

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

OMB
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(Print or Type Responses)

1. Name and Address of Reporting Person *
Carter Barry R

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 below) ____ Other (specify below)
SVP, Info Technology Officer

DALLAS, TX 75252

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	02/13/2006		A ⁽¹⁾	3,235 A	9,571	D	
Common Stock	02/13/2006		A ⁽²⁾	3,235 A	12,806	D	
Common Stock	02/13/2006		F ⁽³⁾	873 D	\$ 43.01 11,933 ⁽⁴⁾	D	

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
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SEC 1474
(9-02)

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 (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)	\$ 43.01	02/13/2006		A ⁽⁵⁾	7,724	⁽⁵⁾ 02/13/2016	Common Stock	7,724

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Carter Barry R 17655 WATERVIEW PARKWAY DALLAS, TX 75252			SVP, Info Technology Officer	

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 3,235 shares of common stock represented by performance-based restricted stock units. The restrictions on 100% of the shares may lapse in February 2007 if certain Company financial targets are met.
 - The new grant is for 3,235 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,067 shares on 2/13/07, on 1,068 shares on 2/13/08, and on 1,100 shares on 2/13/09.
 - 873 shares were withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock.
 - The total number of securities beneficially owned includes (a) 2,500 shares of performance-based restricted stock granted 9/15/04, which is fully vested; (b) 536 shares acquired through the Company employee stock purchase program; (c) 2,427 out of an original 3,300 shares of performance-based restricted stock granted 2/3/05, which is fully vested; (d) the new grant for 3,235 performance-based restricted

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stock units; and (e) the new grant for 3,235 time-based restricted stock units.

- (5) The new option is for 7,724 shares, of which 2,548 shares will vest on 2/13/07, 2,549 shares will vest on 2/13/08 and 2,627 shares will vest on 2/13/09.

- (6) The total number of derivative securities beneficially owned includes (a) an employee stock option for 25,000 shares granted 9/15/04, of which 8,250 shares are fully vested, 8,250 shares will vest on 9/15/06 and 8,500 shares will vest on 9/15/07; (b) an option for 15,000 shares granted 2/3/05, of which 4,950 shares vested on 2/3/06, 4,950 shares will vest on 2/3/07, and 5,100 shares will vest on 2/3/08; and (c) the new option for 7,724 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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