

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	
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1. Name and Address of Reporting Person * <u>HEFFERNAN EDWARD J</u>  (Last) (First) (Middle) 7500 DALLAS PARKWAY, SUITE 700  (Street) PLANO TX 75024  (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) <input checked="" type="checkbox"/> Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>President and CEO</u>
	3. Date of Earliest Transaction (Month/Day/Year) 07/21/2014	
		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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	07/21/2014		M <sup>(1)</sup>		19,337	A	\$41.32	240,954	D	
Common Stock	07/21/2014		S <sup>(1)</sup>		4,863	D	\$266.057 <sup>(2)</sup>	236,091	D	
Common Stock	07/21/2014		S <sup>(1)</sup>		6,578	D	\$267.348 <sup>(3)</sup>	229,513	D	
Common Stock	07/21/2014		S <sup>(1)</sup>		6,596	D	\$268.042 <sup>(4)</sup>	222,917	D	
Common Stock	07/21/2014		S <sup>(1)</sup>		1,300	D	\$269.301 <sup>(5)</sup>	221,617 <sup>(6)</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)	\$41.32	07/21/2014		M <sup>(1)</sup>			19,337	(7)	02/03/2015	Common Stock	19,337	(7)	36,705 <sup>(8)</sup>	D	

Explanation of Responses:

- 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 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.
- 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.
- 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.
- 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 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.
- This is an employee stock option grant that is fully vested.
- 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.

Remarks:

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