

Kennedy Bryan J  
Form 4  
February 23, 2012

**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

OMB  
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(Print or Type Responses)

1. Name and Address of Reporting Person \*  
Kennedy Bryan J

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)  
7500 DALLAS PARKWAY, SUITE  
700

3. Date of Earliest Transaction  
(Month/Day/Year)  
02/21/2012

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_X\_\_ Officer (give title below) \_\_\_\_ Other (specify below)  
EVP & President, Epsilon

(Street)  
PLANO, TX 75024

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price		
Common Stock	02/21/2012		A <sup>(1)</sup>		8,843	A	<u>(1)</u>	109,119	D
Common Stock	02/21/2012		F <sup>(2)</sup>		2,888	D	\$ 119.7	106,231	D
Common Stock	02/21/2012		A <sup>(3)</sup>		3,256	A	<u>(3)</u>	109,487	D
Common Stock	02/21/2012		A <sup>(4)</sup>		13,024	A	<u>(4)</u>	122,511	D
Common Stock	02/22/2012		F <sup>(2)</sup>		3,430	D	\$ 120.51	119,081 <sup>(5)</sup>	D

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

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SEC 1474  
(9-02)

**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. Number of Derivative Securities Beneficially Owned Following Reported Transaction (Instr. 10)
				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

Kennedy Bryan J  
7500 DALLAS PARKWAY, SUITE 700  
PLANO, TX 75024

EVP &  
President,  
Epsilon

## Signatures

Cynthia L. Hageman, Attorney  
in Fact

02/23/2012

\_\_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) Based on the Company's EBT performance in 2011, 150% of the original award of 17,685 performance-based restricted stock units granted 3/21/11 were earned, resulting in an additional 8,843 units, for a total of 26,528 units. The restrictions will lapse with respect to 8,754 units on 2/21/13 and with respect to 9,020 units on 2/21/14, subject to continued employment by the Reporting Person on the remaining vesting dates.
- (2) Shares withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock units.
- (3) The new grant is for 3,256 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,074 units on each of 2/21/13 and 2/21/14 and on 1,108 units on 2/23/15, subject to continued employment by the

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Reporting Person on the vesting dates.

- (4) The new grant is for 13,024 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 2/21/13 and 2/21/14 and with respect to 34% of such shares on 2/23/15 contingent on meeting an EBT metric for 2012 and subject to continued employment by the Reporting Person on the vesting dates.

- (5) The total number of securities beneficially owned includes: (a) 60,637 unrestricted shares; (b) 8,976 unvested units from an award of 26,400 performance-based restricted stock units granted 2/23/09; (c) 2,992 unvested units from an award of 8,800 performance-based restricted stock units granted 3/2/09; (d) 1,821 unvested units from an award of 5,354 time-based restricted stock units granted 2/22/10; (e) 7,638 unvested units from an award of 22,913 performance-based restricted stock units granted 2/22/10; (f) 2,963 unvested units from an award of 4,421 time-based restricted stock units granted 3/21/11; (g) 17,774 unvested units from an award of 26,528 performance-based restricted stock units granted 3/21/11; (h) the new grant for 3,256 time-based restricted stock units; and (i) the new grant for 13,024 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.

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