

ALLIANCE DATA SYSTEMS CORP

Form 4

June 30, 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

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
FINKELMAN DANIEL P

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)
06/29/2006

____ Director ____ 10% Owner
X Officer (give title below) ____ Other (specify below)
EVP, Corp Develop & Innovation

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	06/29/2006		M ⁽¹⁾		11,000	A	\$ 12 40,983
Common Stock	06/29/2006		S ⁽¹⁾		11,000	D	\$ 57 29,983 ⁽²⁾

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

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information contained in this form are not
required to respond unless the form
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(9-02)

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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)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Options (Right to Buy)	\$ 12	06/29/2006		M ⁽¹⁾	11,000	⁽³⁾ 06/07/2011	Common Stock 11,000

Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
FINKELMAN DANIEL P 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012	EVP, Corp Develop & Innovation

Signatures

Leigh Ann K. Epperson, Attorney
in Fact 06/30/2006

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).
- (1) The sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on May 22, 2006. The trading plan was established to sell up to 22,000 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 May 24, 2006 and ending on October 20, 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.
- (2) The total amount of securities beneficially owned includes: (a) 2,500 shares purchased in 2001; (b) 1,091 shares of restricted stock granted 6/24/03, which are fully vested; (c) 621 shares of restricted stock granted 7/1/04, which are fully vested; (d) 7,500 shares of restricted stock granted 7/14/04, of which 0 shares are vested; (e) 3,424 out of an original 4,995 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (f) 3,883 out of an original 4,420 shares of time-based restricted stock granted 2/3/05, of which 921 shares are vested; (g) 5,482 performance-based restricted stock units granted 2/13/06, of which 0 shares are vested; and (h) 5,482 time-based restricted stock units granted 2/13/06, of which 0 shares are vested.
- (3) This is an employee stock option grant that is fully vested.

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The total number of derivative securities beneficially owned includes: (a) an option for 6,208 shares granted 6/24/03, which is fully vested; (b) an option for 3,724 shares granted 7/1/04 which is fully vested; (c) an option for 75,000 shares granted 7/14/04 which will vest (4) on 7/14/07; (d) an option for 12,278 shares granted on 2/3/05, of which 4,051 shares are fully vested, 4,051 shares will vest on 2/3/07 and 4,176 shares will vest on 2/3/08; and (e) an option for 13,083 shares granted 2/13/06, of which 4,317 shares will vest on each of 2/13/07 and 2/13/08 and 4,449 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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