

OMB APPROVAL

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## INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person* <u>Epperson Leigh Ann K</u>	2. Date of Event Requiring Statement (Month/Day/Year) 01/12/2011	3. Issuer Name and Ticker or Trading Symbol <u>ALLIANCE DATA SYSTEMS CORP [ ADS ]</u>	
		4. 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>General Counsel and Secretary</u>	5. If Amendment, Date of Original Filed (Month/Day/Year)
(Last) (First) (Middle) 7500 DALLAS PARKWAY, SUITE 700			6. 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
(Street) PLANO TX 75024			
(City) (State) (Zip)			

## Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock	13,618 <sup>(1)</sup>	D	

## Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date				
Employee Stock Option (Right to Buy)	(2)	06/18/2012	Common Stock	1,000	24.725	D
Employee Stock Option (Right to Buy)	(3)	02/13/2016	Common Stock	2,439	43.01	D
Employee Stock Option (Right to Buy)	(4)	02/21/2017	Common Stock	2,131	63.35	D

## Explanation of Responses:

- The total number of securities beneficially owned includes: (a) 5,369 unrestricted shares; (b) 3,227 unvested shares from an original award of 9,489 time-based restricted stock units granted 4/28/08 which are scheduled to vest on 2/21/11; (c) 2,802 unvested shares from an award of 4,180 performance-based restricted stock units granted 2/23/09, of which 1,379 units will vest on 2/23/11 and 1,423 units will vest on 2/23/12; (d) 1,776 unvested performance-based restricted stock units granted 2/22/10, which may be adjusted up or down at the time the performance restriction lapses. The restriction may lapse with respect to 33% of such shares on each of 2/22/11 and 2/22/12 and with respect to 34% of such shares on 2/22/13 contingent on meeting a cash earnings per share growth hurdle for 2010 and subject to continued employment by the Reporting Person on the vesting dates; (continued below)
- The option is for 1,000 out of an original 6,000 shares granted 6/19/02, which is fully vested.
- The option is for 2,439 shares granted 2/13/06, which is fully vested.
- The option is for 2,131 shares granted 2/21/07, which is fully vested.

## Remarks:

(1) continued from above; and (e) 444 unvested time-based restricted stock units granted 2/22/10, of which 146 units will vest on 2/22/11, 147 units will vest on 2/22/12 and 151 units will vest on 2/22/13.

Leigh Ann K. Epperson01/21/2011

\*\* 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 5 (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.

REVOCAION AND APPOINTMENT  
OF  
POWER OF ATTORNEY

Know all by these presents, that the undersigned hereby constitutes and appoints Cynthia L. Hageman and Kellie J. Watts as the undersigned's true and lawful attorney-in-fact to:

(1) execute for and on behalf of the undersigned, in the undersigned's capacity as an officer and/or director of Alliance Data Systems Corporation (the "Company"), any filing in connection with the undersigned's holdings of or transactions in securities issued by the Company, including but not limited to, Forms 3, 4 or 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder, or Form 144 in accordance with Rule 144 of the Securities Act of 1933, as amended, and the rules thereunder;

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Form, including but not limited to, Forms 3, 4, 5 or 144, and timely file such form with the United States Securities and Exchange Commission and any stock exchange or similar authority; and

(3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this power of attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to each such attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorneys-in-fact, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

This power of attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4, 5, or 144, or any other form with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this power of attorney to be executed as of this 12th day of January, 2011.

/s/ Leigh Ann K. Epperson  
Printed Name: Leigh Ann K. Epperson