SEC Form 4

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person*	2. Issuer Name **and** Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer (Check all applicable)
SZEFTEL IVAN M	ALLIANCE DATA SYSTEMS CORP [ADS]	Director: — 10% Owner: X Officer (give title below): X — Other (specify below): X Executive Vice President / President Retail Credit Svcs.
(Last) (First) (Middle): 17655 WATERVIEW PARKWAY	3. Date of Earliest Transaction (Month/Day/Year): 05/26/2006	
(Street): DALLAS TX 75252-8012	4. If Amendment, Date of 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	05/26/2006		M		548	A	$12	84,512	D	
Common Stock	05/26/2006		S		548	D	$54.1	83,964	D	

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 Securities Underlying Derivative Security (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares				
Employee Stock Option (Right to Buy)	$12	05/26/2006		M			548	(1)	06/07/2011	Common Stock	548	(1)	234,904(2)	D	

Explanation of Responses:

1. This is an employee stock option grant that is fully vested.

2. The total number of derivative securities beneficially owned includes: (a) an option for 77,001 out of an original 80,000 shares granted 9/1/00, which is fully vested; (b) an option for 16,300 out of an original 38,048 shares granted 6/8/01, which is fully vested; (c) an option for 42,528 shares granted 6/24/03, of which 28,068 shares are fully vested and 14,460 shares will vest on 6/23/06; (d) an option for 42,103 shares granted 2/2/04, of which 27,788 shares are fully vested and 14,315 shares will vest on 2/2/07; (e) an option for 27,113 shares granted 2/3/05, of which 8,947 shares vested on 2/3/06, 8,947 shares will vest on 2/3/07 and 9,219 shares will vest on 2/3/08; and (f) an option for 29,859 shares granted 2/13/06, of which 9,853 shares will vest on each of 2/13/07 and 2/13/08 and 10,153 shares will vest on 2/13/09.

Remarks:

Leigh Ann K. Epperson, Attorney in Fact — 05/31/2006

** Signature of Reporting Person — Date

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

* 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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB Number.