ALLIANCE DATA SYSTEMS CORP
Form 4
November 10, 2008

FORM 4

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

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

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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).

(Print or Type Responses)

1. Name and Address of Reporting Person *
Pearson Bryan A

(Last) (First) (Middle)

17655 WATERVIEW PARKWAY

(Street)

DALLAS, TX 75252-8012

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
ALLIANCE DATA SYSTEMS CORP [ADS]

3. Date of Earliest Transaction (Month/Day/Year)
11/10/2008

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

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	11/10/2008		M(1)		10,000	A	$ 9.9	166,165	D	
Common Stock	11/10/2008		S(1)		10,000	D	$ 51.65	156,165 (2)	D	

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

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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)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	$ 9.9	11/10/2008		M[(1)]			10,000	[(3)]	11/30/2008	Common Stock	10,000

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	11/10/2008
**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) Exercise of employee stock options due to expire on November 30, 2008, ten years after such options were granted, and the sale of the underlying shares in a cashless transaction.

(2) The total number of securities beneficially owned includes: (a) 13,630 unrestricted shares; (b) 1,100 unvested shares from an original award of 3,235 time-based restricted stock units granted 2/13/06; (c) 1,318 unvested shares from an original award of 1,967 time-based restricted stock units granted 2/21/07; (d) 77,064 unvested performance-based restricted stock units granted 4/28/08; and (e) 63,053 unvested time-based restricted stock units granted 4/28/08.

(3) This is an employee stock option grant that is fully vested.

(4) The total number of derivative securities beneficially owned includes: (a) an option for 8,000 out of an original 18,500 shares granted 6/24/03, which is fully vested; (b) an option for 16,000 shares granted 2/2/04, which is fully vested; (c) an option for 20,000 shares granted 2/3/05, which is fully vested; (d) an option for 12,346 shares granted 2/3/05, which is fully vested; (e) an option for 7,724 shares granted 2/13/06, of which 5,097 shares are fully vested and 2,627 shares will vest on 2/13/09; and (f) an option for 4,628 shares granted 2/21/07, of which 1,527 shares vested on 2/21/08, 1,527 shares will vest on 2/21/09 and 1,574 shares will vest on 2/21/10.

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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