

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 15, 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 *
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)
02/13/2006

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 02/13/2006 | | A ⁽¹⁾ | | 27,056 | A | 173,921 |
| Common Stock | 02/13/2006 | | A ⁽²⁾ | | 27,056 | A | 200,977 |
| Common Stock | 02/13/2006 | | F ⁽³⁾ | | 2,939 | D | \$ 43.01 198,038 ⁽⁴⁾ |

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

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number.

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 Option (Right to Buy) | \$ 43.01 | 02/13/2006 | | A ⁽⁵⁾ | 64,572 | ⁽⁵⁾ 02/13/2016 | Common Stock 64,572 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| PARKS J MICHAEL 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012 | X | | Chairman, CEO & President | |

Signatures

Leigh Ann K. Epperson, Attorney
in Fact 02/15/2006

**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 new grant is for 27,056 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the Company's relative cash earnings per share growth as compared to the S&P 500 GAAP EPS growth measured as of 12/31/06.
- (1) The new grant is for 27,056 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the Company's relative cash earnings per share growth as compared to the S&P 500 GAAP EPS growth measured as of 12/31/06.
 - (2) The new grant is for 27,056 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 8,928 shares on each of 2/13/07 and 2/13/08, and on 9,200 shares on 2/13/09.
 - (3) 2,939 shares were withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock.
 - (4) The total number of securities beneficially owned includes: (a) 868 out of an original 120,000 shares of restricted stock granted 9/1/00 which is fully vested; (b) 1,860 shares purchased in the open market; (c) 18,661 shares of performance-based restricted stock granted 6/24/03 which is fully vested; (d) 57,146 shares acquired by the exercising of vested employee stock options; (e) 5,740 out of an original 35,740 shares of performance-based restricted stock granted 2/2/04 which is fully vested; (f) 21,105 shares of performance-based

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restricted stock granted 2/3/05, of which 0 shares are vested; (g) 19,263 out of an original 21,105 shares of time-based restricted stock granted 2/3/05 of which 5,122 shares are vested; (h) 19,283 out of an original 22,222 shares of time-based restricted stock granted 2/3/05 of which 8,172 shares are vested; (i) the new grant for 27,056 performance-based restricted stock units; and (j) the new grant for 27,056 time-based restricted stock units.

- (5) The new option is for 64,572 shares, 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.

The total number of derivative securities beneficially owned includes: (a) an option for 127,777 out of an original 177,777 shares granted 3/10/97, which is fully vested; (b) an option for 111,111 shares granted 3/10/97, which is fully vested; (c) an option for 63,131 out of an original 83,333 shares granted 5/7/99, which is fully vested; (d) an option for 230,000 shares granted 9/1/00, which is fully vested; (e) an option for 109,388 shares granted 6/8/01, which is fully vested; (f) an option for 106,203 shares granted 6/24/03, of which 70,094 shares are fully vested and 36,109 shares will vest on 6/23/06; (g) 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; (h) 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 (i) the new option for 64,572 shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.