

**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*<br><u>PARKS J MICHAEL</u><br><br>(Last) (First) (Middle)<br><u>17655 WATERVIEW PARKWAY</u><br><br>(Street)<br><u>DALLAS TX 75252-8012</u><br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>ALLIANCE DATA SYSTEMS CORP [ ADS ]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable)<br><input checked="" type="checkbox"/> Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)<br><u>Chairman of the Board</u> |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br><u>09/17/2009</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                    | 09/17/2009                           |  | M <sup>(1)</sup>               |   | 173,900   | A          | \$15    | 547,996   | D  |   |
| Common Stock                    | 09/17/2009                           |  | S <sup>(1)</sup>               |   | 173,900   | D          | \$64.04 | 374,096   | D  |   |
| Common Stock                    | 09/18/2009                           |  | M <sup>(1)</sup>               |   | 56,100  | A          | \$15    | 430,196   | D  |   |
| Common Stock                    | 09/18/2009                           |  | S <sup>(1)</sup>               |   | 56,100  | D          | \$63.98 | 374,096 <sup>(2)</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   | Amount or Number of Shares |  |  |   |  |
| Employee Stock Option (Right to Buy)       | \$15   | 09/17/2009                           |  | M <sup>(1)</sup>               |   |  | 173,900 | (3)  | 08/31/2010      | Common Stock  | 173,900                    | (3)  | 565,588  | D   |  |
| Employee Stock Option (Right to Buy)       | \$15   | 09/18/2009                           |  | M <sup>(1)</sup>               |   |  | 56,100  | (3)  | 08/31/2010      | Common Stock  | 56,100                     | (3)  | 509,488 <sup>(4)</sup>   | D   |  |

**Explanation of Responses:**

- Cashless exercise of employee stock options due to expire on August 31, 2010, ten years after such options were granted.
- The total number of securities beneficially owned includes: (a) 190,940 unrestricted shares; (b) 5,985 unvested shares from an original award of 17,601 time-based restricted stock units granted 2/21/07; (c) 68,844 unvested shares from an original award of 102,752 performance-based restricted stock units granted 4/28/08; (d) 56,327 unvested shares from an original award of 84,070 time-based restricted stock units granted 4/28/08; and (e) 52,000 unvested time-based restricted stock units granted 3/27/09.
- This is an employee stock option grant that is fully vested.
- The total number of derivative securities beneficially owned includes: (a) an option for 109,388 shares granted 6/8/01, which is fully vested; (b) an option for 106,203 shares granted 6/24/03, which is fully vested; (c) an option for 129,291 shares granted 2/2/04, which is fully vested; (d) an option for 58,626 shares granted 2/3/05, which is fully vested; (e) an option for 64,572 shares granted 2/13/06, which is fully vested; and (f) an option for 41,408 shares granted 2/21/07, of which 27,329 shares are fully vested and 14,079 shares will vest on 2/21/10.

**Remarks:**

Leigh Ann K. Epperson, 09/18/2009  
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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