ALLIANCE DATA SYSTEMS CORP

Form 4 April 25, 2005

FORM 4

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

OMB 3235-0287 Number:

Check this box if no longer subject to Section 16.

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

January 31, Expires: 2005 Estimated average

OMB APPROVAL

Form 4 or Form 5 obligations

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

burden hours per response... 0.5

may continue. See Instruction

1(b).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person * SZEFTEL IVAN M Symbol

(First)

(Street)

2. Issuer Name and Ticker or Trading

ALLIANCE DATA SYSTEMS CORP [ADS]

5. Relationship of Reporting Person(s) to

Issuer

Director 10% Owner

(Check all applicable)

(Middle) 3. Date of Earliest Transaction

_X__ Officer (give title __X__ Other (specify below)

(Month/Day/Year) 17655 WATERVIEW PARKWAY 04/21/2005

below) Executive Vice President / President Retail Credit Svcs.

6. Individual or Joint/Group Filing(Check

4. If Amendment, Date Original

Applicable Line)

Filed(Month/Day/Year)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

DALLAS, TX 75252-8012

| (City) | (State) | (Zip) Tabl | e I - Non-D | erivative S | Securi | ties Acqu | ired, Disposed of | , or Beneficiall | y Owned |
|--------------------------------------|---|---|---|-------------|------------------|-------------|--|--|---|
| 1.Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) | | | | 5. Amount of Securities Beneficially Owned Following Reported | 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 | Transaction(s) (Instr. 3 and 4) | | |
| Common Stock | 04/21/2005 | | M(1) | 10,000 | A | \$9 | 87,141 | D | |
| Common Stock | 04/21/2005 | | S <u>(1)</u> | 10,000 | D | \$ 42.5 | 77,141 | D | |
| Common Stock | 04/22/2005 | | M(1) | 6,667 | A | \$9 | 83,808 | D | |
| Common Stock | 04/22/2005 | | S <u>(1)</u> | 6,667 | D | \$ 42.79 | 77,141 (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 onDerivative 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) | |
|---|---|---|---|---|---|--------|--|--------------------|---|-------------------------------------|
| | | | | Code V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Employee Stock Option (Right to Buy) | \$ 9 | 04/21/2005 | | M <u>(1)</u> | | 10,000 | (3) | 07/24/2008 | Common Stock | 10,000 |
| Employee Stock Option (Right to Buy) | \$ 9 | 04/22/2005 | | M(1) | | 6,667 | (3) | 07/24/2008 | Common Stock | 6,667 |

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

SZEFTEL IVAN M 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012

Executive Vice President President Retail Credit Svcs.

Signatures

Leigh Ann K. Epperson, Attorney in Fact 04/25/2005

**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 February 22, 2005. The trading plan was established to sell up to 40,667 shares of the Company's common stock. Portions of the shares may be sold on

Reporting Owners 2

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specified dates or any time the stock achieves certain pre-arranged minimum prices and may take place beginning on February 25, 2005 and ending on June 30, 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.

The total number of securities beneficially owned includes: (a) 1,000 shares purchased on the open market; (b) 472 shares of performance-based restricted stock granted 6/24/03, which is fully vested; (c) 32,000 shares acquired by the exercising of vested

- (2) employee stock options; (d) 6,369 shares of performance-based restricted stock granted 2/2/04, which is fully vested; (e) 9,761 shares of performance-based restricted stock granted 2/3/05, of which 0 shares are vested; (f) 9,761 shares of time-based restricted stock granted 2/3/05, of which 0 shares are vested; and (g) 17,778 shares of time-based restricted stock granted 2/3/05, of which 0 shares are vested.
- (3) This is an employee stock option grant that is fully vested.
 - The total number of derivative securities beneficially owned includes: (a) an option for 20,253 out of an original 22,222 shares granted 5/7/99, which is fully vested; (b) an option for 80,000 shares granted 9/1/00, which is fully vested; (c) an option for 38,048 shares granted 6/8/01, which is fully vested; (d) an option for 42,528 shares granted 6/24/03, of which 14,034 shares vested on 6/23/04, 14,034 shares
- (4) will vest on 6/23/05 and 14,460 shares will vest on 6/23/06; (e) an option for 42,103 shares granted 2/2/04, of which 13,894 shares vested on 2/2/05, 13,894 shares will vest on 2/2/06 and 14,315 shares will vest on 2/2/07; and (f) an option for 27,113 shares granted 2/3/05, of which 8,947 shares will vest on each of 2/3/06 and 2/3/07 and 9,219 shares will vest on 2/3/08.

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.