## FORM 4

## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington,	D.C.	20549

# STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

**OMB APPROVAL** OMB Number: Estimated average burden hours per response: 0.5

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

1. Name and Address of Reporting Person* FINKELMAN DANIEL P						2. Issuer Name and Ticker or Trading Symbol ALLIANCE DATA SYSTEMS CORP [ ADS ]										all applic Directo	able)	g Pers	on(s) to Issu 10% Ow Other (s	ner		
(Last) 17655 W	•	irst) V PARKWAY	(Middle)		3. Date of Earliest Transaction (Month/Day/Year) 02/13/2006  X Officer (give title below) below) EVP, Corp Develop & Innovation											,	on					
(Street)  DALLA  (City)			75252-803 (Zip)	12	- 4. I	4. If Amendment, Date of Original Filed (Month/Day/Year)								Indiv ne) X	•							
Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned  1. Title of Security (Instr. 3)  2. Transaction  2. Deemed  3. 4. Securities Acquired (A) or 5. Amount of 6. Ownership 7. Nature																						
Date (Month/l					n/Day/Yo	ear)	Execution Date, if any (Month/Day/Yea		Co	Code (Instr.		Disposed Of (D) (Instr. 3, 4			Benefici Owned I		lly ollowing	(D) o	Indirect I str. 4)	of Indirect Beneficial Ownership		
									Co	ode V	<i>'</i>	Amount	(A) C (D)	Price	•	Reported Transact (Instr. 3 a	on(s)	n(s) d 4)				
Common	Stock			02/1	13/200	)6			А	<b>(</b> 1)		5,482	2 A	(1	25,497 D							
Common	Stock			02/1	13/200	)6			A	(2)		5,482	2 A	(2	)	30,9	979 <sup>(3)</sup> D					
		-	Гable II -										or Ben ble seci			wned						
1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution I if any (Month/Day	Date,	4. Transaction Code (Instr. 8)				6. Date Exercisa Expiration Date (Month/Day/Yea				7. Title and Am of Securities Underlying Derivative Seci (Instr. 3 and 4)		D S	8. Price of Derivative Security (Instr. 5)	9. Number derivative Securities Beneficial Owned Following Reported Transactio (Instr. 4)	s Silly	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	Beneficial Ownership t (Instr. 4)		
					Code	v	(A)	(D)	Date Exerc	cisable	Ex  Da	piration te	Title	Amoun or Numbe of Shares	r							
Employee Stock Option (Right to Buy)	\$43.01	02/13/2006			A <sup>(4)</sup>		13,083		(	(4)	02/	/13/2016	Common Stock	13,08	3	(4)	152,293	(5)	D			

### **Explanation of Responses:**

- 1. The new grant is for 5,482 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.
- 2. The new grant is for 5,482 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,809 shares on each of 2/13/07 and 2/13/08, and on 1,864 shares on 2/13/09.
- 3. The total amount of securities beneficially owned includes: (a) 2,500 shares purchased in 2001; (b) 1,091 shares of restricted stock granted 6/24/03, which is fully vested; (c) 621 shares of restricted stock granted 7/1/04, which is fully vested; (d) 7,500 shares of restricted stock granted 7/14/04, of which 0 shares are vested; (e) 4,420 shares of performance-based restricted stock granted 2/3/05, of which 0 shares are vested; (f) 3,883 out of an original 4,420 shares of time-based restricted stock granted 2/3/05, of which 921 shares are vested; (g) the new grant for 5,482 performance-based restricted stock units; and (h) the new grant for 5,482 time-based restricted stock units.
- 4. The new option is for 13,083 shares, of which 4,317 shares will vest on each of 2/13/07 and 2/13/08 and 4,449 shares will vest on 2/13/09.
- 5. The total number of derivative securities beneficially owned includes: (a) an option for 42,000 shares granted 6/8/01, which is fully vested; (b) an option for 6,208 shares granted 6/24/03, which is fully vested; (c) an option for 3,724 shares granted 7/1/04 which is fully vested; (d) an option for 75,000 shares granted 7/14/04 which will vest on 7/14/07; (e) an option for 12,278 shares granted on 2/3/05, of which 4,051 shares are fully vested, 4,051 shares will vest on 2/3/07 and 4,176 shares will vest on 2/3/08; and (f) the new option for 13,083 shares.

### Remarks:

Leigh Ann K. Epperson, **Attorney in Fact** 

02/15/2006

\*\* 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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