

OMB APPROVAL	
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**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

<b>1. Name and Address of Reporting Person*</b> <u>HEFFERNAN EDWARD J</u> _____ (Last) (First) (Middle) <u>17655 WATERVIEW PARKWAY</u> _____ (Street) <u>DALLAS TX 75252-8012</u> _____ (City) (State) (Zip)	<b>2. Issuer Name and Ticker or Trading Symbol</b> <u>ALLIANCE DATA SYSTEMS CORP [ ADS</u> ]	<b>5. Relationship of Reporting Person(s) to Issuer</b> (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>
	<b>3. Date of Earliest Transaction (Month/Day/Year)</b> <u>02/02/2004</u>	
<b>4. If Amendment, Date of Original Filed (Month/Day/Year)</b>		

**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	02/02/2004		A		5,255 <sup>(1)</sup>	A	(1)	41,473 <sup>(2)</sup>	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					
Employee Stock Option (Right to Buy)	\$31.38	02/02/2004		A		34,735 <sup>(3)</sup>		02/02/2005	02/02/2014	Common Stock 34,735	(3)	267,830 <sup>(4)</sup>	D	

**Explanation of Responses:**

- The new grant is for 5,255 shares of performance-based restricted stock. The restrictions on 100% of the shares may lapse in February 2005 if certain Company financial targets are met. If the restrictions do not lapse in February 2005, the restrictions may lapse in February 2007 if certain performance standards are met.
- The total number of securities beneficially owned includes: (a) 7,200 out of an original 12,000 shares of restricted stock granted 9/1/00, of which 2,400 shares are vested; (b) 13,800 out of an original 23,000 shares of restricted stock granted 10/9/00, of which 4,600 shares are vested; (c) 5,978 shares of performance-based restricted stock granted 6/24/03, of which 0 shares are vested; (d) 9,240 shares acquired by the exercising of vested employee stock options; and (e) the new grant for 5,255 shares.
- The new option is for 34,735 shares, 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.
- The total number of derivative securities beneficially owned includes: (a) an employee stock option for 7,426 out of an original 16,666 shares granted 5/26/98, which is fully vested; (b) an employee stock option for 2,777 shares granted 5/7/99, which is fully vested; (c) an employee stock option for 40,000 shares granted 9/1/00, which is fully vested; (d) an employee stock option for 40,557 shares granted 10/9/00, which is fully vested; (e) an employee stock option for 38,313 shares granted on 6/8/01, which is fully vested; (f) an employee stock option for 70,000 shares granted 9/26/02, of which 23,100 shares vested on 9/25/03, 23,100 shares will vest on 9/25/04 and 23,800 shares will vest on 9/25/05; (g) an employee stock option for 34,022 shares granted 6/24/03, of which 11,227 shares will vest on each of 6/23/04 and 6/23/05 and 11,568 shares will vest on 6/23/06; and (h) the new grant for 34,735 shares.

**Remarks:**

Leigh Ann K. Epperson,  
Attorney in Fact 02/04/2004

\*\* 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.

REVOCAION AND APPOINTMENT OF POWER OF ATTORNEY

Know all by these presents, that the undersigned hereby revokes and rescinds the Power of Attorney dated January 15, 2002, which appointed Alan Utay, Carolyn Melvin and Jeanette Fitzgerald as attorneys-in-fact, for purposes of completing, executing and filing any applicable Forms 3, 4 and 5 as further set out in that Power of Attorney.

Know all by these presents, that the undersigned hereby constitutes and appoints Alan M. Utay, Leigh Ann K. Epperson and Jeanette P. Fitzgerald as the undersigned's true and lawful attorney-in-fact to:

(1) execute for and on behalf of the undersigned, in the undersigned's capacity as an officer and/or director of Alliance Data Systems Corporation (the "Company"), any filing in connection with the undersigned's holdings of or transactions in securities issued by the Company, including but not limited to, Forms 3, 4 or 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder, or Form 144 in accordance with Rule 144 of the Securities Act of 1933, as amended, and the rules thereunder;

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Form, including but not limited to, Forms 3, 4, 5 or 144, and timely file such form with the United States Securities and Exchange Commission and any stock exchange or similar authority; and

(3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this power of attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to each such attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorneys-in-fact, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

This power of attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4, 5, or 144, or any other form with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this power of attorney to be executed as of this 19th day of November, 2003.

/s/ Edward J. Heffernan  
Printed Name: Edward J. Heffernan