

Kennedy Bryan J
Form 4
February 20, 2018

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)
02/15/2018

____ 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 Ownership Indirect Beneficial Ownership (Instr. 4)	
			Code	V	Amount	(A) or (D)	Price	
Common Stock	02/15/2018		A ⁽¹⁾		1,806	A	<u>(1)</u>	119,493.177 D
Common Stock	02/15/2018		A ⁽²⁾		3,615	A	<u>(2)</u>	123,108.177 D
Common Stock	02/15/2018		A ⁽³⁾		3,615	A	<u>(3)</u>	126,723.177 D
Common Stock	02/15/2018		A ⁽⁴⁾		1,051	A	<u>(4)</u>	127,774.177 D
Common Stock	02/15/2018		F ⁽⁵⁾		1,082	D	\$ 243.99	125,524.177 <u>(6)</u> <u>(7)</u> D

Common
Stock

600

I

By Norma
Kay
Kennedy
Living
Trust ⁽⁸⁾

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 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. 6)
				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 02/20/2018

**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 1,806 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 595 units on 2/15/19, on 596 units on 2/18/20 and on 615 units on 2/16/21, subject to continued employment by the Reporting Person on the

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vesting dates.

- (2) The new grant is for 3,615 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 2/15/19 and 2/18/20 and with respect to 34% of such shares on 2/16/21 contingent on meeting an EBT metric for 2018 and subject to continued employment by the Reporting Person on the vesting dates.

- (3) The new grant is for 3,615 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 100% of such shares on 2/18/20 contingent on meeting a relative total shareholder return metric for 2018 and 2019 and subject to continued employment by the Reporting Person on the vesting dates.

- (4) Based on the Company's EBT performance in 2017, 150% of the original award of 2,102 performance-based restricted stock units granted 2/15/17 were earned, resulting in an additional 1,051 units, for a total of 3,153 units. The restrictions will lapse with respect to 1,576 units on 2/15/19, subject to continued employment by the Reporting Person on the remaining vesting dates.

- (5) Shares withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock units.

- (6) The total number of securities beneficially owned includes: (a) 102,296.177 unrestricted shares; (b) 475 unvested units from an award of 1,396 time-based restricted stock units granted 2/17/15; (c) 1,899 unvested units from an award of 5,584 performance-based restricted stock units granted 2/17/15; (d) 1,185 unvested units from an award of 1,769 time-based restricted stock units granted 2/16/16; (e) 2,111 unvested units from an award of 3,151 performance-based restricted stock units granted 2/16/16; (f) 1,291 unvested units from an award of 1,926 time-based restricted stock units granted 2/15/17; (g) 1,800 unvested units from an award of 2,687 performance-based restricted stock units granted 2/15/17; (h) 3,855 unvested performance-based restricted stock units granted 2/15/17; (i) 1,576 unvested units from an award of 3,153 performance-based restricted stock units granted 2/15/17; (j) the new grant for 1,806 time-based restricted stock units;

- (7) Based on the Company's EBT performance in 2017, 69.7% of the original award of 3,855 performance-based restricted stock units granted 2/15/17, or 2,687 units, were earned. The restrictions will lapse with respect to 887 units on 2/15/19 and with respect to 913 units on 2/18/20, subject to continued employment by the Reporting Person on the remaining vesting dates.

- (8) The shares are held in the Norma Kay Kennedy Living Trust for the benefit of the Reporting Person's mother. The Reporting Person serves as trustee.

Remarks:

(6) Continued from above: (k) the new grant for 3,615 performance-based restricted stock units; and (l) the new grant for 3,615

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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