

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

OMB Number: 3235-0287  
Expires: December 31, 2001  
Estimated average burden hours per response: . . . . . 0.5

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(f) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*	2. Issuer Name and Ticker or Trading Symbol <b>Alliance Data Systems Corporation ADS</b>	4. Statement for (Month/Year) <b>September 2001</b>	6. Relationship of Reporting Person(s) to Issuer (Check all applicable) ____ Director ____ 10% Owner <input checked="" type="checkbox"/> Officer ____ Other
<b>Heffernan, Edward, J.</b>			Officer/Other Description <b>Executive Vice President, Chief Financial Officer</b>
(Last) (First) (Middle)			
3. I.R.S. Identification Number of Reporting Person, if an entity (voluntary)		5. If Amendment, Date of Original (Month/Year)	7. 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
17655 Waterview Parkway			
(Street)			
Dallas, TX 75252-8012			
(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)	3. Transaction Code and Voluntary Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) Of (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at End of Month (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Beneficial Ownership (Instr. 4)
		Code   V	Amount   A/D   Price			
Common	9/25/2001	J	1,000(1)   A   \$14.00	38,000 (2)	D	

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).

**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)	4. Transaction Code and Voluntary (V) Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or isposed (D) Of (Instr. 3, 4 and 5)	6. Date Exercisable(DE) and Expiration Date(ED) (Month/Day/Year)
			Code   V		Date Exercisable   Expiration Date
Employee Stock Option (right to buy)	\$9.00				Varies (3)   05/25/2008
Employee Stock Option (right to buy)	\$9.90				Varies (4)   05/06/2009
Employee Stock Option (right to buy)	\$15.00				Varies (5)   08/31/2010
Employee Stock Option (right to buy)	\$15.00				Varies (6)   10/08/2010
Employee Stock Option (right to buy)	\$12.00				Varies (7)   06/08/2011

7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned at End of Month (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
Common	16,666		D	

Common	2,777	2,777	D
Common	40,000	40,000	D
Common	40,557	40,557	D
Common	38,313	38,313	D

Explanation of Responses:  
See attached statement

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations.  
See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

/s/ Kellie J. Watts

\*\* Signature of Reporting Person

9/26/2001  
Date

Attorney-in-Fact for  
Edward J. Heffernan

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.

Alliance Data Systems Corporation ADS

Form 4 - September 2001

Heffernan, Edward J.  
17655 Waterview Parkway  
Dallas, TX 75252-8012

- (1) Purchase pursuant to SEC Release No. 44791 dated September 14, 2001, and extended with Release No. 44827 dated September 21, 2001.
- (2) Total beneficial ownership includes 28,000 unvested shares of common stock pursuant to a restricted stock grant.
- (3) The option became exercisable for 4,167 shares on 1/31/99, 4,166 shares on 1/31/00, and 4,167 shares on 1/31/01; and becomes exercisable for 4,166 shares on 1/31/02.
- (4) The option became exercisable for 694 shares on each of 1/31/00 and 1/31/01; and becomes exercisable for 694 shares on 1/31/02 and 695 shares on 1/31/03.
- (5) The option became exercisable for 13,200 shares on 8/31/01; and becomes exercisable for 13,200 shares on 8/31/02 and for 13,600 shares on 8/31/03.
- (6) The option becomes exercisable for 13,384 shares on each of 10/8/01 and 10/8/02, and for 13,789 shares on 10/8/02.
- (7) The option is exercisable for 33% of the underlying shares on each of 8/31/01 and 8/31/02, and for 34% on 8/31/03.