

ALLIANCE DATA SYSTEMS CORP

Form 4

November 24, 2004

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(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)
17655 WATERVIEW PARKWAY

3. Date of Earliest Transaction
(Month/Day/Year)
11/23/2004

____ Director ____ 10% Owner
____X____ Officer (give title below) ____X____ Other (specify below)
Executive Vice President / Chief Financial
Officer

(Street)

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

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

DALLAS, TX 75252-8012

(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 Beneficial Ownership (Instr. 4)
Common Stock	11/23/2004		F	(A) or (D) D	Amount 2,299 (1) Price \$ 42.85	34,319	D
Common Stock	11/23/2004		M	(A) or (D) A	Amount 6,718 (1) Price \$ 14.67	41,037 (2)	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)	8. Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 14.67	11/23/2004		M	6,718 (1)	(3) 09/26/2012	Common Stock	6,718

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
HEFFERNAN EDWARD J 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012			Executive Vice President	Chief Financial Officer

Signatures

Leigh Ann K. Epperson, Attorney
in Fact 11/24/2004

**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) 2,299 shares and \$7.32 have been delivered to the Company in payment of 6,718 employee stock options.

The total number of securities beneficially owned includes: (a) 4,800 out of an original 12,000 shares of restricted stock granted 9/1/00, of which 0 shares are vested; (b) 9,264 out of an original 23,000 shares of restricted stock granted 10/9/00, of which 64 shares are vested; (c) 21,718 shares acquired by the exercising of vested employee stock options; and (d) 5,255 shares of performance-based restricted stock granted 2/2/04, of which 0 shares are vested.

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

(4) The total number of derivative securities beneficially owned includes: (a) an employee stock option for 35,203 out of an original 40,000 shares granted 9/1/00, which is fully vested; (b) an employee stock option for 28,557 out of an original 40,557 shares granted 10/9/00, which is fully vested; (c) an employee stock option for 1 out of an original 38,313 shares granted on 6/8/01, which is fully vested; (d) an employee stock option for 63,282 shares granted 9/26/02, of which 16,382 shares vested on 9/25/03, 23,100 shares vested on 9/25/04 and 23,800 shares will vest on 9/25/05; (e) an employee stock option for 34,022 shares granted 6/24/03, of which 11,227 shares vested on

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6/23/04, 11,227 shares will vest on 6/23/05 and 11,568 shares will vest on 6/23/06; and (f) an employee stock option for 34,735 shares granted 2/2/04, of which 11,463 shares will vest on each of 2/2/05 and 2/2/06 and 11,809 shares will vest on 2/2/07.

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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