

ALLIANCE DATA SYSTEMS CORP  
 Form 4  
 June 14, 2006

**FORM 4**

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

OMB APPROVAL

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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 \*  
 DRAPER E LINN JR

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)  
 06/12/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)

DALLAS, TX 75252  
 (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	06/12/2006		A <sup>(1)</sup>	458 A <u>1</u>	1,251 <sup>(2)</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)**

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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. (Instr. 3 and 4)
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Employee Stock Option (Right to Buy)	\$ 53.54	06/12/2006	A <sup>(3)</sup>	2,512	(3)	06/12/2016	Common Stock	2,512

## Reporting Owners

Reporting Owner Name / Address	Relationships
	Director    10% Owner    Officer    Other
DRAPER E LINN JR 17655 WATERVIEW PARKWAY DALLAS, TX 75252	X

## Signatures

Leigh Ann K. Epperson, Attorney in Fact	06/14/2006
**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 458 shares of common stock, subject to a restriction on resale until one year after the director's service on the Company's board of directors terminates.
  - (2) The total amount of securities beneficially owned includes: (a) 177 shares of restricted stock granted 2/3/05; (b) 616 shares of restricted stock granted 6/10/05; and (c) the new grant for 458 shares.
  - (3) The new option is for 2,512 shares, of which 1,256 shares will vest on 6/12/07 and 1,256 shares will vest in June 2008.
- The total number of derivative securities beneficially owned includes: (a) an option for 1,146 shares granted 2/3/05, which is fully vested;
- (4) (b) an option for 3,547 shares granted 6/10/05, of which 1,170 shares vested on 6/10/06, 1,171 shares will vest on 6/10/07, and 1,206 shares will vest in June 2008; and (c) the new option for 2,512 shares.

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.