

ALLIANCE DATA SYSTEMS CORP
 Form 4
 December 22, 2004

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 *
PARKS J MICHAEL

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)
12/20/2004

Director 10% Owner
 Officer (give title below) Other (specify below)
 Chairman of the Board / CEO and President

DALLAS, TX 75252-8012

(City) (State) (Zip)

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

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)
				(A) or (D) Price			
Common Stock	12/20/2004		M	3,000 A \$ 9	149,549 ⁽¹⁾	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)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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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)
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				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 9	12/20/2004		M				<u>(2)</u>	03/09/2007	Common Stock	3,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
PARKS J MICHAEL 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012	X		Chairman of the Board	CEO and President

Signatures

Leigh Ann K. Epperson, Attorney in Fact
 Date: 12/22/2004

***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) The total number of securities beneficially owned includes: (a) 55,432 out of an original 120,000 shares of restricted stock granted 9/1/00, of which 7,432 shares are vested; (b) 4,500 shares purchased in the open market; (c) 18,661 shares of performance-based restricted stock granted 6/24/03, which is fully vested; (d) less 2,640 shares given as a gift; (e) 37,856 shares acquired by the exercising of vested employee stock options; and (f) 35,740 shares of performance-based restricted stock granted 2/2/04, of which 0 shares are vested.
- (2) This is an employee stock option grant that is fully vested.
- (3) The total number of derivative securities beneficially owned includes: (a) an employee stock option for 6,588 out of an original 44,444 shares granted 3/10/97, which is fully vested; (b) an employee stock option for 177,777 shares granted 3/10/97, which is fully vested; (c) an employee stock option for 111,111 shares granted 3/10/97, which is fully vested; (d) an employee stock option for 83,333 shares granted 5/7/99, which is fully vested; (e) an employee stock option for 230,000 shares granted 9/1/00, which is fully vested; (f) an employee stock option for 109,388 shares granted 6/8/01, which is fully vested; (g) an employee stock option for 106,203 shares granted 6/24/03, of which 35,047 shares vested on 6/23/04, 35,047 shares will vest on 6/23/05 and 36,109 shares will vest on 6/23/06; and (h) an employee stock option for 129,291 shares granted 2/2/04, of which 42,666 shares will vest on each of 2/2/05 and 2/2/06 and 43,959 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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