

ALLIANCE DATA SYSTEMS CORP

Form 4

February 24, 2010

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Check this box
if no longer
subject to
Section 16.
Form 4 or
Form 5
obligations
may continue.
See Instruction
1(b).

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

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
Pearson Bryan A

2. Issuer Name **and** Ticker or Trading
Symbol
ALLIANCE DATA SYSTEMS
CORP [ADS]

5. Relationship of Reporting Person(s) to
Issuer

(Check all applicable)

(Last) (First) (Middle)
17655 WATERVIEW PARKWAY
(Street)

3. Date of Earliest Transaction
(Month/Day/Year)
02/22/2010

____ Director ____ 10% Owner
____X____ Officer (give title below) ____ Other (specify below)
EVP & President, LoyaltyOne

DALLAS, TX 75252-8012

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 Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	02/22/2010		A ⁽¹⁾		5,908	A	111,023
Common Stock	02/22/2010		A ⁽²⁾		23,632	A	134,655 ⁽³⁾ ⁽⁴⁾

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

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information contained in this form are not
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SEC 1474
(9-02)

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

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repor Trans (Instr
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
Pearson Bryan A 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012	EVP & President, LoyaltyOne

Signatures

Leigh Ann K. Epperson, Attorney
in Fact 02/24/2010

**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 5,908 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,949 units on 2/22/11, on 1,950 units on 2/22/12 and on 2,009 units on 2/22/13, subject to continued employment by the Reporting Person on the vesting dates.

(2) The new grant is for 23,632 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the performance restriction lapses. The restriction may lapse with respect to 33% of such shares on each of 2/22/11 and 2/22/12 and with respect to 34% of such shares on 2/22/13 contingent on meeting a cash earnings per share growth hurdle for 2010 and subject to continued employment by the Reporting Person on the vesting dates.

(3) The total number of securities beneficially owned includes: (a) 60,092 unrestricted shares; (b) 21,439 unvested shares from an original award of 63,053 time-based restricted stock units granted 4/28/08; (c) 23,584 unvested shares from an award of 35,200 performance-based restricted stock units granted 2/23/09; (d) the new grant for 5,908 time-based restricted stock units; and (e) the new grant for 23,632 performance-based restricted stock units.

(4) Based on the Company's cash EPS growth in 2009, 88% of the original award of 40,000 performance-based restricted stock units granted 2/23/09, or 35,200 units, were earned. The restrictions will lapse with respect to 11,616 units on 2/23/11 and with respect to 11,968 units on 2/23/12, subject to continued employment by the Reporting Person on the remaining vesting dates.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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