

ALLIANCE DATA SYSTEMS CORP  
 Form 4  
 July 22, 2014

**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 \*  
**HEFFERNAN EDWARD 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  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 07/21/2014

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 President and CEO

PLANO, TX 75024

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price   |
| Common Stock                    | 07/21/2014                           |  | M <sup>(1)</sup>               |   | 19,337  | A  | \$ 41.32  |
|                                 |                                      |  |                                |   |   |  | 240,954   |
| Common Stock                    | 07/21/2014                           |  | S <sup>(1)</sup>               |   | 4,863   | D  | \$ 266.057  |
|                                 |                                      |  |                                |   |   |  | 236,091   |
| Common Stock                    | 07/21/2014                           |  | S <sup>(1)</sup>               |   | 6,578   | D  | \$ 267.348  |
|                                 |                                      |  |                                |   |   |  | 229,513   |
| Common Stock                    | 07/21/2014                           |  | S <sup>(1)</sup>               |   | 6,596   | D  | \$ 222,917  |
|                                 |                                      |  |                                |   |   |  | 268.042   |

|        |            |  |                         |       |            |            |                      |
|--------|------------|--|-------------------------|-------|------------|------------|----------------------|
|        |            |  |                         |       | <u>(4)</u> |            |                      |
|        |            |  |                         |       | \$         |            |                      |
| Common | 07/21/2014 |  | <u>S</u> <sup>(1)</sup> | 1,300 | D          | 269.301    | 221,617 <u>(6)</u> D |
| Stock  |            |  |                         |       |            | <u>(5)</u> |                      |

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

SEC 1474  
(9-02)

**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.**

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of<br>Derivative<br>Security<br>(Instr. 3) | 2. Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 3. Transaction Date<br>(Month/Day/Year) | 3A. Deemed<br>Execution Date, if<br>any<br>(Month/Day/Year) | 4. Transaction<br>Code<br>(Instr. 8) | 5. Number of<br>Derivative<br>Securities<br>Acquired (A)<br>or Disposed of<br>(D)<br>(Instr. 3, 4,<br>and 5) | 6. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) | 7. Title and Amount of<br>Underlying Securities<br>(Instr. 3 and 4) | Amount<br>or<br>Number<br>of Shares |                                     |
|---|--|---|---|--------------------------------------|--|--|---|-------------------------------------|-------------------------------------|
|   |  |   |   | Code                                 | V (A) (D)  | Date<br>Exercisable  | Expiration<br>Date  | Title                               | Amount<br>or<br>Number<br>of Shares |
| Employee<br>Stock<br>Option<br>(Right to<br>Buy)    | \$ 41.32   | 07/21/2014                              |   | <u>M</u> <sup>(1)</sup>              | 19,337   | <u>(7)</u> 02/03/2015  | Common<br>Stock   | 19,337                              |                                     |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                   |       |
|---|---------------|-----------|-------------------|-------|
|   | Director      | 10% Owner | Officer           | Other |
| HEFFERNAN EDWARD J<br>7500 DALLAS PARKWAY, SUITE 700<br>PLANO, TX 75024 | X             |           | President and CEO |       |

## Signatures

Cynthia L. Hageman, Attorney  
in Fact 07/22/2014

\_\_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).

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- (1) Cashless exercise of employee stock options due to expire on February 3, 2015, ten years after such options were granted.  
The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$265.71 to \$266.58, inclusive. The reporting person undertakes to provide to Alliance Data Systems Corporation, any security holder of
- (2) 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 (2), (3), (4) and (5) to this Form 4.
- (3) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$266.72 to \$267.71, inclusive.
- (4) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$267.74 to \$268.51, inclusive.
- (5) The price reported in Column 4 is a weighted average price. These shares were sold in multiple transactions at prices ranging from \$268.78 to \$269.67 inclusive.  
The total number of securities beneficially owned includes: (a) 164,101 unrestricted shares; (b) 2,031 unvested units from an award of 5,971 time-based restricted stock units granted 2/21/12; (c) 12,182 unvested units from an award of 35,828 performance-based restricted
- (6) stock units granted 2/21/12; (d) 3,730 unvested units from an award of 5,567 time-based restricted stock units granted 2/21/13; (e) 20,816 unvested units from an award of 31,068 performance-based restricted stock units granted 2/21/13; (f) 3,751 unvested time-based restricted stock units granted 2/18/14; and (g) 15,006 unvested performance-based restricted stock units granted 2/18/14.
- (7) This is an employee stock option grant that is fully vested.
- (8) The total number of derivative securities beneficially owned includes: (a) an option for 21,482 shares granted 2/13/06, which is fully vested; and (b) an option for 15,223 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.