

ALLIANCE DATA SYSTEMS CORP

Form 4

February 15, 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 *
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)
02/13/2006

____ Director ____ 10% Owner
____X____ Officer (give title ____ Other (specify
below) 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	02/13/2006		A ⁽¹⁾		5,482	A	<u>(1)</u> 25,497
Common Stock	02/13/2006		A ⁽²⁾		5,482	A	<u>(2)</u> 30,979 ⁽³⁾

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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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)			
				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 ⁽⁴⁾		13,083		⁽⁴⁾	02/13/2016	Common Stock	13,083

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
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).

(1) The new grant is for 5,482 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 5,482 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,809 shares on each of 2/13/07 and 2/13/08, and on 1,864 shares on 2/13/09.

(3) 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 is fully vested; (c) 621 shares of restricted stock granted 7/1/04, which is fully vested; (d) 7,500 shares of restricted stock granted 7/14/04, of which 0 shares are vested; (e) 4,420 shares of performance-based restricted stock granted 2/3/05, of which 0 shares are 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) the new grant for 5,482 performance-based restricted stock units; and (h) the new grant for 5,482 time-based restricted stock units.

(4) The new option is for 13,083 shares, 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.

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The total number of derivative securities beneficially owned includes: (a) an option for 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; (5) (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) the new option for 13,083 shares.

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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