
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):
September 13, 2010**

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

On September 13, 2010, Ed Heffernan, President and Chief Executive Officer of Alliance Data Systems Corporation (the "Company"), announced at the 2010 Bank of America Merrill Lynch Investment Conference held in San Francisco, California that the Company's board of directors has approved a new stock repurchase program to acquire up to \$400 million of the Company's common stock, or such lesser amount as may be permitted pursuant to the terms of the Company's credit agreements, through the end of 2011. A copy of the press release issued by the Company regarding the stock repurchase program is attached hereto as Exhibit 99.1.

Also attached as Exhibit 99.2 is a 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	Press release dated September 13, 2010.
99.2	Investor Presentation Materials.

Note: The information contained in this report (including Exhibits 99.1 and 99.2) 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: September 13, 2010

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

EXHIBIT INDEX

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ALLIANCE DATA ANNOUNCES EXPANSION AND EXTENSION OF STOCK REPURCHASE PROGRAM

\$400 Million Available for Repurchases Through 2011

Dallas, TX, September 13, 2010 – Alliance Data Systems Corporation (NYSE: ADS), a leading provider of loyalty and marketing solutions derived from transaction-rich data, today announced that its board of directors has approved a new stock repurchase program to acquire up to \$400 million of the Company's common stock through the end of 2011. The program increases the Company's combined repurchase authorizations to approximately \$2.0 billion, of which approximately \$1.6 billion has been used to purchase approximately 31 million shares, representing 38% of the Company's fully diluted shares outstanding when this program began in 2008. The new repurchase program replaces the existing program, which was scheduled to terminate at the end of 2010.

The authorization will be financed primarily through free cash flow. The Company expects to maintain moderate levels of debt over the course of the repurchase program, providing flexibility to also pursue tuck-in acquisitions, portfolio purchases and/or international loyalty coalition programs. The timing and extent of any accretion associated with the repurchase programs and the impact of the accretion on earnings and guidance will be updated on the Company's quarterly earnings conference calls.

Charles Horn, chief financial officer of Alliance Data, stated, "Our strong performance thus far this year and the positive trends we're seeing in our business combine to give us a strong outlook for 2011. Given the macro-economic environment and general investor sentiment regarding the markets, we believe there is a disconnect between the Company's fundamental performance and its stock price. Accordingly, today's announcement is indicative of our confidence in our model and, thus, a great opportunity to buy back our stock on an accretive basis while creating additional long-term value for our stockholders. We have a unique opportunity to use the Company's low existing leverage as well as its high free cash flow generation to expand and extend our stock repurchase program."

Under this repurchase program the Company is authorized to repurchase shares in open market purchases as well as privately negotiated transactions from time to time through December 31, 2011. Stock purchased as part of this program will be held as treasury stock. The repurchase program's terms have been structured to comply with the SEC's Rule 10b-18, and the program is subject to market conditions, applicable legal requirements and other factors. The repurchase program does not obligate the Company to acquire any specific number of shares and may be suspended or terminated at any time.

About Alliance Data

Alliance Data (NYSE: ADS) and its combined businesses is North America's largest and most comprehensive provider of transaction-based, data-driven marketing and loyalty solutions serving large, consumer-based industries. The Company creates and deploys customized solutions, enhancing the critical customer marketing experience; the result is measurably changing consumer behavior while driving business growth and profitability for some of today's most recognizable brands. Alliance Data helps its clients create and increase customer loyalty through solutions that engage millions of customers each day across multiple touch points using traditional, digital, mobile and other emerging technologies. Headquartered in Dallas, Alliance Data employs approximately 7,400 associates at 50 locations worldwide.

Alliance Data is a leading provider of marketing-driven credit solutions, and is the parent company of Epsilon®, a leading provider of multi-channel, data-driven technologies and marketing services, and LoyaltyOne™, which owns and operates the AIR MILES® Reward Program, Canada's premier coalition loyalty program. For more information about the company, visit our web site, www.AllianceData.com, or you can follow us on Twitter at www.Twitter.com/AllianceData.

Alliance Data's Safe Harbor Statement/Forward Looking Statements

This release 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 the anticipated effects of the CARD Act and 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.

“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.

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Alliance Data NYSE: ADS

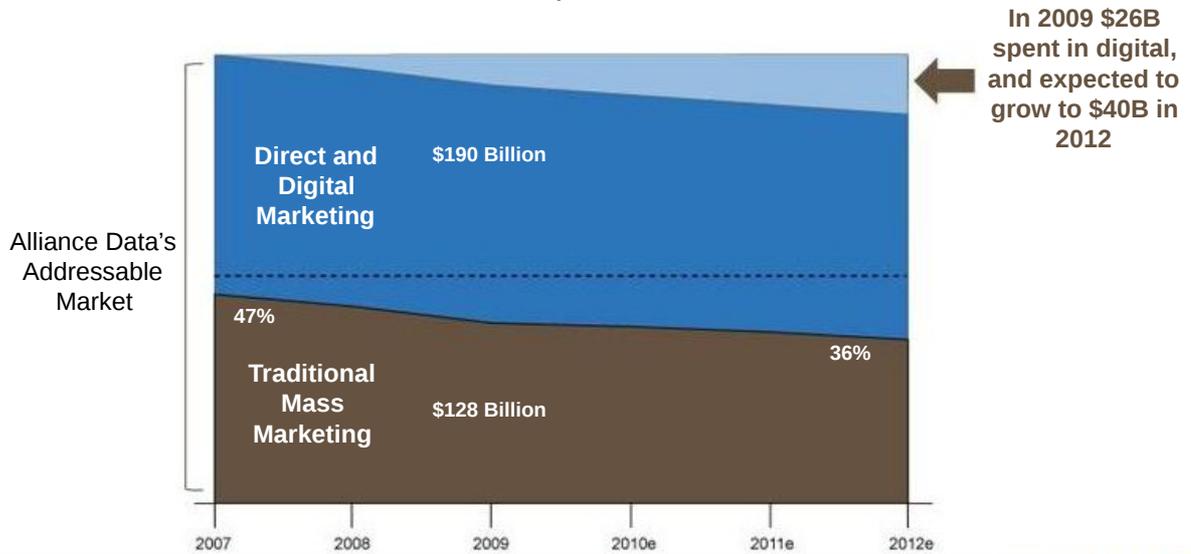
Q3 2010



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Opportunity: ~\$300 Billion Addressable Market

- Marketing spend is shifting from traditional mass marketing to data-enabled, multi-channel direct marketing
- The digital channel spend directed toward transaction-based, ROI solutions:
 - Strong double-digit growth market
 - Still less than 10% of \$300+ billion prize



Sources: ZenithOptimedia for Core Advertising March 2010; DMA 2010 Statistical Fact Book; and Forrester US Interactive Marketing Forecast 2009

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Three Businesses. One Focus.

The largest and most comprehensive provider of transaction-based marketing and loyalty solutions. These solutions are delivered through 3 businesses:

LoyaltyOne

Designs, delivers and manages a suite of loyalty marketing programs and services to profitably change customer behavior

epsilon

Designs and executes ROI-based marketing programs that deliver measurable results

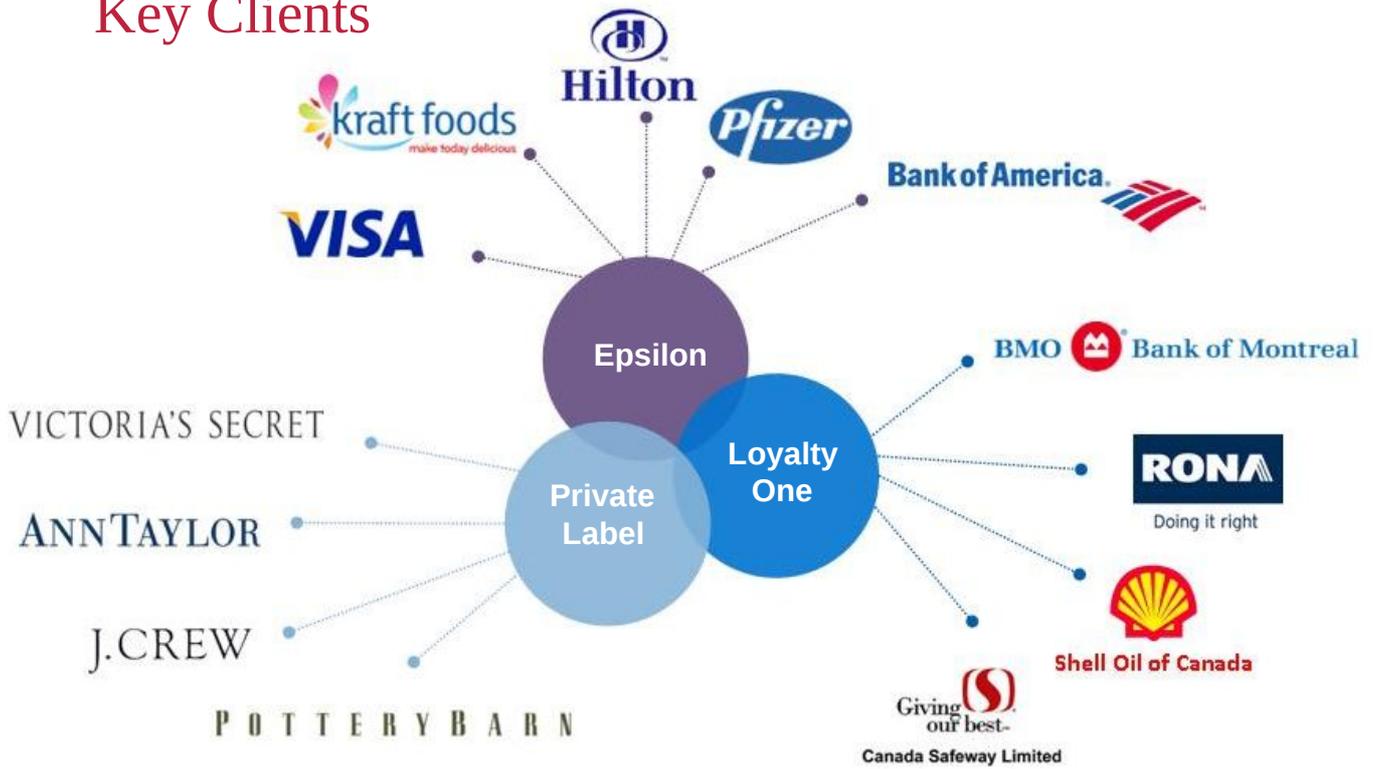


**AllianceData.
Private Label**

Drives sales for our clients by providing marketing driven branded credit programs that build customer loyalty



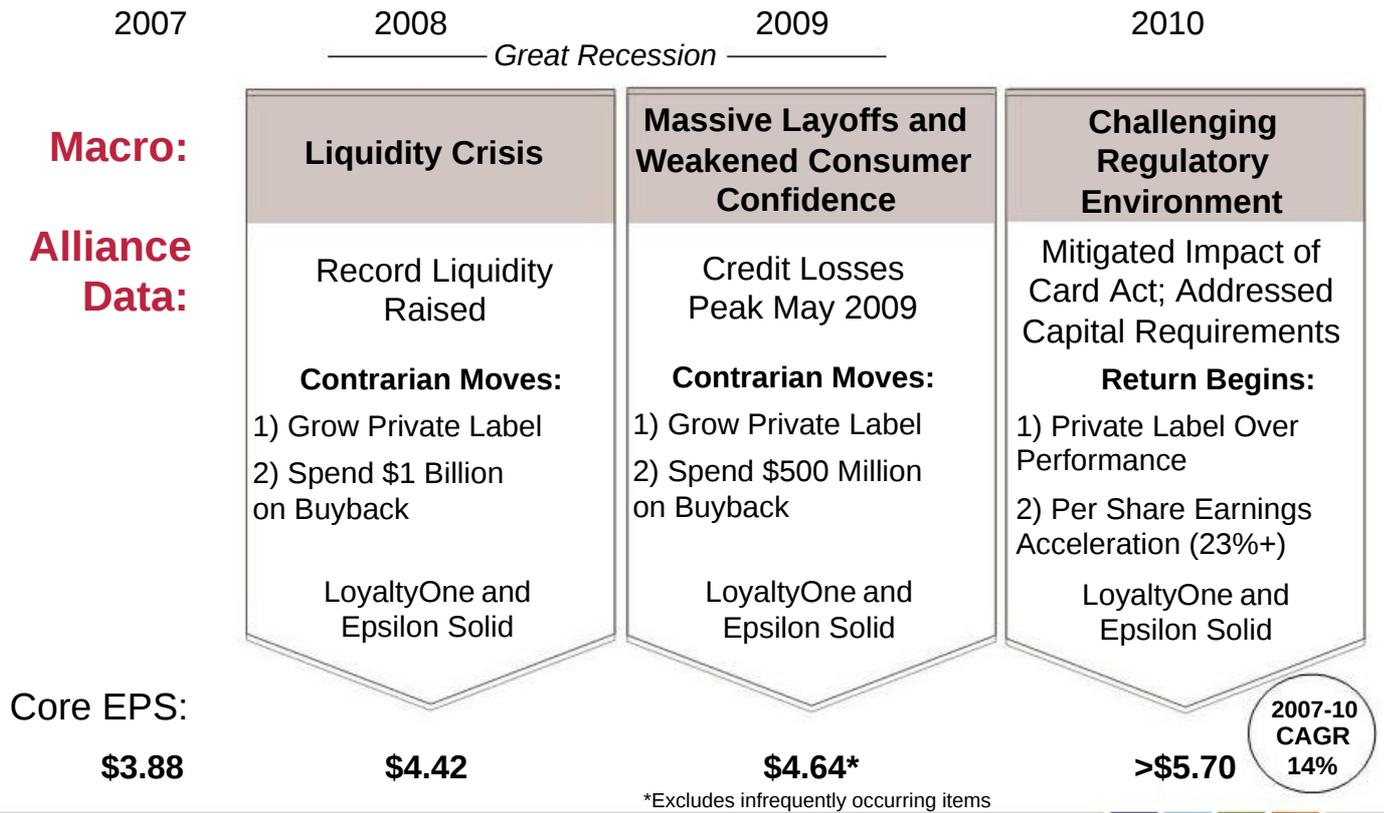
Key Clients



We work with the biggest brands in North America.



Strength of Business Model



2010 Trends

Double-digit Revenue Growth Across All 3 Businesses

LoyaltyOne:	Epsilon:	Private Label:
<ul style="list-style-type: none"> • 4 Quarters of Positive Issuance Growth • 100% Sponsor Renewal Rate • New Sponsors YTD: Whirlpool, Ontario Power • Brazilian Pilot 	<ul style="list-style-type: none"> • Accelerating from ~10% Revenue and Adjusted EBITDA Growth in 1st Half of Year • Significant New Wins YTD: Kraft, Dell, Unilever, AAA • Acquisition of Equifax DMS 	<ul style="list-style-type: none"> • Available Liquidity of \$2.6 Billion • Principal Loss Rates Continue to Improve (10% Q2,09 → 9% Q2,10) • Solid Growth in Credit Card Receivables • Regulatory Matters Resolved Favorably • Expect 4-5 New Wins: David's Bridal, MyPoints
<p>ADS:</p> <ul style="list-style-type: none"> • Operating Leverage + Buyback = ~20% Normalized EPS Growth • Corporate Available Liquidity ~\$500 Million; Moderate Leverage • Sufficient Regulatory Capital at Private Label Banks 		

2010 YTD Operating Results

(\$MM, except per share data)

	Six Months Ended June 30,			% Change 10/09PF
	2009 Actual	2009 Pro Forma ¹	2010 Actual	
Revenue	\$937	\$1,203	\$1,333	11%
Net Income	\$57		\$94	64%
Net Income Per Diluted Share	\$0.96		\$1.67	74%
Adjusted EBITDA	\$274	\$343	\$410	20%
Core Earnings Per Diluted Share	\$2.12		\$2.76	30%

1. 2009 revenue and adjusted EBITDA are shown pro forma to reflect the commercial presentation format effective January 1, 2010. Net income, net income per diluted share and core earnings per diluted share are not impacted by the change in accounting presentation.



2010 Guidance

(\$MM, except per share data)

		2009 Pro Forma	2010 Guidance	% Change
Revenue	Reported	\$2,513		+10%
	Normalized ¹	\$2,478	\$2,770	+12%
Adjusted EBITDA	Reported	\$734		+9%
	Normalized ¹	\$717	\$800	+12%
Core Earnings Per Diluted Share	Reported	\$5.16		10%+
	Normalized ¹	\$4.64	\$5.70 - \$6.00	23%+

1. Excludes infrequently occurring items.



2011 Outlook

LoyaltyOne:	Epsilon:	Private Label:
Solid Revenue Growth Continues; Adj. EBITDA Growth Resumes	Backlog of Wins and DMS Acquisition Drive Above Average Growth	Moderate Portfolio Growth and Improving Credit Losses = Double-digit Growth in Revenue and Adj. EBITDA Bank Dividends to Resume

We expect:

- **Consolidated Double-digit Revenue and Adjusted EBITDA Growth**
- **Core EPS Growth ~20%**
- **Continued Divergence Between Unemployment and Credit Loss Rates**
- **Over \$400 Million in Free Cash Flow**
- **Available Corporate Liquidity Expected to Grow to \$900 Million by End of 2011**



New Share Repurchase Program

New Repurchase Plan Announced Today - Expands and Extends Program to \$400 Million Through 2011

- Market Perceptions of ADS are Clouded by Ongoing Macro Concerns and “Noise” Intended to Create Uncertainty
- New Share Repurchase Program Takes Advantage of Disconnect Between Market vs. ADS Performance
- Announcement Continues Ongoing Repurchase Program; Since 2007, ADS Has Spent \$1.63 Billion to Repurchase 40% of Its Outstanding Common Shares
- Strong Forecasted Liquidity Allows ADS to Fully Execute the New Share Repurchase Program Yet Reduce Its Operating Leverage from 2.5x to 2.0X by End of 2011



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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.

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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, core earnings and core earnings per diluted share. These non-GAAP financial measures exclude costs associated with the terminated merger with affiliates of The Blackstone Group and other costs. 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.

