

ALLIANCE DATA SYSTEMS CORP  
 Form 4  
 March 23, 2011

**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 \*  
**HEFFERNAN EDWARD J**

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)  
 7500 DALLAS PARKWAY, SUITE 700  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 03/21/2011

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
 President and CEO

PLANO, TX 75024

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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	03/21/2011		A <sup>(1)</sup>		7,672	A	11
Common Stock	03/21/2011		A <sup>(2)</sup>		30,689	A	2
							182,156 <sup>(3)</sup>
							212,845 <sup>(3)</sup>

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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Following Reporting Transaction (Instr. 6)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HEFFERNAN EDWARD J 7500 DALLAS PARKWAY, SUITE 700 PLANO, TX 75024	X		President and CEO	

## Signatures

Cynthia L. Hageman, Attorney  
in Fact 03/23/2011

\*\*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).
- (1) The new grant is for 7,672 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 2,531 units on 2/21/12, on 2,532 units on 2/21/13 and on 2,609 units on 2/21/14, subject to continued employment by the Reporting Person on the vesting dates.
- (2) The new grant is for 30,689 shares of common stock represented by performance-based restricted stock units, 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 2/21/12 and 2/21/13 and with respect to 34% of such shares on 2/21/14 contingent on meeting an EBT metric for 2011 and subject to continued employment by the Reporting Person on the vesting dates.
- (3) The total number of securities beneficially owned includes: (a) 124,005 unrestricted shares; (b) 17,952 unvested units from an award of 52,800 performance-based restricted stock units granted 2/23/09; (c) 6,186 unvested units from an award of 9,232 time-based restricted stock units granted 2/22/10; (d) 26,341 unvested units from an award of 39,511 performance-based restricted stock units granted 2/22/10; (e) the new grant for 7,672 time-based restricted stock units; and (f) the new grant for 30,689 performance-based restricted stock units.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.