ALLIANCE DATA SYSTEMS CORP

Form 4

November 09, 2006

FORM 4

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

OMB Number:

3235-0287

if no longer

Check this box

January 31, Expires: 2005

OMB APPROVAL

subject to Section 16. Form 4 or

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF **SECURITIES**

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Form 5 obligations may continue.

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

response...

See Instruction

30(h) of the Investment Company Act of 1940

1(b).

(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) 17655 WATE	(First) RVIEW PAI	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 11/07/2006	Director 10% Owner _X_ Officer (give title Other (specify below) EVP, Chief Financial Officer	
	(Street)		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	
DALLAS, TX	75252-8012	2		Form filed by More than One Reportin	

(City)	(State) (Zip) Table	e I - Non-Do	erivative :	Secur	ities Acqu	uired, Disposed of	, or Beneficiall	y Owned
1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	ransaction Date 2A. Deemed nth/Day/Year) Execution Date, if any (Month/Day/Year)		3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8) (A) or Code V Amount (D) Price			5. Amount of Securities Ownership Form: Direct Owned (D) or Following Indirect (I) Reported (Instr. 4) Transaction(s) (Instr. 3 and 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)	
Common Stock	11/07/2006		F(1)	1,699	D	\$ 59.68	40,747	D	
Common Stock	11/07/2006		M(1)	6,918	A	\$ 14.67	47,665	D	
Common Stock	11/07/2006		M	1	A	\$ 12	47,666	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 omf 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 Options (Right to Buy)	\$ 12	11/07/2006		M	1	<u>(2)</u>	06/07/2011	Common Stock	1
Employee Stock Options (Right to Buy)	\$ 14.67	11/07/2006		M <u>(1)</u>	6,918	(2)	09/25/2012	Common Stock	6,918

Reporting Owners

Reporting Owner Name / Address				•	
	Director	10% Owner	Officer		Other

HEFFERNAN EDWARD J 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012

EVP, Chief Financial Officer

Relationships

Signatures

Leigh Ann K. Epperson, Attorney in Fact 11/09/2006

**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) 1,699 shares and \$56.15 have been delivered to the Company in payment of the exercise price of 6,918 employee stock options.
- (2) This is an employee stock option grant that is fully vested.

(3)

Reporting Owners 2

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The total number of derivative securities beneficially owned includes: (a) an option for 17,967 out of an original 40,557 shares granted 10/9/00 which is fully vested; (b) an option for 34,022 shares granted 6/24/03 which is fully vested; (c) an option for 34,735 shares granted 2/2/04 of which 22,926 shares are fully vested and 11,809 shares will vest on 2/2/07; (d) an option for 19,337 shares granted 2/3/05 of which 6,381 shares vested on 2/3/06, 6,381 shares will vest on 2/3/07 and 6,575 shares will vest on 2/3/08; and (e) an option for 21,482 shares granted 2/13/06, of which 7,089 shares will vest on each of 2/13/07 and 2/13/08 and 7,304 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. 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.