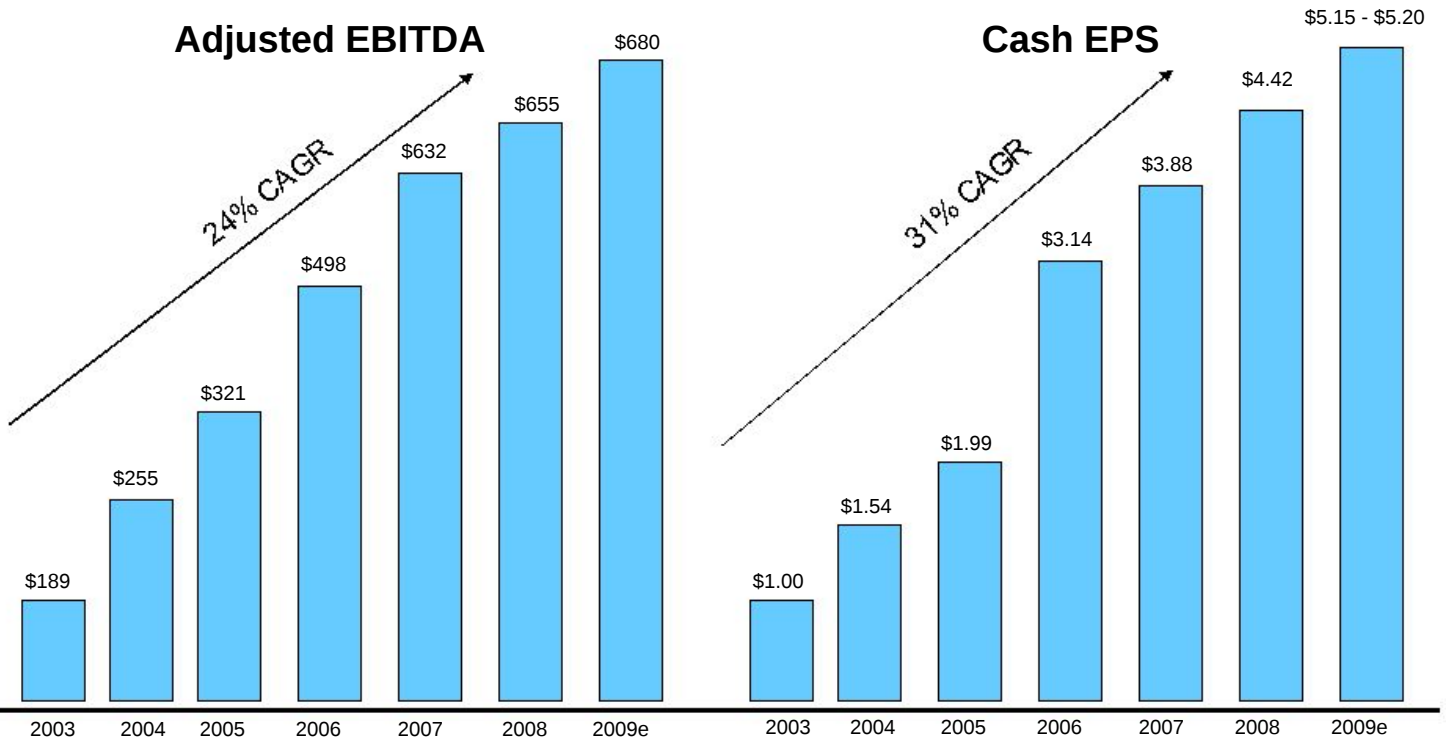


# 2003-2009e

(in \$MM, except per share)

## Adjusted EBITDA

## Cash EPS



## Alliance Data's Safe Harbor Statement/Forward-Looking Statements

- This presentation may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may use words such as "anticipate," "believe," "estimate," "expect," "intend," "predict," "project" and similar expressions as they relate to us or our management. When we make forward-looking statements, we are basing them on our management's beliefs and assumptions, using information currently available to us. Although we believe that the expectations reflected in the forward-looking statements are reasonable, these forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed in our filings with the Securities and Exchange Commission.
- If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements contained in this presentation reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. These risks, uncertainties and assumptions include those made with respect to and any developments related to the termination of the proposed merger with an affiliate of The Blackstone Group, including risks and uncertainties arising from actions that the parties to the merger agreement or third parties may take in connection therewith. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.
- "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995: Statements in this presentation regarding Alliance Data Systems Corporation's business which are not historical facts are "forward-looking statements" that involve risks and uncertainties. For a discussion of such risks and uncertainties, which could cause actual results to differ from those contained in the forward-looking statements, see "Risk Factors" in the Company's Annual Report on Form 10-K for the most recently ended fiscal year. Risk factors may be updated in Item 1A in each of the Company's Quarterly Reports on Form 10-Q for each quarterly period subsequent to the Company's most recent Form 10-K.



## Financial Measures

- In addition to the results presented in accordance with generally accepted accounting principles, or GAAP, the Company presents financial measures that are non-GAAP measures, such as adjusted EBITDA, operating EBITDA and cash earnings per share. The Company believes that these non-GAAP measures, viewed in addition to and not in lieu of the Company's reported GAAP results, provide useful information to investors regarding its performance and overall results of operations. These metrics are an integral part of the Company's internal reporting to measure the performance of reportable segments and the overall effectiveness of senior management. Definitions of these financial terms and reconciliations of these financial measures to comparable GAAP measures are available on the Company's website, except where, as in the case of adjusted EBITDA, operating EBITDA and cash earnings per share, the appropriate GAAP financial measure is not available on a forward-looking basis. The financial measures presented are consistent with the Company's historical financial reporting practices, except as noted with respect to the Company's revised segment reporting. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other companies, and are not identical to corresponding measures used in our various agreements or public filings.

