

**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 Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <u>former officer</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>10/16/2009</u>	
		6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> 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	10/16/2009		M		20,000	A	\$24.03	220,663	D	
Common Stock	10/16/2009		S		20,000	D	\$66.7	200,663 <sup>(1)</sup>	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)	\$24.03	10/16/2009		M			20,000	(2)	10/31/2010	Common Stock	20,000	(2)	144,570 <sup>(3)</sup>	D	

**Explanation of Responses:**

- The total number of securities beneficially owned includes: (a) 66,153 unrestricted shares; (b) 2,641 unvested shares from an original award of 7,765 time-based restricted stock units granted 2/21/07; (c) 6,698 unvested shares from an original award of 13,395 performance-based restricted stock units granted 2/21/07; (d) 68,844 unvested shares from an original award of 102,752 performance-based restricted stock units granted 4/28/08; and (e) 56,327 unvested shares from an original award of 84,070 time-based restricted stock units granted 4/28/08.
- This is an employee stock option grant that is fully vested.
- The total number of derivative securities beneficially owned includes: (a) an option for 15,723 out of an original 35,723 shares granted 6/24/03, which is fully vested; (b) an option for 34,735 shares granted 2/2/04, which is fully vested; (c) an option for 20,872 shares granted 2/3/05, which is fully vested; (d) an option for 24,691 shares granted 2/3/05, which is fully vested; (e) an option for 30,281 shares granted 2/13/06, which is fully vested; and (f) an option for 18,268 shares granted 2/21/07, of which 12,056 shares are fully vested and 6,212 shares will vest on 2/21/10.

**Remarks:**

Effective as of 5/1/09, the Reporting Person is no longer subject to Section 16.

Leigh Ann K. Epperson, 10/19/2009  
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.

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