

ALLIANCE DATA SYSTEMS CORP
 Form 4
 January 05, 2005

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
BELTZ MICHAEL A

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)
01/03/2005

____ Director _____ 10% Owner
 Officer (give title below) Other (specify below)
Executive Vice President / President Utility Services

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 Indirect Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | | (A) or (D) | Price | | |
| | | | | Code | V | Amount | |
| Common Stock | 01/03/2005 | | <u>M</u> ⁽¹⁾ | A | \$ 9 | 63,934 | D |
| Common Stock | 01/03/2005 | | <u>S</u> ⁽¹⁾ | D | \$ 44.75 | 49,934 ⁽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)

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) | \$ 9 | 01/03/2005 | | M ⁽¹⁾ | 14,000 | ⁽³⁾ 07/23/2008 | Common Stock | 14,000 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------|----------------------------|
| | Director | 10% Owner | Officer | Other |
| BELTZ MICHAEL A 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012 | | | Executive Vice President | President Utility Services |

Signatures

Leigh Ann K. Epperson, Attorney in Fact
01/04/2005

__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 sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on December 5, 2004. The trading plan was established to sell up to 14,000 shares of the Company's common stock. Portions of the shares may be sold on specified dates or any time the stock achieves certain pre-arranged minimum prices and may take place beginning on January 3, 2005 and ending on February 7, 2005, unless sooner terminated. The Reporting Person will have no control over the timing of any sales under the plan and there can be no assurance that the shares covered by the plan actually will be sold. The Reporting Person entered into the plan for personal tax and financial planning purposes and will continue to have a significant ownership interest in the Company.

(2) The total number of securities beneficially owned includes: (a) 2,311 shares acquired through the Company employee stock purchase program; (b) 20,442 shares acquired by the exercising of vested employee stock options; (c) 1,000 shares purchased on the open market; (d) 21,000 out of an original 35,000 shares of restricted stock granted 9/1/00, which is fully vested; (e) 277 out of an original 6,277 shares of performance-based restricted stock granted 6/24/03, which is fully vested; and (f) 4,904 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)

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The total number of derivative securities beneficially owned includes: (a) an employee stock option for 15,166 out of an original 38,888 shares granted 7/24/98, which is fully vested; (b) an employee stock option for 26,515 out of an original 27,777 shares granted 12/1/98, which is fully vested; (c) an employee stock option for 16,668 out of an original 22,222 shares granted 5/7/99, which is fully vested; (d) an employee stock option for 76,999 out of an original 80,000 shares granted 9/1/00, which is fully vested; (e) an employee stock option for 22,448 out of an original 38,048 shares granted 6/8/01, which is fully vested, (f) an employee stock option for 35,723 shares granted 6/24/03, of which 11,789 shares vested on 6/23/04, 11,789 shares will vest on 6/23/05 and 12,145 shares will vest on 6/23/06; and (g) an employee stock option for 32,419 shares granted 2/2/04, of which 10,698 shares will vest on each of 2/2/05 and 2/2/06 and 11,023 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. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.