#### ALLIANCE DATA SYSTEMS CORP

Form 4 March 02, 2009

# FORM 4

#### UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

**OMB APPROVAL OMB** 3235-0287 Number:

Expires:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES** 

January 31, 2005

Form 4 or Form 5 obligations may continue.

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

burden hours per response... 0.5

Estimated average

See Instruction 1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person * Kennedy Bryan J			2. Issuer Name <b>and</b> Ticker or Trading Symbol ALLIANCE DATA SYSTEMS CORP [ADS]	5. Relationship of Reporting Person(s) to Issuer  (Check all applicable)
(Last) 17655 WAT	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 03/02/2009	Director 10% OwnerX_ Officer (give title Other (specify below)  EVP & President, Mktg. Svcs.
DALLAS, T	(Street) X 75252		4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Filing(Check Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting Person
(City)	(State)	(Zip)	Table I - Non-Derivative Securities Ac	quired, Disposed of, or Beneficially Owner

1.Title of	2. Transaction Date		3.	4. Securities Acquired		6. Ownership	
Security	(Month/Day/Year)	Execution Date, if		on(A) or Disposed of	Securities	Form: Direct	Indirect
(Instr. 3)		any	Code	(D)	Beneficially	(D) or	Beneficial
		(Month/Day/Year)	(Instr. 8)	(Instr. 3, 4 and 5)	Owned	Indirect (I)	Ownership
					Following	(Instr. 4)	(Instr. 4)
				(A)	Reported		
				(A)	Transaction(s)		
			Code V	or Amount (D) Price	(Instr. 3 and 4)		
Common Stock	03/02/2009		A(1)	10,000 A (1)	133,679 <u>(2)</u>	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Title	and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transaction	orNumber	Expiration D	ate	Amour	nt of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Underl	ying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivative	e		Securit	ies	(Instr. 5)	Bene
	Derivative				Securities			(Instr. :	3 and 4)		Own
	Security				Acquired						Follo
					(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
									Amount		
						Date	Expiration		or Number		
						Exercisable	Date				
				Code V	(A) (D)						
				Code V	(A) (D)				of Shares		

# **Reporting Owners**

Reporting Owner Name / Address	Relationships						
. 8	Director	10% Owner	Officer	Other			
Kennedy Bryan J			EVP &				
17655 WATERVIEW PARKWAY			President,				
DALLAS, TX 75252			Mktg. Svcs.				

## **Signatures**

Leigh Ann K. Epperson, Attorney 03/02/2009 in Fact

\*\*Signature of Reporting Person Date

### **Explanation of Responses:**

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

The new grant is for a total of 10,000 shares of common stock represented by performance-based restricted stock units, which may be adjusted down at the time the performance restriction lapses. The restriction may lapse with respect to 3,300 shares on each of 2/23/10

- (1) and 2/23/11 and with respect to 3,400 shares on 2/23/12 contingent on meeting a cash earnings per share growth hurdle for 2009. The award has a 10% cash EPS growth threshold to achieve 50% of the target award, with 100% of the target award obtained by achieving 17% cash EPS growth in 2009.
  - The total number of securities beneficially owned includes: (a) 26,407 unrestricted shares; (b) 705 unvested shares from an original award of 2,071 time-based restricted stock units granted 2/21/07; (c) 24,321 unvested shares from an original award of 36,300
- (2) performance-based restricted stock units granted 4/28/08; (d) 19,899 unvested shares from an original award of 29,700 time-based restricted stock units granted 4/28/08; (e) 22,347 unvested time-based restricted stock units granted 2/23/09; (f) 30,000 unvested performance-based restricted stock units granted 2/23/09; and (f) the new grant for 10,000 performance-based restricted stock units.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

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