

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):
January 31, 2013

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.)

7500 DALLAS PARKWAY, SUITE 700
PLANO, TEXAS 75024
(Address and Zip Code of Principal Executive Offices)

(214) 494-3000
(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
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ITEM 7.01. Regulation FD Disclosure

Attached as Exhibit 99.1 is a presentation given to investors and others by senior officers of Alliance Data Systems Corporation.

ITEM 9.01. Financial Statements and Exhibits

(d) Exhibits

Exhibit No. Document Description

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: January 31, 2013

By: /s/ Charles L. Horn
Charles L. Horn
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Document Description</u>
99.1	Investor Presentation Materials.

Alliance Data NYSE: ADS



Fourth Quarter and Annual Results
January 31, 2013



Agenda

- Speakers: Ed Heffernan
Charles Horn
President and CEO
EVP and CFO
- Fourth Quarter and 2012 Consolidated Results
- Segment Results
- Liquidity
- 2012 Wrap-up
- 2013 Outlook
- 2013 Updated Guidance



Fourth Quarter and 2012 Consolidated Results

(MM, except per share)

	Quarter ended December 31,			% Change	Year ended December 31,			% Change
	2012	2011			2012	2011		
Revenue	\$ 972	\$ 848		15%	\$ 3,641	\$ 3,173		15%
Net income per diluted share	\$ 1.27	\$ 1.12		13%	\$ 6.58	\$ 5.45		21%
Diluted shares outstanding	66.0	59.1		12%	64.1	57.8		11%
Supplemental non-GAAP measures:								
Adjusted EBITDA	\$ 277	\$ 231		20%	\$ 1,192	\$ 1,009		18%
Adjusted EBITDA, net of funding costs	\$ 245	\$ 194		26%	\$ 1,074	\$ 860		25%
Core EPS	\$ 1.84	\$ 1.70		8%	\$ 8.71	\$ 7.63		14%
Phantom shares	<u>9.4</u>	<u>6.0</u>		<u>58%</u>	<u>8.6</u>	<u>4.6</u>		<u>86%</u>
Economic shares	56.6	53.1		6%	55.5	53.2		4%
Core EPS excluding phantom shares	\$ 2.15	\$ 1.89		14%	\$ 10.06	\$ 8.30		21%



LoyaltyOne (MM)

	Quarter ended December 31,			%	Year ended December 31,			%
	2012	2011	Change		2012	2011	Change	
Revenue	\$ 216	\$ 214	1%	\$ 919	\$ 845	9%		
Adjusted EBITDA	\$ 57	\$ 46	24%	\$ 236	\$ 217	9%		
Adjusted EBITDA %	26%	21%	5%	26%	26%	0%		
Key metrics:								
AIR MILES reward miles issued	1,464	1,387	6%	5,223	4,940	6%		
AIR MILES reward miles redeemed	881	959	-8%	4,041	3,634	11%		
Burn rate	60%	69%	-9%	77%	74%	4%		
Average FX rate	1.01	0.98	3%	1.00	1.01	-1%		

- Adjusted EBITDA increased 20 percent for the fourth quarter, excluding the benefit of favorable FX rates.
- Redemption activity steadily moderated throughout 2012; burn rates of 102 percent in Q1 → 78 percent in Q2 → 73 percent in Q3 → 60 percent in Q4.
- Breakage rate for 2013 decreasing from 28 percent to 27 percent due to “shock” from announcement of expiry policy. No impact to 2013 LoyaltyOne or ADS guidance.



Epsilon (MM)

	Quarter ended December 31,			% Change	Year ended December 31,			% Change
	2012	2011			2012	2011		
Database/email	\$ 112	\$ 115		-3%	\$ 430	\$ 421		2%
Data	51	52		-2%	186	189		-1%
Agency/analytics	129	87		48%	380	237		61%
Total revenue	\$ 292	\$ 255		15%	\$ 996	\$ 847		18%
Adjusted EBITDA	\$ 69	\$ 64		9%	\$ 222	\$ 195		14%
Adjusted EBITDA %	24%	25%		-1%	22%	23%		-1%

- Organic revenue and adj. EBITDA (excluding restructuring charges) growth was 3 percent and 10 percent for Q4.
- Decline in database/email revenue in Q4 is largely a timing issue. Backlog is currently up double-digits compared to last year, which should drive organic growth in 2013.
- HMI added approximately \$31 million, or 12 percent, to Q4 revenue.
- Adjusted EBITDA margin (excluding HMI) was 25 percent for Q4, consistent with 2011.



Private Label Services and Credit (MM)

	Quarter ended December 31,			Year ended December 31,		
	2012	2011	% Change	2012	2011	% Change
Finance charges, net	\$ 454	\$ 362	26%	\$ 1,643	\$ 1,402	17%
Other revenue	12	19	-36%	89	87	2%
Total revenue	\$ 466	\$ 380	23%	\$ 1,732	\$ 1,489	16%
Provision for loan losses	102	102	1%	285	300	-5%
Other expenses	186	135	37%	623	510	22%
Adjusted EBITDA	\$ 178	\$ 144	24%	\$ 823	\$ 678	21%
Adjusted EBITDA, net of funding costs	\$ 147	\$ 107	38%	\$ 705	\$ 529	33%
Key metrics:						
Gross yield	27%	28%	-1%	28%	28%	0%
Credit sales	\$ 4,161	\$ 3,011	38%	\$ 12,524	\$ 9,636	30%
Average credit card receivables	\$ 6,800	\$ 5,173	31%	\$ 5,928	\$ 4,963	19%
Ending credit card receivables	\$ 7,450	\$ 5,666	31%	\$ 7,450	\$ 5,666	31%
Delinquency rate	4.0%	4.4%	-0.4%	4.0%	4.4%	-0.4%
Principal charge-off rate	4.7%	6.3%	-1.6%	4.8%	6.9%	-2.1%
Pro-forma principal charge-off rate	5.1%			5.0%		

- Accounting for acquired portfolios suppressed gross yields by approximately 20bps and lowered the principal charge-off rate by approximately 40bps for Q4.



Liquidity

Liquidity

•Corporate:

- \$1.8 billion in available liquidity at December 31, 2012
- Debt levels remain moderate; leverage ratio of 2.3 x at December 31, 2012

•Banks:

- \$2.4 billion of available liquidity at December 31, 2012
- Diversified funding sources: conduits (19 percent), bank issued CDs (31 percent), term ABS (46 percent), and MMDA deposits (4 percent) of outstanding balances at December 31, 2012
- \$57.5 million in dividends to parent during quarter
- Comenity Bank regulatory ratios at December 31, 2012: Tier 1: 14 percent; Leverage: 15 percent; Total Risk-Based: 16 percent

Repurchase Program

- \$137 million was spent in 2012 to acquire approximately 1 million shares
- New \$400 million program established for 2013



2012 Wrap-up

- **Tremendous 2012**

▪ Revenues	\$3.6 billion	+15%
▪ Adj. EBITDA	\$1.2 billion	+18%
▪ Core EPS	\$8.71	+14%
▪ Economic EPS	\$10.06	+21% <i>(excludes phantom shares)</i>
- **9 percent organic revenue growth (3x real GDP growth)**
- **Balanced revenue growth across segments - 9 percent to 18 percent range**
- **Adj. EBITDA growth also balanced across segments - 9 percent to 21 percent range**
- **LoyaltyOne**
 - High single-digit top & bottom line growth (100% organic)
 - Brazil joint venture crosses 6 million member mark
- **Epsilon**
 - +18 percent topline, +14 percent adj. EBITDA growth
 - “Air pocket” in new signings dropped organic topline
 - Organic top-line of 4 percent and adj. EBITDA of 10 percent (excluding one-timers)
 - Pipeline suggests strong 2013
- **Private Label**
 - Record portfolio growth of \$1 billion, up 20 percent
 - Credit quality strong, funding costs low and laddered out to seven years in maturity



2013 Outlook

- **Increasing 2013 guidance**
 - Drags from higher share count + high-yield offering more than offset by accretive HMI (digital agency) acquisition + Private Label over-performance
- **Raising guidance across all key metrics**
 - Core EPS +\$0.15 vs. initial guidance
 - Excluding phantoms, EPS +\$0.35
- **2013 new guidance: 'Growth, Growth, Growth'**

▪ Revenues	\$4.2 billion	+15%	(organic +8%)
▪ Adj. EBITDA	\$1.37 billion	+15%	
▪ Core Earnings	\$633 million	+13%	
▪ Core EPS	\$9.65	+11%	
- **All engines expected to contribute solid growth**



2013 Outlook

Prior Guidance

• Segment Results

- LoyaltyOne: 5% top; 8% bottom (organic)
- Epsilon: 7% top; 9% bottom (organic)
- Private Label: 10% top; 10% bottom



• Strong Consolidated Results

- 8% revenue growth
- 10% adj. EBITDA growth
- 10% free cash flow growth

<u>New</u>	<u>What's</u>	<u>Core EPS</u>
• HMI (digital agency) acquisition	• +\$300 million topline:	+\$0.40
• High-yield offering (\$400 million)	• Extra \$21mm cash interest expense:	(\$0.20)
• 2013 diluted share count +800k shares (price: \$143 → \$155)	• Higher denominator:	(\$0.12)
• Expected over-performance	• Primarily Private Label	<u>+\$0.07</u>
	• Guidance increase	+\$0.15
	• Guidance increase (economic)	+\$0.35



2013 Updated Guidance

(\$MM, except per share)

	2013	2013	
	<i>Initial Guidance</i>	<i>Updated Guidance</i>	Increase
<i>Average ADS share price</i>	<i>\$143</i>	<i>\$155</i>	<i>\$12</i>
Revenue	\$3,900	\$4,200	+\$300
Adjusted EBITDA	\$1,300	\$1,365	+\$65
Core Earnings	\$610	\$633	+\$23
Diluted shares outstanding	64.8	65.6*	
Core EPS	\$9.50	\$9.65	+\$0.15
Shares (excl. phantoms)	57.3	57.6	
Economic EPS	\$10.65	\$11.00	+\$0.35

* Only partial year benefit from 2013 convertible debt maturity.
Includes 5.6 million warrants.



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Q & A



Safe Harbor Statement and 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. 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, except as required by law.

“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 constant currency financial measures, adjusted EBITDA, adjusted EBITDA margin, adjusted EBITDA net of funding costs, core earnings and core earnings per diluted share (core EPS). The Company believes that these non-GAAP financial measures, viewed in addition to and not in lieu of the Company's reported GAAP results, provide useful information to investors regarding the Company's 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. Reconciliations to comparable GAAP financial measures are available in the accompanying schedules and on the Company's website. The financial measures presented are consistent with the Company's 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.