
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):
May 28, 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
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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: May 28, 2009

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

EXHIBIT INDEX

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Alliance Data
NYSE: ADS



Second Quarter
2009



2009 Guidance (includes FX Impact of (\$140MM) Revenues / (\$40MM) Adjusted EBITDA)

Revenues: \$2Billion

Op. EBITDA: \$700MM

Adjusted EBITDA: \$660MM

Cash EPS: \geq \$5.15 \uparrow 17%
(constant currency \uparrow 25%)



2009 Free Cash Flow (\$MM)

Adjusted EBITDA	\$660	
Loyalty Adjusted	\$40	
Operating EBITDA	\$700	
CAPEX, Cash Interest, Taxes	(\$340)	
Free Cash Flow	\$360	
Per Share	\$6.00	(14% Yield)



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



Loyalty Services - Canada

- **AIR MILES® Reward Program is the Largest Consumer Coalition Loyalty Program in Canada**
- 70% of Canadian Households Active in the Program
- One of Canada's Most Recognizable Brands
- Despite Name, Revenues are not Driven by Airline Industry.
- Large Portion of Revenues Generated from Consumers' Non-discretionary, High Frequency, Everyday Spend
 - Gas, Grocery, Pharmacy, Etc.
- **2009:**
 - **35% of Alliance Data Cash Flow**
 - **Double-digit Organic Growth (constant currency)**

BMO  Bank of Montreal

Giving 
our best.

Canada Safeway Limited



Doing it right



Shell Oil of Canada



Epsilon Marketing Services

- **Most Comprehensive and Only Integrated Database Marketing Services Firm in the Industry**
 - Marketing Strategy
 - Proprietary Data Services
 - Database Management
 - Analytical Services
 - Distribution (35BN+ Permission-based Emails Sent Annually)
 - Advertising Age #1 in Top US Direct Marketing Agencies
 - #4 in Top US Agencies Across All Disciplines
 - Coalition Programs: Abacus, CitiBank® ThankYou® Network
 - Individual Programs: Hilton HHonors®, Barnes & Noble, Pfizer
 - Top 25 Clients have Average Tenure of 10 Years
-
- **2009:**
 - 20% of Alliance Data Cash Flow
 - 7% Organic Growth



Hilton



BARNES & NOBLE



Private Label Services

- **Fully Integrated Loyalty-driven Private Label and Co-brand Programs**
 - Transaction Processing
 - High-end Customer Care
 - Loyalty & Marketing Programs
- Consumer's Choice Driven by Loyalty and Relationship to Retailer, not a Need for Credit
- 2 of 3 Services (Loyalty/Marketing and Customer Care) Provide "Special Sauce" That Makes the Business Unique
- High Renewal Rate; Key Clients with Long Tenure
- **2009:**
 - **15% of Alliance Data Cash Flow**
 - **Mid-single Digit Growth**

ANNTAYLOR

J. CREW

Crate&Barrel

VICTORIA'S SECRET

Eddie Bauer[®]
EST. 1920

POTTERY BARN

Buckle 



Private Label Credit

- 11MM Active Households Each Month
- 85% Female; Mid-to High-Income
- Consumer Views as Loyalty Program, not an Extension of Credit
- 700 Average Bureau Score; Small Average Balances (\$400/acct.)
 - No Sub-prime Targeting

(+) Sales Growth

(+) Portfolio Growth

(+) Lower Funding Rates

(-) Higher Credit Losses (100bps above Unemployment)

- **2009:**

- **30% of Alliance Data Cash Flow**
- **Negative Impact Diminishing in 2nd Half**



WSJ Article – déjà vu?

- “Many Financial Firms Raising Equity, Reducing Leverage . . . ADS has Continued to Leverage Up”
 - ADS is not a bank, no TARP, no need to raise equity
 - Majority of cash flow from Loyalty Canada & Epsilon
 - Including card processing, 2/3 of cash flow is outside of Credit segment
- “Shareholder Equity as % of Assets has Fallen” (due to buyback)
 - Again, ADS – not a bank; leverage minimal @ 2.5x debt/cash flow
 - At our Bank – Tier 1 equity & Risk Based Capital ~ 20% v. 8% for well capitalized banks
 - Buyback does not impact Bank equity
- “FAS140 May Require Extra Capital . . .”; “Stress Tests Included \$700BN of Off Balance Sheet. . .”
 - \$2 - \$3 trillion at top 10 banks → not \$700BN
 - At 20% Tier 1, lots of room, likely a GAAP-RAP transitional period
- “. . . Company Aims to Give New Credit to Borrowers . . . Could Mean Riskier Portfolio if ADS Adds Borrowers that couldn't get Credit Elsewhere”
 - We don't target sub-prime; 700 average bureau score for actives; 720 score for new accounts
 - We grow differently: via new retailers, not via general mass marketing; new retailers → new access to prime customers
- Chart: “Weak Data”
 - Chart has ADS +100% v. Flat Market
 - May 18, 2005: WSJ “analysis” of what's wrong with ADS
 - Since IPO, ADS +200% v. -30% Market
- **Summary: We believe our model works; no change in strategy.**

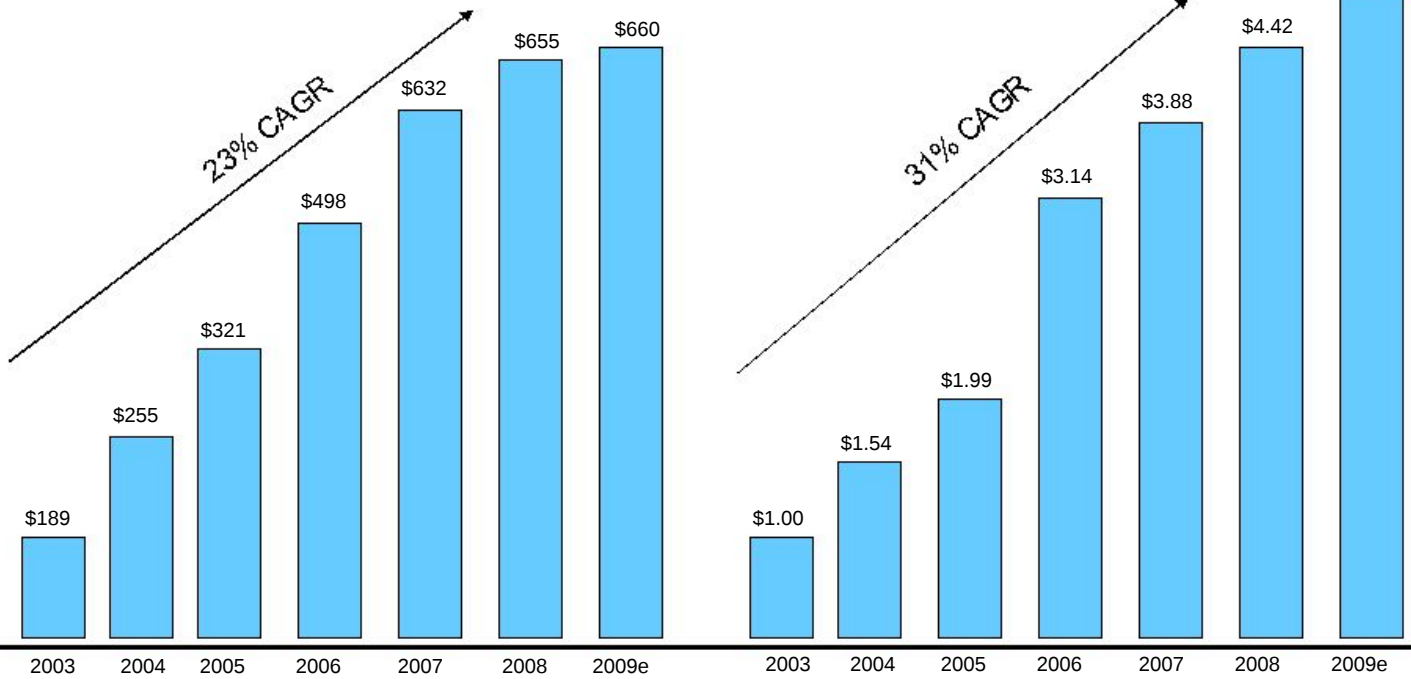


2003-2009e

(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, but only for prior reported periods and not on a forward-looking basis. 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.

