

ALLIANCE DATA SYSTEMS CORP  
 Form 4  
 February 24, 2010

**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 \*  
 SZEFTEL IVAN M

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)  
 02/22/2010

\_\_\_\_ Director  
 Officer (give title below) Executive Vice President / President Retail Credit Svcs.  
 \_\_\_\_ 10% Owner  
 Other (specify below)

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)	(A) or (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 Ownership (Instr. 4)
			Code	V	Amount	Price		
Common Stock	02/22/2010		A <sup>(1)</sup>		7,470	A 11	191,550	D
Common Stock	02/22/2010		A <sup>(2)</sup>		29,880	A 2	221,430	D
Common Stock	02/22/2010		F <sup>(3)</sup>		14,358	D \$ 56.92	207,072	D
Common Stock	02/23/2010		F <sup>(3)</sup>		5,179	D \$ 56.17	201,893 <sup>(4)</sup> <sub>(5)</sub>	D

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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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 Transaction (Instr. 6)
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## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SZEFTEL IVAN M 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012			Executive Vice President	President Retail Credit Svcs.

## Signatures

Leigh Ann K. Epperson, Attorney  
in Fact 02/24/2010

\_\_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 7,470 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 2,465 units on 2/22/11, on 2,465 units on 2/22/12 and on 2,540 units on 2/22/13, subject to continued employment by the Reporting Person on the vesting dates.
- (2) The new grant is for 29,880 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 2/22/11 and 2/22/12 and with respect to 34% of such shares on 2/22/13 contingent on meeting a cash earnings per share growth hurdle for 2010 and subject to continued employment by the Reporting Person on the vesting dates.
- (3) Shares withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock units.
- (4) The total number of securities beneficially owned includes: (a) 109,427 unrestricted shares; (b) 28,584 unvested shares from an original award of 84,070 time-based restricted stock units granted 4/28/08; (c) 26,532 unvested shares from an award of 39,600

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performance-based restricted stock units granted 2/23/09; (d) the new grant for 7,470 time-based restricted stock units; and (e) the new grant for 29,880 performance-based restricted stock units.

Based on the Company's cash EPS growth in 2009, 88% of the original award of 45,000 performance-based restricted stock units granted (5) 2/23/09, or 39,600 units, were earned. The restrictions will lapse with respect to 13,068 units on 2/23/11 and with respect to 13,464 units on 2/23/12, subject to continued employment by the Reporting Person on the remaining vesting dates.

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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