

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):
June 22, 2020

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.)

3075 LOYALTY CIRCLE
COLUMBUS, OH 43219
(Address and Zip Code of Principal Executive Offices)

(614) 729-4000
(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 (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.01 per share	ADS	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 9, 2019 Alliance Data Systems Corporation (the “*Company*”) announced in a press release the departure of Bryan A. Pearson, Executive Vice President and President, LoyaltyOne[®], from the Company. On June 22, 2020, the Company, LoyaltyOne, Co. and Mr. Pearson entered into a Separation Agreement (the “*Separation Agreement*”).

Pursuant to the Separation Agreement and in consideration for a broad release of the Company and his agreements not to disparage or disclose confidential information and to provide cooperation as permitted in certain matters, Mr. Pearson will receive salary continuance in the aggregate amount of \$1,978,844.16, and be permitted participation in certain Company benefit plans, for a period of 24 months that commenced August 9, 2019, subject to a reduced amount and discontinuance of benefit plan participation in the event Mr. Pearson commences comparable alternate employment during the 24-month period. Further, Mr. Pearson shall receive a cash payment representing his 2019 pro-rated bonus amount of \$204,960.93, which amount shall be withheld pending completion of tax equalization determinations for calendar years 2017, 2018, 2019 and 2020 and subject to offset for amounts owing to the Company for such periods. Any amounts owed by Mr. Pearson for tax equalization in excess of such amount shall be recouped by the Company from remaining salary continuance payments. Mr. Pearson shall receive up to \$5,000 (plus Canadian harmonized sales tax (HST)) and up to \$15,000 (inclusive of HST) in reimbursement of any amounts paid to Mr. Pearson’s accountant in respect of assessing his tax responsibility between the Netherlands and Canada and his legal counsel, respectively. All amounts expressed in Canadian dollars. All unvested equity awards outstanding as of August 9, 2019 were forfeited in accordance with their terms.

The foregoing summary of the Separation Agreement is qualified in its entirety by reference to the full text of such agreement, a copy of which is attached as Exhibit 10.1 hereto and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit

No. **Document Description**

[10.1](#) Separation Agreement, dated as of June 22, 2020, by and among Alliance Data Systems Corporation, LoyaltyOne, Co. and Bryan A. Pearson.

104 Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: June 26, 2020

By: /s/ Joseph L. Motes III
Joseph L. Motes III
Executive Vice President, Chief
Administrative Officer, General
Counsel and Secretary

SEPARATION AGREEMENT

BETWEEN:

LOYALTYONE, CO., and ALLIANCE DATA SYSTEMS CORPORATION

(collectively, the “Company”)

- and -

BRYAN A. PEARSON

(the “Employee”)

WHEREAS the Employee has been employed by LoyaltyOne, Co. (“L1”) since July 17, 1995 in various capacities and under various corporate name and entities;

AND WHEREAS as of the Termination Date (as defined below) the Employee was employed as an Executive Vice President of Alliance Data Systems Corporation (“Alliance Data”) and the President of L1;

AND WHEREAS the Employee entered into a Commuter Agreement dated April 3, 2017 (the “Commuter Agreement”) which provided that effective May 1, 2017, the Employee would be assigned to the Netherlands;

AND WHEREAS the Employee and the Company wish to conclude their relationship in an orderly fashion and are both desirous of resolving all claims, demands, liabilities and issues arising out of the Employee’s employment and termination of such employment;

NOW THEREFORE in consideration of the foregoing and the mutual agreements contained herein (the receipt and adequacy of which are acknowledged), the Employee and the Company agree as follows:

1. The Employee’s employment was terminated effective August 9, 2019 (the “Termination Date”).
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2. Following the Termination Date, the Company will provide the Employee with the following:

- (a) an amount equal to \$1,978,844.16 to be paid in equal installments over a period of twenty four months (the “**Severance Period**”) in the form of salary of continuation in accordance with L1’s regular payroll practices. In the event that the Employee commences comparable alternate employment during the Severance Period, the salary continuation payments shall cease. The Employee will be entitled to the difference between (A) the amount he would have received from the Company for the remainder of the Severance Period and (B) the amount he receives from his new employer for the length of the remainder of the Severance Period. On the next payroll following the execution of this Separation Agreement, the Company will pay any top up amounts owing since the Termination Date in a lump sum, and characterize such lump sum as a retiring allowance and taxed at a rate of 30% in accordance with the *Income Tax Act*. The Employee acknowledges and agrees that any top up amount shall be less the amounts already paid to the Employee since the Termination Date;
 - (b) continued participation in L1’s group insurance medical and dental benefits, to the extent permitted by Sunlife insurer and in accordance with the terms and conditions of such policies, until the earlier of (i) the completion of Severance Period; and (ii) the date the Employee commences comparable alternate employment (the “**Salary Continuation Period**”) with the exception of AD&D, long term and short term disability benefits and extended life insurance, all provided by SunLife which ceased on March 24, 2020. The Employee’s participation in the Company’s Executive Plan shall continue for the length of the Salary Continuation Period. The Company and the Employee shall pay their respective share of any applicable premiums in accordance with past practice. The Employee may convert his life insurance coverage to an individual policy by contacting the relevant insurer immediately;
 - (c) a lump sum payment of \$204,960.93 which represents the Employee’s pro-rated cash bonus for 2019 which is based on the average of the last three years of cash bonus. The payment of this amount will be withheld by the Company as per paragraph 5 of this Agreement; and,
 - (d) continued participation in L1’s group registered retirement savings plan, deferred profit sharing plan and supplemental executive retirement plan for the length of the Salary Continuation Period in accordance with terms and conditions of the relevant plans and policies.
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3. Employee shall be eligible to participate in outplacement services provided by Feldman Daxon. Details of this benefit were provided to the Employee under separate cover.
 4. Employee acknowledges and agrees that any restricted stock units granted pursuant to the 2015 Omnibus Incentive Plan that are unvested as of the Termination Date shall be forfeited and no further vesting shall occur beyond the Termination Date.
 5. In accordance with the terms of the Commuter Agreement, for the tax years up to and including, if applicable, 2020, the Company agrees to continue providing tax equalization services to the Employee. Such services include providing tax preparation services with an accounting firm of the Company's choice for the purpose of equalizing the Employee's tax responsibility between the Netherlands and Canada. Employee agrees to continue to abide by the tax equalization policy and procedure previously provided to him pursuant to the Commuter Assignment. The Employee agrees that the following amounts shall be deducted from the payment provided for in Section 2(c) above: \$91,287.52 in respect of taxes owing for 2017 and any further amounts owing for 2018, 2019 and 2020. Employee acknowledges and agrees that any amounts owing in respect of these taxes that are not satisfied by the amounts in Section 2(c) shall be deducted from the amounts provided in Section 2(a) above. Additionally, Employees agrees that all foreign tax credits that arise as a result of the tax equalization exercise will belong to the Company for its use in addressing the Netherlands portion of the tax requirement. Within 30 days of payment of the taxes owing, any portion of the lump sum payment set out in paragraph 2(c) that remains shall be paid to the Employee.
 6. The Company shall reimburse the Employee up to \$5,000 (plus HST) for any amounts paid to his accountant in respect of assessing the Employee's tax responsibility between the Netherlands and Canada.
 7. The Employee agrees that his eligibility for all other perquisites and/or benefits ceased as of the Termination Date. Any claims the Employee may have in respect of any other perquisites and benefits are deemed to be satisfied by the consideration set out in the Separation Agreement.
 8. The amounts provided in this Separation Agreement are in Canadian dollars and are inclusive of any and in full satisfaction of amounts owing pursuant to the ESA or any other contract or agreement between the parties. Employee acknowledges that he has received all amounts owing to him in respect of outstanding expenses and vacation pay.
 9. The Employee further agrees to return to the Company on or before the Termination Date all equipment, electronics, correspondence, documents, software and other property belonging to the Company, and agrees to delete copies of all confidential information of the Company stored electronically on his computer or
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other device owned or controlled by the Employee. The Employee further agrees that he will not reproduce any such property. Notwithstanding the above, the Employee may retain the Company phone and laptop in his possession.

10. The Company will provide the Employee with a confirmation of employment letter which will set out his years of service and last position with the Company.
 11. The Employee acknowledges that he remains bound by the terms and conditions as contained in the Employee Confidentiality & Non-Solicitation Agreement dated March 21, 2011 (the “**Agreement**”).
 12. The Employee agrees that he will not make, disseminate or publish in any form directly or indirectly any statement critical of the Company or their respective parent or affiliated companies, directors, shareholders, officers or employees, or otherwise defame, disparage, or in any way criticize the reputation or conduct of the Company or any such persons other than truthful communications directly required by applicable laws or judicial or administrative process. The Company will advise Joseph Motes, Charles Horn and Mitchell Merowitz not to make, disseminate or publish in any form directly or indirectly any statement critical of the Employee, or otherwise defame, disparage, or in any way criticize the reputation or conduct of the Employee other than truthful communications directly required by applicable laws or judicial or administrative process.
 13. The Employee agrees that he will make himself available to assist the Company as reasonably requested, taking into account the Employee’s other professional obligations, regarding prior business arrangements or pending litigation or litigation which may arise in the future concerning matters about which he has or had personal knowledge or which were within the purview of his responsibilities. Employee agrees to reasonably assist in the prosecution or defense of such claims involving the Company or any of its and their respective officers, directors, employees or agents, whether or not such claims involve litigation. This assistance may include but is not limited to participation in interviews, development of factual matters and the giving of documentation and/or testimony, whether by oral testimony, affidavit, at trial or otherwise. The Employee shall be compensated on a reasonable basis for the time that he spends providing assistance.
 14. The offer as set out above is conditional upon the Employee:
 - (a) executing the Final Release attached hereto as Schedule “A”;
 - (b) not disclosing the terms of this Separation Agreement to anyone except her spouse, legal and/or financial advisors (only in strictest confidence in their professional capacity) and/or as may be required by law; and,
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- (c) abiding by the terms in this Separation Agreement including the restrictive covenants contained in the Agreement.
15. This Separation Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
 16. The Employee acknowledges that he has received independent legal advice with respect to the matters addressed in this Separation Agreement and the attached Final Release. The Company shall contribute an amount of up to \$15,000 (inclusive of HST) to the Employee's legal fees subject to an invoice from counsel.
 17. The wording in this Separation Agreement was reviewed and accepted by the parties after reasonable time to review with legal counsel and no party shall be entitled to have any of this Separation Agreement construed against any other party as the drafter of the Separation Agreement in the event of any dispute in connection with this Separation Agreement.
 18. This Separation Agreement shall be binding upon and the benefits shall inure to the Employee and the Employee's heirs and to the Company and their respective successors and assigns.
 19. This Separation Agreement contains the entire agreement of the parties with respect to the subject matter hereof and may be amended or superseded only by an agreement in writing signed by the Employee and the Company. For clarity, the provisions of the Agreement shall remain in full force and affect.
 20. This Separation Agreement may be executed in one or more counterparts (by facsimile or electronic transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF the Separation Agreement has been executed by the parties hereto.

DATED this 22nd day of June, 2020.

LOYALTYONE, CO.

/s/ Mitchell Merowitz

Mitchell Merowitz

SVP, Corporate and Legal Affairs and
Secretary

ALLIANCE DATA SYSTEMS CORPORATION

/s/ Joseph Motes
Joseph Motes
EVP, Chief Administrative Officer,
General Counsel and Secretary

SIGNED, SEALED AND DELIVERED)
IN THE PRESENCE OF:)
)
/s/ Sally Peterson)
Signature of Witness)
)
Sally Peterson)
Name of Witness)
)
Withheld)
Address)

/s/ Bryan A. Pearson
BRYAN A. PEARSON



FINAL RELEASE

In consideration of the terms set out in the attached Separation Agreement, dated June 22, 2020 (the “**Separation Agreement**”), I, BRYAN A. PEARSON, on behalf of my heirs, administrators and assigns, hereby release and forever discharge LOYALTYONE, CO. and ALLIANCE DATA SYSTEMS CORPORATION, their parents, subsidiaries and affiliates and each of its respective officers, directors, employees, servants and agents, and its successors and assigns (hereinafter collectively referred to as the “**Releasee**”) jointly and severally from any and all actions, causes of action, complaints, contracts and covenants, whether express or implied, claims and demands for damages, indemnity, costs, interest, loss or injury of every nature and kind whatsoever arising, which I may heretofore have had, may now have or may hereinafter have in any way relating to my hiring by, my employment with or the termination of my employment by Releasee, which specifically includes but is not limited to any claims for salary, wages, commission, notice, pay in lieu of notice, termination pay, severance pay, wrongful dismissal, bonus, overtime pay, equity, incentive compensation, interest, vacation pay, holiday pay, or benefits, or any other claims at common law, in equity, contractually or pursuant to the 2015 Omnibus Incentive Plan, statute, including applicable employment standards or human rights legislation.

I hereby declare that I am aware of my rights under the *Human Rights Code* that I have discussed or otherwise canvassed any and all human rights complaints, concerns or issues arising out of or with respect to my employment with Releasee, and that I am not asserting such rights or advancing any human rights claim or complaint.

For the said consideration, I further agree not to make any claim, initiate or continue any proceeding against any other individual, partnership, association, trust, unincorporated organization or corporation with respect to the matters dealt with by this Final Release who may claim contribution or indemnity or any other relief from Releasee, or any one of them, by virtue of said claim or proceeding.

And for the said consideration I further covenant and agree to save harmless and indemnify Releasee from and against all claims, charges, taxes or penalties and demands which may be made by the appropriate taxing authorities in Canada and Ontario requiring Releasee, or any one of them, to pay income tax, charges or penalties under applicable statutes and regulations in respect of income tax payable by me for services I rendered to Releasee; and in respect of any and all claims, charges, taxes, or penalties and demands which may be found payable by Releasee in respect of myself relating to governmentally regulated or other employment insurance or pension plan programs.

I expressly declare, except as set out in the Separation Agreement, that I have no claim of any nature or kind to any entitlement whatsoever arising under or from any group health or welfare insurance policy maintained by Releasee for the benefit of its employees including disability or life insurance plans.

And for the consideration, I further agree not to discuss or disclose the terms of the Separation Agreement and this Final Release except to my counsel, immediate family, financial advisor, or as required by law.

I hereby declare and agree that if I make any claim, demand or complaint or take any action or proceeding against Releasee, or any one of them, arising out of the matters described in this Final Release, that this Final Release shall be deemed to be a complete defense and bar to any such claim, demand, complaint, action or proceeding. Provided, however, that nothing in this Release affects or prevents me from bringing a claim or proceeding against the Releasee in the event of the breach of any term or condition of the Separation Agreement.

It is understood and agreed that the giving of the aforementioned consideration is deemed to be no admission of liability on the part of Releasee, said liability in fact being denied.

I hereby declare and agree that I have had the opportunity to seek independent legal advice with respect to the execution of this Final Release. I further confirm that I have read and understood this Final Release and that I am executing this Final Release in a free and voluntary manner and that I am under no duress or undue influence in so doing. I hereby voluntarily accept the terms of this Final Release for the purpose of making full and final compromise, adjustment and settlement of all claims as aforesaid.

This release will be deemed to have been made in and shall be construed in accordance with the laws of the province of Ontario.

IN WITNESS WHEREOF I have executed this Final Release on the 22nd day of June, 2020.

SIGNED, SEALED AND DELIVERED)
IN THE PRESENCE OF:)
)
/s/ Sally Peterson)
Signature of Witness)
)
Sally Peterson)
Name of Witness)
)
Withheld)
Address)

/s/ Bryan A. Pearson
BRYAN A. PEARSON