

ALLIANCE DATA SYSTEMS CORP

Form 4

April 04, 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  
Number: 3235-0287  
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2005  
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response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
HEFFERNAN EDWARD J

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)  
03/31/2006

\_\_\_\_ Director \_\_\_\_ 10% Owner  
\_\_\_\_X\_\_\_\_ Officer (give title below) \_\_\_\_ Other (specify below)  
EVP, Chief Financial Officer

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 Ownership (Instr. 4)
Common Stock	03/31/2006		A <sup>(1)</sup>	905 A	63,314	D	
Common Stock	03/31/2006		F <sup>(2)</sup>	2,868 D	\$ 60,446 <sup>(3)</sup>	D	

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

**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 control  
number.**

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)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficial Owned Following Transaction (Instr. 6)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title or Number of Shares

**Reporting Owner Name / Address**

## Relationships

Director	10% Owner	Officer		Other
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HEFFERNAN EDWARD J  
17655 WATERVIEW PARKWAY  
DALLAS, TX 75252-8012

EVP, Chief Financial Officer

## Signatures

Leigh Ann K. Epperson, Attorney  
in Fact

04/04/2006

          \*\*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) Based on the Company's cash EPS growth as compared to the GAAP EPS growth of the S&P 500, 113% of the performance-based restricted stock award granted on 2/3/05 vested, resulting in an additional 905 shares, for a total of 7,866 shares.
- (2) 2,868 shares were withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock.

(3) The total number of securities beneficially owned includes: (a) 15,545 shares acquired by the exercising of vested employee stock options; (b) 4,998 out of an original 7,866 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (c) 6,284 out of an original 6,961 shares of time-based restricted stock granted 2/3/05, of which 1,620 shares are vested; (d) 15,617 out of an original 17,778 shares of time-based restricted stock granted 2/3/05, of which 3,765 shares are vested; (e) 9,001 performance-based restricted stock units granted 2/13/06, of which 0 shares are vested; and (f) 9,001 time-based restricted stock units granted 2/13/06, of which 0 shares are vested.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.