

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person * <u>SCULLION JOHN W</u> _____ (Last) (First) (Middle) <u>17655 WATERVIEW PARKWAY</u> _____ (Street) <u>DALLAS TX 75252-8012</u> _____ (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ALLIANCE DATA SYSTEMS CORP [ADS]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <u>Executive Vice President / President, Loyalty & Mktg Svcs</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>08/08/2005</u>	
4. If Amendment, Date of Original Filed (Month/Day/Year)		

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	08/08/2005		M		15,000	A	\$9.9	47,806	D	
Common Stock	08/08/2005		S		15,000	D	\$41.3985	32,806 ⁽¹⁾	D	

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Employee Stock Option (Right to Buy)	\$9.9	08/08/2005		M			15,000	(2)	12/01/2008	Common Stock	15,000	(2)	263,974 ⁽³⁾	D	

Explanation of Responses:

- The total number of securities beneficially owned includes: (a) 7,514 shares of performance-based restricted stock granted 2/3/05, of which 0 shares are vested; (b) 7,514 shares of time-based restricted stock granted 2/3/05, of which 0 shares are vested; and (c) 17,778 shares of time-based restricted stock granted 2/3/05, of which 0 shares are vested.
- This is an employee stock option grant that is fully vested.
- The total number of derivative securities beneficially owned includes: (a) an option for 17,929 out of an original 83,333 shares granted on 12/1/1998, which is fully vested; (b) an option for 80,000 shares granted on 9/1/00, which is fully vested; (c) an option for 74,715 shares granted on 6/8/01, which is fully vested; (d) an option for 35,723 shares granted on 6/24/03, of which 11,789 shares vested on each of 6/23/04 and 6/23/05, and 12,145 shares will vest on 6/23/06; (e) an option for 34,735 shares granted on 2/2/04, of which 11,463 shares vested on 2/2/05, 11,463 shares will vest on 2/2/06 and 11,809 shares will vest on 2/2/07; and (f) an option for 20,872 shares granted 2/3/05, of which 6,887 shares will vest on each of 2/3/06 and 2/3/07 and 7,098 shares will vest on 2/3/08.

Remarks:

Leigh Ann K. Epperson, 08/09/2005
Attorney in Fact

** Signature of Reporting Person Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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 Number.