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**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT**  
**PURSUANT TO SECTION 13 OR 15(d) OF THE**  
**SECURITIES EXCHANGE ACT OF 1934**

**Date of report (Date of earliest event reported):**  
**October 28, 2005**

**ALLIANCE DATA SYSTEMS CORPORATION**

(Exact Name of Registrant as Specified in Charter)

**DELAWARE**  
(State or Other Jurisdiction  
of Incorporation)

**001-15749**  
(Commission  
File Number)

**31-1429215**  
(IRS Employer  
Identification No.)

**17655 WATERVIEW PARKWAY**  
**DALLAS, TEXAS 75252**  
(Address and Zip Code of Principal Executive Offices)

**(972) 348-5100**  
(Registrant's Telephone Number, including Area Code)

**NOT APPLICABLE**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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**ITEM 1.01. Entry into a Material Definitive Agreement**

On October 28, 2005, Alliance Data Systems Corporation and certain of its subsidiaries (collectively, the "Company") entered into amendments to the Company's three credit facilities to increase the amount of revolving commitments under the facilities and amend certain covenants.

The amendment to the 3-year credit facility increased the amount of revolving commitments thereunder from \$200,000,000 to \$250,000,000. The amendment to the 364-day credit facility increased the amount of revolving commitments thereunder from \$205,000,000 to \$230,000,000. After giving effect to the three amendments, the aggregate amount of revolving commitments under the three credit facilities is \$515 million. In addition, the amendments increased the aggregate amounts of commitments permitted under the three facilities from \$500 million to \$550 million. As a result, the Company has the right to obtain commitments under the three credit facilities for an additional \$35 million in the aggregate without having to amend the credit facilities. In addition, the amendments increased the amount of restricted payments permitted under the credit facilities. Except as set forth above, the remaining terms of each credit facility remain unchanged.

**Item 2.03. Creation of a Direct Financial Obligation under an Off-Balance Sheet Arrangement of a Registrant**

See discussion in Item 1.01, which is incorporated herein by reference.

**ITEM 9.01. Financial Statements and Exhibits**

(c) Exhibits

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
99.1	THIRD AMENDMENT TO CREDIT AGREEMENT (3-YEAR) dated as of October 28, 2005 by and among Alliance Data Systems Corporation, the guarantor party thereto, the banks party thereto, and Harris N.A., as administrative agent and letter of credit issuer.
99.2	FOURTH AMENDMENT TO CREDIT AGREEMENT (364-DAY) dated as of October 28, 2005 by and among Alliance Data Systems Corporation, the guarantor party thereto, the banks party thereto, and Harris N.A., as administrative agent and letter of credit issuer.
99.3	THIRD AMENDMENT TO CREDIT AGREEMENT (CANADIAN) dated as of October 28, 2005 by and among Loyalty Management Group Canada Inc., the guarantors party thereto, the banks party thereto, Bank of Montreal, as letter of credit issuer, and Harris N.A., as administrative agent.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Alliance Data Systems Corporation

Date: October 28, 2005

By: /s/ Edward J. Heffernan

Edward J. Heffernan  
Executive Vice President and  
Chief Financial Officer

**EXHIBIT INDEX**

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99.2	FOURTH AMENDMENT TO CREDIT AGREEMENT (364-DAY) dated as of October 28, 2005 by and among Alliance Data Systems Corporation, the guarantor party thereto, the banks party thereto, and Harris N.A., as administrative agent and letter of credit issuer.
99.3	THIRD AMENDMENT TO CREDIT AGREEMENT (CANADIAN) dated as of October 28, 2005 by and among Loyalty Management Group Canada Inc., the guarantors party thereto, the banks party thereto, Bank of Montreal, as letter of credit issuer, and Harris N.A., as administrative agent.

**THIRD AMENDMENT TO  
CREDIT AGREEMENT (3-YEAR)**

This Third Amendment to Credit Agreement (3-Year) (this "*Amendment*") is dated as of October 28, 2005 by and among Alliance Data Systems Corporation (the "*Borrower*"), the Guarantor party hereto, the Banks party hereto, and Harris N.A., as Administrative Agent and Letter of Credit Issuer.

WITNESSETH:

WHEREAS, the Borrower, the Guarantor, the Banks, and the Administrative Agent have heretofore executed and delivered a Credit Agreement (3-Year) dated as of April 10, 2003 (as amended by the First Amendment thereto dated as of October 21, 2004 and the Second Amendment thereto dated as of April 7, 2005, the "*Credit Agreement*"); and

WHEREAS, the Borrower, the Guarantor, the Banks and the Administrative Agent desire to amend the Credit Agreement to (i) increase the aggregate amount to which the Commitments may be increased pursuant to Section 2.16 of the Credit Agreement, (ii) increase the Total Commitments of the Banks by \$50,000,000 by adding The Bank of New York as a party to the Credit Agreement with a Commitment of \$20,000,000 and Bank of America, N.A. with a Commitment of \$30,000,000 and (iii) make certain other amendments to the Credit Agreement as set forth herein;

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, the Borrower, the Guarantor, the Banks and the Administrative Agent hereby agree as follows:

1. Section 2.16 of the Credit Agreement is hereby amended by (i) deleting the amount "\$500,000,000" appearing in the eleventh line thereof and inserting in its place the amount "\$550,000,000" and (ii) deleting from the first sentence thereof the following: "*provided further* that prior to approaching an additional Bank, the Borrower shall have offered to the existing Banks the opportunity to increase their respective Commitments."

2. Section 6.17 of the Credit Agreement is hereby amended in its entirety and as so amended shall read as follows:

*Section 6.17. Restricted Payments; Required Dividends.* (a) Other than payments made in accordance with the terms of subsection (b) below, neither the Borrower nor any of its Subsidiaries will declare or make any Restricted Payment unless, after giving effect thereto, the aggregate of all Restricted Payments declared or made does not exceed (i) \$150,000,000 in any calendar year or (ii) the sum of (A) \$75,000,000 *plus* (B) 25% of the amount by which the Consolidated Operating EBITDA of the Borrower exceeds zero (or *minus* 100% of the amount by which the Consolidated Operating EBITDA of the

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Borrower is less than zero) for the period from April 1, 2003 through the end of the Borrower's then most recent fiscal quarter (treated for this purpose as a single accounting period).

(b) The Borrower shall cause each Domestic Subsidiary (to the extent permitted under any applicable law, rule or regulation, judgment, injunction, order or decree of any governmental authority) to take all such necessary corporate actions to declare cash dividends, payable to the shareholder of such Subsidiary, in an aggregate amount, if any, equal to all amounts that are then due and owing and remain outstanding after the date of payment therefor pursuant to the terms of this Agreement.

Notwithstanding the foregoing, if a Default or Event of Default exists, neither the Borrower nor any of its Subsidiaries shall make any Restricted Payments to any Person other than to the Borrower or any other Credit Party.

3.1. The Borrower has requested that from and after the Effective Time (as hereinafter defined) the Total Commitments of the Banks be increased by \$50,000,000, with such increase being allocated to The Bank of New York and Bank of America, N.A. (each, a "New Bank") in the respective amounts set forth on Schedule I to this Amendment. Accordingly, the Commitments of the Banks set forth on Schedule I to the Credit Agreement are hereby amended in their entirety and as so amended shall be as set forth on Schedule I to this Amendment. If any Loans are outstanding under the Credit Agreement as of the Effective Time, the Borrower irrevocably authorizes and directs the Banks to make (nonratably if necessary, but otherwise subject to the terms and conditions of the Credit Agreement as amended hereby) a Base Rate Loan in an amount sufficient to (and the Borrower hereby irrevocably authorizes and directs the Banks to apply such Loan to), pay and discharge the Loans of the Banks (nonratably if necessary) such that the percentage of each Bank's Commitment in use immediately after giving effect to such application is equal.

3.2. The term "Banks" as defined in Section 1.1 of the Credit Agreement shall mean and include the Banks currently party to the Credit Agreement and, from and after the Effective Time, the New Banks, each with a Commitment as set forth on Schedule I to this Amendment. Each New Bank agrees to be bound by the terms and conditions set forth in the Credit Agreement as if it were an original signatory thereto. From and after the Effective Time, each New Bank shall have all the rights of a Bank under the Credit Agreement as if it were an original signatory thereto, including all rights with respect to all fees accrued on and after the Effective Time.

4. This Amendment shall become effective as of the opening of business on October 28, 2005 (the "*Effective Time*") subject to the conditions precedent that on or before such date:

(a) the Administrative Agent shall have received counterparts hereof executed by the Borrower, the Guarantor and the Required Banks;

(b) the Administrative Agent shall have received certified copies of resolutions of the boards of directors of the Borrower and the Guarantor authorizing the execution and delivery of this Amendment, indicating the authorized signers of this Amendment and the specimen signatures of such signers;

(c) an opinion of counsel to the Borrower and Guarantor in form reasonably acceptable to the Administrative Agent and covering such matters relating to the transactions contemplated hereby as the Administrative Agent or the Required Banks may reasonably request; and

(d) the Borrower shall have paid (i) to each Bank which has executed this Amendment on or prior to October 28, 2005 an amendment fee equal to 0.05% of each such Bank's Commitment and (ii) to the Administrative Agent such other fees as agreed between the Borrower and Administrative Agent.

5.1. To induce the Administrative Agent and the Banks to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and the Banks that: (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); (b) no Default or Event of Default exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by the Borrower and the Credit Agreement, as amended by this Amendment, is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and the absence of which would adversely affect, the legal and valid execution and delivery or performance by the Borrower of this Amendment or the performance by the Borrower of the Credit Agreement, as amended by this Amendment.

5.2. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.



5.3. Except as specifically provided above, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of the Administrative Agent or any Bank under the Credit Agreement or any Note, nor constitute a waiver or modification of any provision of any of the Credit Agreement or any Note.

5.4. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ALLIANCE DATA SYSTEMS CORPORATION, as  
Borrower

By /s/ Robert P. Armiak

Name Robert P. Armiak  
Title SVP and Treasurer

ADS ALLIANCE DATA SYSTEMS, INC., as a  
Guarantor

By /s/ Robert P. Armiak

Name Robert P. Armiak  
Title SVP and Treasurer

[Third Amendment 3-Year]

HARRIS N.A. (successor by merger with Harris Trust and Savings Bank), individually, as Letter of Credit Issuer and as Administrative Agent

By /s/ Mark W. Piekos

Name Mark W. Piekos

Title Director

[Third Amendment 3-Year]

SUNTRUST BANK

By /s/ Brian K. Peters

Name Brian K. Peters

Title Managing Director

[Third Amendment 3-Year]

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WACHOVIA BANK, N.A.

By /s/ Karin E. Samuel

Name Karin E. Samuel

Title Vice President

[Third Amendment 3-Year]

JPMORGAN CHASE BANK, N. A.

By /s/ Brian McDougal

Name Brian McDougal

Title Vice President

[Third Amendment 3-Year]

HUNTINGTON NATIONAL BANK

By /s/ Staven P. Clemens

Name Staven P. Clemens

Title Vice President

[Third Amendment 3-Year]

BEAR STEARNS CORPORATE LENDING, INC.

By /s/ Victor Bulzacchelli

Name Victor Bulzacchelli

Title Vice President

[Third Amendment 3-Year]



CREDIT SUISSE, Cayman Islands Branch(f/k/a Credit Suisse  
First Boston, acting through its Cayman Islands  
Branch)

By /s/ Alain Daoust

\_\_\_\_\_  
Name Alain Daoust  
Title Director

By /s/ James Neira

\_\_\_\_\_  
Name James Neira  
Title Associate

[Third Amendment 3-Year]

US BANK NATIONAL ASSOCIATION

By /s/ Kevin S. McFadden

Name Kevin S. McFadden

Title Vice President

[Third Amendment 3-Year]

UNION BANK OF CALIFORNIA, N.A.

By /s/ Christine Davis

Name Christine Davis

Title Vice President

[Third Amendment 3-Year]

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FIFTH THIRD BANK (CENTRAL OHIO)

By /s/ Christopher D. Jones

Name Christopher D. Jones

Title Vice President

[Third Amendment 3-Year]

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BARCLAYS BANK PLC

By /s/ Alison McGulgan

Name Alison McGulgan

Title Associate Director

[Third Amendment 3-Year]

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THE BANK OF NEW YORK

By /s/ Kenneth R. McDonnell

Name Kenneth R. McDonnell

Title Vice President

[Third Amendment 3-Year]

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BANK OF AMERICA, N.A.

By /s/ Steven A. Mackenzie

Name Steven A. Mackenzie

Title Senior Vice President

[Third Amendment 3-Year]

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**FOURTH AMENDMENT TO  
CREDIT AGREEMENT (364-DAY)**

This Fourth Amendment to Credit Agreement (364-Day) (this "*Amendment*") is dated as of October 28, 2005 by and among Alliance Data Systems Corporation (the "*Borrower*"), the Guarantor party hereto, the Banks party hereto, and Harris N.A., as Administrative Agent and Letter of Credit Issuer.

WITNESSETH:

WHEREAS, the Borrower, the Guarantor, the Banks, and the Administrative Agent have heretofore executed and delivered a Credit Agreement (364-Day) dated as of April 10, 2003 (as amended by the First Amendment thereto dated as of April 8, 2004, the Second Amendment thereto dated as of October 21, 2004 and the Third Amendment thereto dated as of April 7, 2005, the "*Credit Agreement*"); and

WHEREAS, the Borrower, the Guarantor, the Banks and the Administrative Agent desire to amend the Credit Agreement to (i) increase the aggregate amount to which the Commitments may be increased pursuant to Section 2.16 of the Credit Agreement, (ii) increase the Total Commitments of the Banks by \$25,000,000 by adding The Bank of New York as a party to the Credit Agreement with a Commitment of \$10,000,000 and Bank of America, N.A. with a Commitment of \$15,000,000 and (iii) make certain other amendments to the Credit Agreement as set forth herein;

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, the Borrower, the Guarantor, the Banks and the Administrative Agent hereby agree as follows:

1. Section 2.16 of the Credit Agreement is hereby amended by (i) deleting the amount "\$500,000,000" appearing in the eleventh line thereof and inserting in its place the amount "\$550,000,000" and (ii) deleting from the first sentence thereof the following: "*provided further* that prior to approaching an additional Bank, the Borrower shall have offered to the existing Banks the opportunity to increase their respective Commitments."

2. Section 6.17 of the Credit Agreement is hereby amended in its entirety and as so amended shall read as follows:

*Section 6.17. Restricted Payments; Required Dividends.* (a) Other than payments made in accordance with the terms of subsection (b) below, neither the Borrower nor any of its Subsidiaries will declare or make any Restricted Payment unless, after giving effect thereto, the aggregate of all Restricted Payments declared or made does not exceed (i) \$150,000,000 in any calendar year or (ii) the sum of (A) \$75,000,000 *plus* (B) 25% of the amount by which the Consolidated Operating EBITDA of the

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Borrower exceeds zero (or *minus* 100% of the amount by which the Consolidated Operating EBITDA of the Borrower is less than zero) for the period from April 1, 2003 through the end of the Borrower's then most recent fiscal quarter (treated for this purpose as a single accounting period).

(b) The Borrower shall cause each Domestic Subsidiary (to the extent permitted under any applicable law, rule or regulation, judgment, injunction, order or decree of any governmental authority) to take all such necessary corporate actions to declare cash dividends, payable to the shareholder of such Subsidiary, in an aggregate amount, if any, equal to all amounts that are then due and owing and remain outstanding after the date of payment therefor pursuant to the terms of this Agreement.

Notwithstanding the foregoing, if a Default or Event of Default exists, neither the Borrower nor any of its Subsidiaries shall make any Restricted Payments to any Person other than to the Borrower or any other Credit Party.

3.1. The Borrower has requested that from and after the Effective Time (as hereinafter defined) the Total Commitments of the Banks be increased by \$25,000,000, with such increase being allocated to The Bank of New York and Bank of America, N.A. (each, a "*New Bank*") in the respective amounts set forth on Schedule I to this Amendment. Accordingly, the Commitments of the Banks set forth on Schedule I to the Credit Agreement are hereby amended in their entirety and as so amended shall be as set forth on Schedule I to this Amendment. If any Loans are outstanding under the Credit Agreement as of the Effective Time, the Borrower irrevocably authorizes and directs the Banks to make (nonratably if necessary, but otherwise subject to the terms and conditions of the Credit Agreement as amended hereby) a Base Rate Loan in an amount sufficient to (and the Borrower hereby irrevocably authorizes and directs the Banks to apply such Loan to), pay and discharge the Loans of the Banks (nonratably if necessary) such that the percentage of each Bank's Commitment in use immediately after giving effect to such application is equal.

3.2. The term "*Banks*" as defined in Section 1.1 of the Credit Agreement shall mean and include the Banks currently party to the Credit Agreement and, from and after the Effective Time, the New Banks, each with a Commitment as set forth on Schedule I to this Amendment. Each New Bank agrees to be bound by the terms and conditions set forth in the Credit Agreement as if it were an original signatory thereto. From and after the Effective Time, each New Bank shall have all the rights of a Bank under the Credit Agreement as if it were an original signatory thereto, including all rights with respect to all fees accrued on and after the Effective Time.

4. This Amendment shall become effective as of the opening of business on October 28, 2005 (the "*Effective Time*") subject to the conditions precedent that on or before such date:

(a) the Administrative Agent shall have received counterparts hereof executed by the Borrower, the Guarantor and the Required Banks;

(b) the Administrative Agent shall have received certified copies of resolutions of the boards of directors of the Borrower and the Guarantor authorizing the execution and delivery of this Amendment, indicating the authorized signers of this Amendment and the specimen signatures of such signers;

(c) an opinion of counsel to the Borrower and Guarantor in form reasonably acceptable to the Administrative Agent and covering such matters relating to the transactions contemplated hereby as the Administrative Agent or the Required Banks may reasonably request; and

(d) the Borrower shall have paid (i) to each Bank which has executed this Amendment on or prior to October 28, 2005 an amendment fee equal to 0.05% of each such Bank's Commitment and (ii) to the Administrative Agent such other fees as agreed between the Borrower and Administrative Agent.

5.1. To induce the Administrative Agent and the Banks to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and the Banks that: (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); (b) no Default or Event of Default exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by the Borrower and the Credit Agreement, as amended by this Amendment, is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and the absence of which would adversely affect, the legal and valid execution and delivery or performance by the Borrower of this Amendment or the performance by the Borrower of the Credit Agreement, as amended by this Amendment.

5.2. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

5.3. Except as specifically provided above, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of the Administrative Agent or any Bank under the Credit Agreement or any Note, nor constitute a waiver or modification of any provision of any of the Credit Agreement or any Note.

5.4. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ALLIANCE DATA SYSTEMS CORPORATION, as  
Borrower

By /s/ Robert P. Armiak

Name Robert P. Armiak

Title SVP and Treasurer

ADS ALLIANCE DATA SYSTEMS, INC., as a  
Guarantor

By /s/ Robert P. Armiak

Name Robert P. Armiak

Title SVP and Treasurer

HARRIS N.A. (successor by merger with Harris  
Trust and Savings Bank), individually, as  
Letter of Credit Issuer and as Administrative  
Agent

By /s/ Mark W. Piekos

Name Mark W. Piekos

Title Director

[Fourth Amendment 364-Day]

SUNTRUST BANK

By /s/ Brian K. Peters

Name Brian K. Peters

Title Managing Director

[Fourth Amendment 364-Day]

WACHOVIA BANK, N.A.

By /s/ Karin E. Samuel  
Name Karin E. Samuel  
Title Vice President

[Fourth Amendment 364-Day]

JPMORGAN CHASE BANK, N.A.

By /s/ Brian McDougal  
Name Brian McDougal  
Title Vice President

[Fourth Amendment 364-Day]



HUNTINGTON NATIONAL BANK

By /s/ Steven P. Clemens  
Name Steven P. Clemens  
Title Vice President

[Fourth Amendment 364-Day]

CREDIT SUISSE, Cayman Islands Branch (f/k/a  
Credit Suisse First Boston, acting through its  
Cayman Islands Branch)

By /s/ Alain Daoust

Name Alain Daoust  
Title Director

By James Neira

Name James Neira  
Title Associate

[Fourth Amendment 364-Day]

US BANK NATIONAL ASSOCIATION

By /s/ Kevin S. McFadden

Name Kevin S. McFadden

Title Vice President

[Fourth Amendment 364-Day]

UNION BANK OF CALIFORNIA, N.A.

By Christine Davis  
Name Christine Davis  
Title Vice President

[Fourth Amendment 364-Day]

FIFTH THIRD BANK (CENTRAL OHIO)

By /s/ Christopher D. Jones

Name Christopher D. Jones

Title Vice President

[Fourth Amendment 364-Day]

BARCLAYS BANK PLC

By /s/ Alison McGulgan

Name Alison McGulgan

Title Associate Director

[Fourth Amendment 364-Day]

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THE BANK OF NEW YORK

By /s/ Kennedh R. McDonnell  
Name Kennedh R. McDonnell  
Title Vice President

[Fourth Amendment 364-Day]

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BANK OF AMERICA, N.A.

By /s/ Steven A. Mackenzie

Name Steven A. Mackenzie

Title Senior Vice President

[Fourth Amendment 364-Day]



BANK HAPOLIM

By /s/ James P. Surless  
Name James P. Surless  
Title Vice President

By /s/ Charles McLaughlin  
Name Charles McLaughlin  
Title Senior Vice President

[Fourth Amendment 364-Day]

**THIRD AMENDMENT TO  
CREDIT AGREEMENT (CANADIAN)**

This Third Amendment to Credit Agreement (Canadian) (this "*Amendment*") is dated as of October 28, 2005 by and among Loyalty Management Group Canada Inc. (the "*Borrower*"), the Guarantors party hereto, the Banks party hereto, Bank of Montreal, as Letter of Credit Issuer and Harris N.A., as Administrative Agent.

WITNESSETH:

WHEREAS, the Borrower, the Guarantors, the Banks, and the Administrative Agent have heretofore executed and delivered a Credit Agreement (Canadian) dated as of April 10, 2003 (as amended by the First Amendment thereto dated as of October 21, 2004, and a Second Amendment thereto dated as of April 7, 2005 the "*Credit Agreement*"); and

WHEREAS, the Borrower, the Guarantors, the Banks and the Administrative Agent desire to (i) increase the aggregate amount to which the Commitments may be increased pursuant to Section 2.15 of Credit Agreement and (ii) to make certain other amendments to the Credit Agreement as set forth herein;

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, the Borrower, the Guarantors, the Banks and the Administrative Agent hereby agree as follows:

1. Section 2.15 of the Credit Agreement is hereby amended by (i) deleting the amount "\$500,000,000" appearing in the eleventh line thereof and inserting in its place the amount "\$550,000,000" and (ii) deleting from the first sentence thereof the following: "*provided further* that prior to approaching an additional Bank, the Borrower shall have offered to the existing Banks the opportunity to increase their respective Commitments."

2. Section 6.17 of the Credit Agreement is hereby amended in its entirety and as so amended shall read as follows:

*Section 6.17. Restricted Payments; Required Dividends.* (a) Other than payments made in accordance with the terms of subsection (b) below, neither ADSC nor any of its Subsidiaries will declare or make any Restricted Payment unless, after giving effect thereto, the aggregate of all Restricted Payments declared or made does not exceed (i) \$150,000,000 in any calendar year or (ii) the sum of (A) \$75,000,000 *plus* (B) 25% of the amount by which the Consolidated Operating EBITDA of ADSC exceeds zero (or *minus* 100% of the amount by which the Consolidated Operating EBITDA of ADSC is less than zero) for the period from April 1,

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2003 through the end of ADSC's then most recent fiscal quarter (treated for this purpose as a single accounting period).

(b) ADSC shall cause each Domestic Subsidiary (to the extent permitted under any applicable law, rule or regulation, judgment, injunction, order or decree of any governmental authority) to take all such necessary corporate actions to declare cash dividends, payable to the shareholder of such Subsidiary, in an aggregate amount, if any, equal to all amounts that are then due and owing and remain outstanding after the date of payment therefor pursuant to the terms of this Agreement.

Notwithstanding the foregoing, if a Default or Event of Default exists, neither ADSC nor any of its Subsidiaries shall make any Restricted Payments to any Person other than to ADSC or any other Credit Party.

3. This Amendment shall become effective as of the opening of business on October 28, 2005 (the "*Effective Time*") subject to the conditions precedent that on or before such date:

(a) the Administrative Agent shall have received counterparts hereof executed by the Borrower, the Guarantors and the Banks;

(b) the Administrative Agent shall have received certified copies of resolutions of the boards of directors of the Borrower and the Guarantors authorizing the execution and delivery of this Amendment, indicating the authorized signers of this Amendment and the specimen signatures of such signers;

(c) opinions of counsel to the Borrower and Guarantor in form reasonably acceptable to the Administrative Agent and covering such matters relating to the transactions contemplated hereby as the Administrative Agent or the Required Banks may reasonably request; and

(d) the Borrower shall have paid (i) to each Bank which has executed this Amendment on or prior to October 28, 2005 an amendment fee equal to 0.05% of each such Bank's Commitment and (ii) to the Administrative Agent such other fees as agreed between the Borrower and Administrative Agent.

4.1. To induce the Administrative Agent and the Banks to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and the Banks that: (a) the representations and warranties contained in the Credit Agreement are true and correct in all

material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); (b) no Default or Event of Default exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by the Borrower and the Credit Agreement, as amended by this Amendment, is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and the absence of which would adversely affect, the legal and valid execution and delivery or performance by the Borrower of this Amendment or the performance by the Borrower of the Credit Agreement, as amended by this Amendment.

4.2. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

4.3. Except as specifically provided above, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of the Administrative Agent or any Bank under the Credit Agreement or any Note, nor constitute a waiver or modification of any provision of any of the Credit Agreement or any Note.

4.4. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

[SIGNATURE PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

LOYALTY MANAGEMENT GROUP CANADA INC.,  
as Borrower

By /s/ Robert P. Armiak  
Name Robert P. Armiak  
Title SVP and Treasurer

ALLIANCE DATA SYSTEMS CORPORATION,  
as a Guarantor

By /s/ Robert P. Armiak  
Name Robert P. Armiak  
Title SVP and Treasurer

ADS ALLIANCE DATA SYSTEMS, INC.,  
as a Guarantor

By /s/ Robert P. Armiak  
Name Robert P. Armiak  
Title SVP and Treasurer

[Third Amendment Canadian]



BANK OF MONTREAL,  
individually and as Letter of Credit Issuer

By /s/ B. Ciabella  
Name B. Ciabella  
Title

[Third Amendment Canadian]

JPMORGAN CHASE BANK

By /s/ Brian McDaugal

Name Brian McDaugal

Title Vice President

[Third Amendment Canadian]