

ALLIANCE DATA SYSTEMS CORP

Form 4

April 26, 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 \*  
SCULLION JOHN W

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

3. Date of Earliest Transaction  
(Month/Day/Year)  
04/24/2006

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title below) \_\_\_\_X\_\_\_\_ Other (specify below)  
Executive Vice President / President, Loyalty  
& Mktg Svcs

(Street)  
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)
Common Stock	04/24/2006		M	22,666 A \$ 15	72,936	D	
Common Stock	04/24/2006		S	18,000 D \$ 55.25	54,936	D	
Common Stock	04/24/2006		S	4,666 D \$ 55.3214	50,270	D	
Common Stock	04/25/2006		M	4,000 A \$ 15	54,270	D	
Common Stock	04/25/2006		S	4,000 D \$ 54.52	50,270 <sup>(1)</sup>	D	

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

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SEC 1474  
(9-02)

**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)	\$ 15	04/24/2006		M		22,666		<u>(2)</u>	08/31/2010	Common Stock	22,666
Employee Stock Option (Right to Buy)	\$ 15	04/25/2006		M		4,000		<u>(2)</u>	08/31/2010	Common Stock	4,000

## Reporting Owners

Reporting Owner Name / Address	Relationships
	Director 10% Owner Officer Other
SCULLION JOHN W 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012	Executive Vice President President, Loyalty & Mktg Svcs

## Signatures

Leigh Ann K. Epperson, Attorney  
in Fact

04/26/2006

\_\_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 total number of securities beneficially owned includes: (a) 8,491 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (b) 7,514 shares of time-based restricted stock granted 2/3/05, of which 2,479 shares are vested; (c) 8,889 shares of time-based restricted stock granted 2/3/05, of which 2,963 shares are vested; (d) 12,688 performance-based restricted stock units granted 2/13/06, of which 0 shares are vested; and (e) 12,688 time-based restricted stock units granted 2/13/06, of which 0 shares are vested.

(2) This is an employee stock option grant that is fully vested.

(3) The total number of derivative securities beneficially owned includes: (a) an option for 53,334 out of an original 80,000 shares granted on 9/1/00 which is fully vested; (b) an option for 74,715 shares granted on 6/8/01, which is fully vested; (c) an option for 35,723 shares granted on 6/24/03, of which 23,578 shares are fully vested and 12,145 shares will vest on 6/23/06; (d) an option for 34,735 shares granted on 2/2/04, of which 22,926 shares are fully vested and 11,809 shares will vest on 2/2/07; (e) an option for 20,872 shares granted 2/3/05, of which 6,887 shares vested on 2/3/06, 6,887 shares will vest on 2/3/07 and 7,098 shares will vest on 2/3/08; (f) an option for 24,691 shares granted on 2/3/05 of which 8,230 shares vested on 12/9/05, 8,230 shares will vest on 12/9/06 and 8,231 shares will vest on 12/9/07; and (g) an option for 30,281 shares granted 2/13/06 of which 9,992 shares will vest on 2/13/07, 9,993 shares will vest on 2/13/08 and 10,296 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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