

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>Pearson Bryan A</u> (Last) (First) (Middle) 17655 WATERVIEW PARKWAY (Street) DALLAS TX 75252-8012 (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 <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>EVP & President, Loyalty Svcs.</u>
	3. Date of Earliest Transaction (Month/Day/Year) 11/10/2008	
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	11/10/2008		M ⁽¹⁾		10,000	A	\$9.9	166,165	D	
Common Stock	11/10/2008		S ⁽¹⁾		10,000	D	\$51.65	156,165 ⁽²⁾	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)	\$9.9	11/10/2008		M ⁽¹⁾			10,000	(3)	11/30/2008	Common Stock	10,000	(3)	68,698 ⁽⁴⁾	D	

Explanation of Responses:

- Exercise of employee stock options due to expire on November 30, 2008, ten years after such options were granted, and the sale of the underlying shares in a cashless transaction.
- The total number of securities beneficially owned includes: (a) 13,630 unrestricted shares; (b) 1,100 unvested shares from an original award of 3,235 time-based restricted stock units granted 2/13/06; (c) 1,318 unvested shares from an original award of 1,967 time-based restricted stock units granted 2/21/07; (d) 77,064 unvested performance-based restricted stock units granted 4/28/08; and (e) 63,053 unvested 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 8,000 out of an original 18,500 shares granted 6/24/03, which is fully vested; (b) an option for 16,000 shares granted 2/2/04, which is fully vested; (c) an option for 20,000 shares granted 2/3/05, which is fully vested; (d) an option for 12,346 shares granted 2/3/05, which is fully vested; (e) an option for 7,724 shares granted 2/13/06, of which 5,097 shares are fully vested and 2,627 shares will vest on 2/13/09; and (f) an option for 4,628 shares granted 2/21/07, of which 1,527 shares vested on 2/21/08, 1,527 shares will vest on 2/21/09 and 1,574 shares will vest on 2/21/10.

Remarks:

Leigh Ann K. Epperson, 11/10/2008
Attorney in Fact Date
 ** Signature of Reporting Person

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.