

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

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

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

OMB APPROVAL	
OMB Number:	3235-0287
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>HEFFERNAN EDWARD J</u> _____ (Last) (First) (Middle) <u>17655 WATERVIEW PARKWAY</u> _____ (Street) <u>DALLAS TX 75252-8012</u> _____ (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ALLIANCE DATA SYSTEMS CORP [ADS</u>]	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (specify below) <u>Executive Vice President / Chief Financial Officer</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>11/23/2004</u>	
		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person

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)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/23/2004		F		2,299 ⁽¹⁾	D	\$42.85	34,319	D	
Common Stock	11/23/2004		M		6,718 ⁽¹⁾	A	\$14.67	41,037 ⁽²⁾	D	

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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						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	(3)	195,800 ⁽⁴⁾	D	

Explanation of Responses:

- 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.
- This is an employee stock option grant that is fully vested.
- 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 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.

Remarks:

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

** 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 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).

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.