

ALLIANCE DATA SYSTEMS CORP

Form 4

June 05, 2006

FORM 4**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
SZEFTTEL IVAN 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

3. Date of Earliest Transaction
(Month/Day/Year)
06/01/2006

____ Director ____X____ 10% Owner
____X____ Officer (give title below) ____X____ Other (specify below)
Executive Vice President / President Retail
Credit Svcs.

(Street)
DALLAS, TX 75252-8012

4. If Amendment, Date Original
Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check
Applicable Line)
____X____ 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	06/01/2006		M ⁽¹⁾		9,600	A \$ 12	93,564 D
Common Stock	06/01/2006		S ⁽¹⁾		8,000	D \$ 54	85,564 D
Common Stock	06/01/2006		S ⁽¹⁾		1,600	D \$ 54.1	83,964 D
Common Stock	06/02/2006		M ⁽¹⁾		6,700	A \$ 12	90,664 D
Common Stock	06/02/2006		S ⁽¹⁾		6,700	D \$ 54.3	83,964 D

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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(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)		8. Amount or Number of Shares	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 12	06/01/2006		M ⁽¹⁾		9,600		⁽²⁾	06/07/2011	Common Stock	9,600
Employee Stock Option (Right to Buy)	\$ 12	06/02/2006		M ⁽¹⁾		6,700		⁽²⁾	06/07/2011	Common Stock	6,700

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
SZEFTTEL IVAN M 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012		X	Executive Vice President	President Retail Credit Svcs.

Signatures

Leigh Ann K. Epperson, Attorney
in Fact

06/05/2006

 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).

The sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on May 31, 2006. The trading plan was established to sell up to 16,300 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 June 1, 2006 and ending on July 28, 2006, 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.

(1) This is an employee stock option grant that is fully vested.

The total number of derivative securities beneficially owned includes: (a) an option for 77,001 out of an original 80,000 shares granted 9/1/00, which is fully vested; (b) an option for 42,528 shares granted 6/24/03, of which 28,068 shares are fully vested and 14,460 shares will vest on 6/23/06; (c) an option for 42,103 shares granted 2/2/04, of which 27,788 shares are fully vested and 14,315 shares will vest on 2/2/07; (d) an option for 27,113 shares granted 2/3/05, of which 8,947 shares vested on 2/3/06, 8,947 shares will vest on 2/3/07 and 9,219 shares will vest on 2/3/08; and (e) an option for 29,859 shares granted 2/13/06, of which 9,853 shares will vest on each of 2/13/07 and 2/13/08 and 10,153 shares will vest on 2/13/09.

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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