

ALLIANCE DATA SYSTEMS CORP

Form 4

February 20, 2014

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 *
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)
7500 DALLAS PARKWAY, SUITE
700

3. Date of Earliest Transaction
(Month/Day/Year)
02/18/2014

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

(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 Ownership Indirect Beneficial Ownership (Instr. 4)
Common Stock	02/18/2014		A ⁽¹⁾	1,525 A <u>(1)</u>	108,211	D	
Common Stock	02/18/2014		A ⁽²⁾	6,101 A <u>(2)</u>	114,312	D	
Common Stock	02/19/2014		M ⁽³⁾	5,346 A \$ 41.32	119,658	D	
Common Stock	02/19/2014		S ⁽³⁾	1,546 D <u>(4)</u>	118,112	D	
	02/19/2014		S ⁽³⁾	2,500 D	115,612	D	

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Common Stock					\$ 281.477 (5)			
Common Stock	02/19/2014	S(3)	800	D	\$ 282.507 (6)	114,812	D	
Common Stock	02/19/2014	S(3)	500	D	\$ 283.076 (7)	114,312 (8)	D	

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

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(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 (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. Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 41.32	02/19/2014		M(3)	5,346	(9) 02/03/2015	Common Stock	5,346

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Pearson Bryan A 7500 DALLAS PARKWAY, SUITE 700 PLANO, TX 75024			EVP & President, LoyaltyOne	

Signatures

Cynthia L. Hageman, Attorney
in Fact

02/20/2014

__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) The new grant is for 1,525 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 503 units on each of 2/18/15 and 2/18/16 and on 519 units on 2/21/17, subject to continued employment by the Reporting Person on the vesting dates
- (2) The new grant is for 6,101 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 2/18/15 and 2/18/16 and with respect to 34% of such shares on 2/21/17 contingent on meeting an EBT metric for 2014 and subject to continued employment by the Reporting Person on the vesting dates.
- (3) Cashless exercise of employee stock options due to expire on February 3, 2015, ten years after such options were granted.
- (4) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$279.98 to \$280.98, inclusive. The reporting person undertakes to provide to Alliance Data Systems Corporation, any security holder of Alliance Data Systems Corporation, or the staff of the Securities and Exchange Commission, upon request, full information regarding the number of shares sold at each separate price within the ranges set forth in footnotes (4), (5), (6) and (7) to this Form 4.
- (5) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$281.02 to \$282.01, inclusive.
- (6) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$282.05 to \$283.04, inclusive.
- (7) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$283.05 to \$283.16 inclusive.
- (8) The total number of securities beneficially owned includes: (a) 69,627 unrestricted shares; (b) 1,459 unvested units from an award of 4,291 time-based restricted stock units granted 3/21/11; (c) 8,756 unvested units from an award of 25,748 performance-based restricted stock units granted 3/21/11; (d) 2,132 unvested units from an award of 3,181 time-based restricted stock units granted 2/21/12; (e) 12,790 unvested units from an award of 19,089 performance-based restricted stock units granted 2/21/12; (f) 2,384 unvested time-based restricted stock units granted 2/21/13; (g) 9,538 unvested performance-based restricted stock units granted 2/21/13; (h) the new grant for 1,525 time-based restricted stock units; and (i) the new grant for 6,101 performance-based restricted stock units.
- (9) This is an employee stock option grant that is fully vested.
- (10) The total number of derivative securities beneficially owned includes: (a) an option for 20,000 shares granted 2/3/05, which is fully vested; (b) an option for 7,000 out of an original 12,346 shares granted 2/3/05, which is fully vested; (c) an option for 7,724 shares granted 2/13/06, which is fully vested; and (d) an option for 4,628 shares granted 2/21/07, which is fully vested.

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.