

ALLIANCE DATA SYSTEMS CORP
 Form 4
 October 19, 2009

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549**

OMB APPROVAL

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SCULLION JOHN W

2. Issuer Name and Ticker or Trading Symbol
 ALLIANCE DATA SYSTEMS CORP [ADS]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 17655 WATERVIEW PARKWAY
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 10/16/2009

____ Director
 ____ Officer (give title below) 10% Owner
 ____ Other (specify below) former officer

DALLAS, TX 75252-8012

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(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)	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 Ownership (Instr. 4)
				(A) or (D) Code V Amount (D) Price			
Common Stock	10/16/2009		M	20,000 A \$ 24.03	220,663	D	
Common Stock	10/16/2009		S	20,000 D \$ 66.7	200,663 ⁽¹⁾	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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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 Underlying Securities (Instr. 3 and 4)		
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 24.03	10/16/2009		M	20,000	<u>(2)</u>	10/31/2010	Common Stock	20,000

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

SCULLION JOHN W
17655 WATERVIEW PARKWAY
DALLAS, TX 75252-8012

former officer

Signatures

Leigh Ann K. Epperson, Attorney
in Fact

10/19/2009

Signature of Reporting Person

Date

Explanation of Responses:

* 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).

The total number of securities beneficially owned includes: (a) 66,153 unrestricted shares; (b) 2,641 unvested shares from an original award of 7,765 time-based restricted stock units granted 2/21/07; (c) 6,698 unvested shares from an original award of 13,395

(1) performance-based restricted stock units granted 2/21/07; (d) 68,844 unvested shares from an original award of 102,752 performance-based restricted stock units granted 4/28/08; and (e) 56,327 unvested shares from an original award of 84,070 time-based restricted stock units granted 4/28/08.

(2) This is an employee stock option grant that is fully vested.

The total number of derivative securities beneficially owned includes: (a) an option for 15,723 out of an original 35,723 shares granted 6/24/03, which is fully vested; (b) an option for 34,735 shares granted 2/2/04, which is fully vested; (c) an option for 20,872 shares

(3) granted 2/3/05, which is fully vested; (d) an option for 24,691 shares granted 2/3/05, which is fully vested; (e) an option for 30,281 shares granted 2/13/06, which is fully vested; and (f) an option for 18,268 shares granted 2/21/07, of which 12,056 shares are fully vested and 6,212 shares will vest on 2/21/10.

Remarks:

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Effective as of 5/1/09, the Reporting Person is no longer subject to Section 16.

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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