

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 15, 2006

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
KUBIC MICHAEL D

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)
SVP, Controller / Chief Accounting Officer

DALLAS, TX 75252-8012

(City) (State) (Zip)

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

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) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) Code V Amount (D) Price | | | |
| Common Stock | 02/13/2006 | | A ⁽¹⁾ | 1,873 A 11 | 22,625 | D | |
| Common Stock | 02/13/2006 | | A ⁽²⁾ | 1,873 A 12 | 24,498 | D | |
| Common Stock | 02/13/2006 | | F ⁽³⁾ | 757 D \$ 43.01 | 23,741 ⁽⁴⁾ | D | |

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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Employee Stock Option (Right to Buy) | \$ 43.01 | 02/13/2006 | | A ⁽⁵⁾ | 4,472 | ⁽⁵⁾ 02/13/2016 | Common Stock | 4,472 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------|--------------------------|
| | Director | 10% Owner | Officer | Other |
| KUBIC MICHAEL D 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012 | | | SVP, Controller | Chief Accounting Officer |

Signatures

Leigh Ann K. Epperson, Attorney in Fact
Date: 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 1,873 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.
 - (2) The new grant is for 1,873 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 618 shares on each of 2/13/07 and 2/13/08, and on 637 shares on 2/13/09.
 - (3) 757 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) 7,200 out of an original 12,000 shares of restricted stock granted 11/9/00, which is fully vested; (b) 2,500 shares of performance-based restricted stock granted 2/2/04, which is fully vested; (c) 4,500 shares acquired by the exercising of vested employee stock options; (d) 1,743 out of an original 2,500 shares of performance-based restricted

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stock granted 2/3/05, which is fully vested; (e) 4,052 out of an original 4,444 shares of time-based restricted stock granted 2/3/05, of which 1,089 shares are vested; (f) the new grant for 1,873 performance-based restricted stock units; and (g) the new grant for 1,873 time-based restricted stock units.

- (5) The new option is for 4,472 shares, of which 1,475 shares will vest on 2/13/07, 1,476 shares will vest on 2/13/08 and 1,521 shares will vest on 2/13/09.

- (6) The total number of derivative securities beneficially owned includes: (a) an option for 6,611 out of an original 11,111 shares granted 10/29/1999, which is fully vested; (b) an option for 13,749 out of an original 26,500 shares granted 9/1/00, which is fully vested; (c) an option for 1 out of an original 12,603 shares granted 6/8/01, which is fully vested; (d) an option for 10,000 shares granted 6/24/03, of which 6,600 shares are fully vested and 3,400 shares will vest on 6/23/06; (e) an option for 11,000 shares granted 2/2/04, of which 7,260 shares are fully vested and 3,740 shares will vest on 2/2/07; (f) an option for 11,000 shares granted 2/3/05, of which 3,630 shares vested on 2/3/06, 3,630 shares will vest on 2/3/07 and 3,740 shares will vest on 2/3/08; and (g) the new option for 4,472 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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