

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

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

OMB APPROVAL	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>SCULLION JOHN W</u>  (Last) (First) (Middle) <u>17655 WATERVIEW PARKWAY</u>  (Street) <u>DALLAS TX 75252-8012</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ALLIANCE DATA SYSTEMS CORP [ ADS ]</u>	5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (specify below)  <u>Executive Vice President / President, Loyalty &amp; Mktg Svcs</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>02/13/2006</u>	
	4. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/13/2006		A <sup>(1)</sup>		12,688	A	(1)	36,605	D	
Common Stock	02/13/2006		A <sup>(2)</sup>		12,688	A	(2)	49,293	D	
Common Stock	02/13/2006		M		17,929	A	\$9.9	67,222	D	
Common Stock	02/13/2006		S		17,929	D	\$42.8889	49,293 <sup>(3)</sup>	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
Employee Stock Option (Right to Buy)	\$43.01	02/13/2006		A <sup>(4)</sup>		30,281		(4)	02/13/2016	Common Stock	30,281	(4)	318,946	D	
Employee Stock Option (Right to Buy)	\$9.9	02/13/2006		M		17,929		(5)	12/01/2008	Common Stock	17,929	(5)	301,017 <sup>(6)</sup>	D	

**Explanation of Responses:**

- The new grant is for 12,688 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the Company's relative cash earnings per share growth as compared to the S&P 500 GAAP EPS growth measured as of 12/31/06.
- The new grant is for 12,688 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 4,187 shares on each of 2/13/07 and 2/13/08, and on 4,314 shares on 2/13/09.
- The total number of securities beneficially owned includes: (a) 7,514 shares of performance-based restricted stock granted 2/3/05, of which 0 shares are vested; (b) 7,514 shares of time-based restricted stock granted 2/3/05, of which 2,479 shares are vested; (c) 8,889 shares of time-based restricted stock granted 2/3/05, of which 2,963 shares are vested; (d) the new grant for 12,688 performance-based restricted stock units; and (e) the new grant for 12,688 time-based restricted stock units.
- The new option is for 30,281 shares, of which 9,992 shares will vest on 2/13/07, 9,993 shares will vest on 2/13/08 and 10,296 shares will vest on 2/13/09.
- This is an employee stock option grant that is fully vested.
- The total number of derivative securities beneficially owned includes: (a) an option for 80,000 shares granted on 9/1/00, which is fully vested; (b) an option for 74,715 shares granted on 6/8/01, which is fully vested; (c) an option for 35,723 shares granted on 6/24/03, of which 23,578 shares are fully vested and 12,145 shares will vest on 6/23/06; (d) an option for 34,735 shares granted on 2/2/04, of which 22,926 shares are fully vested and 11,809 shares will vest on 2/2/07; (e) an option for 20,872 shares granted 2/3/05, of which 6,887 shares vested on 2/3/06, 6,887 shares will vest on 2/3/07 and 7,098 shares will vest on 2/3/08; (f) an option for 24,691 shares granted on 2/3/05, of which 8,230 shares vested on 12/9/05, 8,230 shares will vest on 12/9/06 and 8,231 shares will vest on 12/9/07; and (g) the new option for 30,281 shares.

**Remarks:**

Leigh Ann K. Epperson, 02/15/2006  
Attorney in Fact

\*\* 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.

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