ALLIANCE DATA SYSTEMS CORP

Form 4

February 25, 2009

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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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 See Instruction

1(b).

(Print or Type Responses)

1. Name and Ad Kennedy Bry	•	orting Person *	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) 17655 WATI	(First) ERVIEW P	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 02/23/2009	Director 10% Owner Other (specify below) 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	s Acquired, Disposed of, or Beneficially Owned			

(City)	(State) (Table Table	e I - Non-D	erivative S	Securi	ties Acqu	iired, Disposed of	, or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transactio Code (Instr. 8)	4. Securities Acor(A) or Disposed (Instr. 3, 4 and 5) (A) or Amount (D)		of (D)	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 Indirect Beneficial Ownership (Instr. 4)
Common Stock	02/23/2009		F <u>(1)</u>	5,970	D	\$ 28.92	71,332	D	
Common Stock	02/23/2009		A(2)	22,347	A	<u>(2)</u>	93,679	D	
Common Stock	02/23/2009		A(3)	30,000	A	<u>(3)</u>	123,679 (4)	D	

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

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number.

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

1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exerc	cisable and	7. Title	e and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transacti	onNumber	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	ties	(Instr. 5)	Bene
	Derivative				Securities			(Instr. :	3 and 4)		Owne
	Security				Acquired						Follo
					(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
									Amount		
									Amount		
						Date	Expiration		or Namel		
						Exercisable	Date		Number		
				C 1 W	(A) (D)				of		
				Code V	(A) (D)			,	Shares		

Reporting Owners

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

Signatures

Leigh Ann K. Epperson, Attorney in Fact 02/25/2009

**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).
- (1) 5,970 shares were withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock units.
- (2) The new grant is for 22,347 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 11,173 shares on 2/23/10 and on 11,174 shares on 2/23/11.
 - The new grant is for a total of 30,000 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 9,900 shares on each of 2/23/10
- (3) and 2/23/11 and with respect to 10,200 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
- (4) 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) the new grant for 22,347 time-based restricted stock units; and (f) the new grant for 30,000 performance-based restricted stock units.

Reporting Owners 2

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