
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

May 5, 2008

Alliance Data Systems Corporation

(Exact name of registrant as specified in its charter)

Delaware

001-15749

31-1429215

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

17655 Waterview Parkway, Dallas, Texas

75252

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(972) 348-5100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

On May 5, 2008, Alliance Data Systems Corporation (the "Company") provided to market analysts an IR Update announcing that it had signed an agreement for the sale of the Company's merchant bankcard acquiring business, or Network Services, to Heartland Payment Systems, Inc. A copy of this IR Update is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 IR Update dated May 5, 2008 announcing an agreement with Heartland Payment Systems, Inc.

Note: The information contained in this report (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Alliance Data Systems Corporation

May 5, 2008

By: *Edward J. Heffernan*

Name: Edward J. Heffernan

Title: Executive Vice President and Chief Financial Officer

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	IR Update dated May 5, 2008 announcing an agreement with Heartland Payment Systems, Inc.

May 5, 2008

**ALLIANCE DATA SIGNS AGREEMENT FOR SALE OF NETWORK SERVICES BUSINESS TO
HEARTLAND PAYMENT SYSTEMS**

- On May 2nd, Alliance Data signed an agreement for the sale of the Company's merchant bankcard acquiring business, Network Services, to Heartland Payment Systems (NYSE: HPY), a leading provider of credit/debit/prepaid card processing, payroll and payment solutions.
- Under the terms of the agreement, Alliance Data will receive net proceeds of \$77 million in cash. The transaction should yield no cash tax liability, thus suggesting approximately \$1.00 per share in proceeds.
- The agreement marks the completion of the first of two dispositions that Alliance Data has previously disclosed. Alliance Data determined that the Network Services business was no longer aligned with the Company's long-term strategy, and as a result moved the business to discontinued operations.
- Alliance Data remains committed to its long-term strategy of delivering transaction-based loyalty and marketing solutions while generating solid free cash flow.
- Alliance Data believes Heartland Payment Systems will be an excellent owner of Network Services as they share the same core offering; have complementary clients and markets; and can leverage capabilities and expertise for greater opportunity for growth. As a result, many Alliance Data associates will now have an opportunity to work for a company where this business is a part of the overall long-term strategy, making this transaction a great fit.

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