

ALLIANCE DATA SYSTEMS CORP  
 Form 4  
 June 05, 2006

**FORM 4**

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

OMB APPROVAL

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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

(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)  
 06/02/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 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)  
 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)	
			Code	V	Amount	(A) or (D)	Price	
Common Stock	06/02/2006		M <sup>(1)</sup>		11,000	A	\$ 12 40,983	D
Common Stock	06/02/2006		S <sup>(1)</sup>		11,000	D	\$ 55 29,983 <sup>(2)</sup>	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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**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)	Amount or Number of Shares
Employee Stock Options (Right to Buy)	\$ 12	06/02/2006		M <sup>(1)</sup>	11,000	<sup>(3)</sup> 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  
06/05/2006

\_\_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).
- (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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- (4) The total number of derivative securities beneficially owned includes: (a) an option for 11,000 out of an original 42,000 shares granted 6/8/01, which is fully vested; (b) an option for 6,208 shares granted 6/24/03, which is fully vested; (c) an option for 3,724 shares granted 7/1/04 which is fully vested; (d) an option for 75,000 shares granted 7/14/04 which will vest on 7/14/07; (e) 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 (f) 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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