

ALLIANCE DATA SYSTEMS CORP
 Form 4
 October 29, 2004

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 *
 UTAY ALAN M

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)
 10/28/2004

____ Director _____ 10% Owner
 Officer (give title below) Other (specify below)
 Executive Vice President & CAO / General Counsel, Secretary

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 Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	10/28/2004		M		15,000	A	\$ 14.67
Common Stock	10/28/2004		S		5,000	D	\$ 41.8872
Common Stock	10/28/2004		S		5,000	D	\$ 42.25
Common Stock	10/28/2004		S		5,000	D	\$ 42.5
Common Stock	10/29/2004		M		5,000	A	\$ 14.67

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) 756 shares acquired through the Company employee stock purchase plan; (b) 16,800 out of an original 28,000 shares of restricted stock granted 8/31/01, of which 0 shares are vested; (c) 6,889 shares acquired by the exercising of vested employee stock options; and (d) 4,459 shares of performance-based restricted stock granted 2/2/04, of which 0 shares are vested.

(2) This is an employee stock option for 50,000 shares granted 9/26/02, of which 16,500 shares vested on each of 9/25/03 and 9/25/04 and 17,000 shares will vest on 9/25/05.

(3) The total number of derivative securities beneficially owned includes: (a) an employee stock option for 43,111 out of an original 50,000 shares granted 8/30/01, which is fully vested; (b) an employee stock option for 30,000 out of an original 50,000 shares granted 9/26/02, of which 16,500 shares vested on each of 9/25/03 and 9/25/04 and 17,000 shares will vest on 9/25/05; (c) an employee stock option for 28,919 shares granted 6/24/03, of which 9,543 shares vested on 6/23/04, 9,543 shares will vest on 6/23/05 and 9,833 shares will vest on 6/23/06; and (d) an employee stock option for 29,472 shares granted 2/2/04, of which 9,726 shares will vest on each of 2/2/05 and 2/2/06 and 10,020 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.