

ALLIANCE DATA SYSTEMS CORP
Form 4
February 07, 2005

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)
17655 WATERVIEW PARKWAY

(Street)

3. Date of Earliest Transaction (Month/Day/Year)
02/03/2005

____ Director _____ 10% Owner
 Officer (give title below) Other (specify below)
Executive Vice President / Chief Financial 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 Ownership (Instr. 4)
				Code	V	Amount			
Common Stock	02/03/2005		A ⁽¹⁾		6,961	A	(1)	33,998	D
Common Stock	02/03/2005		A ⁽²⁾		6,961	A	(2)	40,959	D
Common Stock	02/03/2005		A ⁽³⁾		17,778	A	(3)	58,737 ⁽⁴⁾	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)	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 41.32	02/03/2005		A ⁽⁵⁾	19,337	⁽⁵⁾ 02/03/2015	Common Stock	19,337

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

02/07/2005

__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 6,961 shares of performance-based restricted stock, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the performance of the Company relative to the S&P 500 measured as of 12/31/05.
- (2) The new grant is for 6,961 shares of time-based restricted stock. The restrictions will lapse on 2,297 shares on each of 2/3/06 and 2/3/07, and on 2,367 shares on 2/3/08.
- (3) The new grant is for 17,778 shares of time-based restricted stock. The restrictions on 5,926 shares will lapse on each of 12/9/05, 12/9/06, and 12/9/07.
- (4) The total number of securities beneficially owned includes: (a) 64 out of an original 23,000 shares of restricted stock granted 10/9/00, which is fully vested; (b) 21,718 shares acquired by the exercising of vested employee stock options; (c) 5,255 shares of performance-based restricted stock granted 2/2/04, of which 0 shares are vested; (d) the new grant for 6,961 shares of performance-based restricted stock; (e) the new grant for 6,961 shares of time-based restricted stock; and (f) the new grant for 17,778 shares of time-based

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restricted stock.

- (5) The new option is for 19,337 shares, of which 6,381 shares will vest on each of 2/3/06 and 2/3/07 and 6,575 shares will vest on 2/3/08.

The total number of derivative securities beneficially owned includes: (a) an option for 35,203 out of an original 40,000 shares granted 9/1/00, which is fully vested; (b) an option for 28,557 out of an original 40,557 shares granted 10/9/00, which is fully vested; (c) an option for 1 out of an original 38,313 shares granted on 6/8/01, which is fully vested; (d) an option for 63,282 shares granted 9/26/02, of

- (6) 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 option for 34,022 shares granted 6/24/03, of which 11,227 shares vested on 6/23/04, 11,227 shares will vest on 6/23/05 and 11,568 shares will vest on 6/23/06; (f) an option for 34,735 shares granted 2/2/04, of which 11,463 shares vested on 2/2/05, 11,463 shares will vest on 2/2/06 and 11,809 shares will vest on 2/2/07; and (g) the new option for 19,337 shares.

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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