

ALLIANCE DATA SYSTEMS CORP
 Form 4
 June 23, 2006

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

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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 *
 PARKS J MICHAEL

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)
 06/21/2006

Director 10% Owner
 Officer (give title below) Other (specify below)
 Chairman, CEO & President

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 Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	06/21/2006		M ⁽¹⁾	60,000 A	\$ 9	252,089	D
Common Stock	06/21/2006		S ⁽¹⁾	60,000 D	\$ 55.75	192,089 ⁽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)

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- (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 7,477 out of an original 177,777 shares granted 3/10/97, which is fully vested; (b) an option for 63,131 out of an original 83,333 shares granted 5/7/99, which is fully vested; (c) an option for 230,000 shares granted 9/1/00, which is fully vested; (d) an option for 109,388 shares granted 6/8/01, which is fully vested; (e)

- (4) an option for 106,203 shares granted 6/24/03, which is fully vested; (f) an option for 129,291 shares granted 2/2/04, of which 85,332 shares are fully vested and 43,959 shares will vest on 2/2/07; (g) an option for 58,626 shares granted 2/3/05, of which 19,346 shares vested on 2/3/06, 19,346 shares will vest on 2/3/07 and 19,934 shares will vest on 2/3/08; and (h) an option for 64,572 shares granted 2/13/06, of which 21,308 shares will vest on 2/13/07, 21,309 shares will vest on 2/13/08 and 21,955 shares will vest on 2/13/09.

Remarks:

- (2) Continued from above: and (j) 27,056 time-based restricted stock units granted 2/13/06, of which 0 shares are vested.

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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