

ALLIANCE DATA SYSTEMS CORP

Form 4

November 24, 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 *
Pearson Bryan 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)
11/21/2006

____ Director ____ 10% Owner
____X____ Officer (give title below) ____ Other (specify below)
President, Loyalty Services

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 Ownership (Instr. 4)
Common Stock	11/21/2006		M	V Amount (A) or (D) Price 7,000 A \$ 24.03	22,614	D	
Common Stock	11/21/2006		S	7,000 D \$ 64.3	15,614 ⁽¹⁾	D	

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

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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)	8. Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 24.03	11/21/2006		M	7,000	(2) 06/23/2013	Common Stock	7,000

Reporting Owners

Reporting Owner Name / Address	Relationships
Pearson Bryan A 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012	Director 10% Owner Officer President, Loyalty Services

Signatures

Leigh Ann K. Epperson, Attorney
in Fact 11/22/2006

**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 total number of securities beneficially owned includes: (a) 1,500 out of an original 4,800 shares of performance-based restricted stock granted 6/24/03, which are fully vested; (b) 3,200 out of an original 4,000 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (c) 4,444 shares of time-based restricted stock granted 2/3/05, of which 1,481 shares are vested; (d) 3,235 shares of time-based restricted stock units granted 2/13/06, of which 0 shares are vested; and (e) 3,235 shares of performance-based restricted stock units granted 2/13/06, of which 0 shares are vested.
- (2) This is an employee stock option grant that is fully vested.
- (3) The total number of derivative securities beneficially owned includes: (a) an option for 10,000 out of an original 40,404 shares granted 12/1/98, which is fully vested; (b) an option for 8,000 out of an original 18,500 shares granted 6/24/03, which is fully vested; (c) an option for 16,000 shares granted 2/2/04, of which 10,560 shares are fully vested and 5,440 shares will vest on 2/2/07; (d) an option for 20,000 shares granted 2/3/05, of which 6,600 shares vested on 2/3/06, 6,600 shares will vest on 2/3/07 and 6,800 shares will vest on 2/3/08; (e) an option for 12,346 shares granted 2/3/05, of which 4,115 shares vested on 12/9/05, 4,115 shares will vest on 12/9/06 and 4,116 shares will vest on 12/9/07; and (f) an option for 7,724 shares granted 2/13/06, of which 2,548 shares will vest on 2/13/07, 2,549

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shares will vest on 2/13/08 and 2,627 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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