ALLIANCE DATA SYSTEMS CORP

Form 4

September 15, 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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(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) _____ Director _____ 10% Owner __X__ Officer (give title __X__ Other (specify below) below) SVP, Controller / Chief Accounting Officer
(Last) (First) (Middle) 17655 WATERVIEW PARKWAY	3. Date of Earliest Transaction (Month/Day/Year) 09/13/2006	
(Street) 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	09/13/2006		M[(1)]		10,000	A	$ 24.03	20,441	D	
Common Stock	09/13/2006		S[(1)]		10,000	D	$ 54	10,441 [(2)]	D	

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

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)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	$ 24.03	09/13/2006		M[(1)]		10,000		[(3)]	06/23/2013	Common Stock	10,000

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	09/15/2006
[**]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 sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on May 26, 2006. The trading plan was established to sell up to 18,800 shares of the Company's common stock. Portions of the shares may be sold on specified dates or any time the stock achieves certain pre-arranged minimum prices and may take place beginning on May 30, 2006 and ending on September 21, 2006, unless sooner terminated. The Reporting Person will have no control over the timing of any sales under the plan and there can be no assurance that the shares covered by the plan actually will be sold. The Reporting Person entered into the plan for personal tax and financial planning purposes and will continue to have a significant ownership interest in the Company.
(2)	The total number of securities beneficially owned includes: (a) 900 out of an original 12,000 shares of restricted stock granted 11/9/00, which is fully vested; (b) 1,743 out of an original 2,500 shares of performance-based restricted stock granted 2/3/05, which is fully vested; (c) 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; (d) 1,873 performance-based restricted stock units granted 2/13/06, of which 0 shares are vested; and (e) 1,873 time-based restricted stock units granted 2/13/06, of which 0 shares are vested.
(3)	This is an employee stock option grant that is fully vested.

(4) 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 1 out of an original 12,603 shares granted 6/8/01, which is fully vested; (c) 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; (d) 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 (e) an option for 4,472 shares granted 2/13/06, 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.

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.

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