

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 25, 2009

FORM 4

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

OMB APPROVAL

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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

(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)
 02/23/2009

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP & President, Loyalty Svcs.

DALLAS, TX 75252-8012

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 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 (D) Price | | | |
| Common Stock | 02/23/2009 | | A ⁽¹⁾ | 40,000 A | 196,165 | D | |
| Common Stock | 02/25/2009 | | S ⁽²⁾ | 20,000 D \$ 29 | 176,165 ⁽³⁾ | D | |

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

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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. Number of Derivative Securities Owned Following Transaction (Instr. 5) |
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------|
|--------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------|

Reporting Owners

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

The new grant is for a total of 40,000 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 13,200 shares on each of 2/23/10 and 2/23/11 and with respect to 13,600 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.

(2) The Reporting Person will use proceeds resulting from the sale of the shares to cover Canadian tax obligations.

(3) The total number of securities beneficially owned includes: (a) 41,617 unrestricted shares; (b) 669 unvested shares from an original award of 1,967 time-based restricted stock units granted 2/21/07; (c) 51,633 unvested shares from an original award of 77,064 performance-based restricted stock units granted 4/28/08; (d) 42,246 unvested shares from an original award of 63,053 time-based restricted stock units granted 4/28/08; and (e) the new grant for 40,000 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.

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