

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

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* <u>Pearson Bryan A</u> (Last) (First) (Middle) <u>17655 WATERVIEW PARKWAY</u> (Street) <u>DALLAS TX 75252-8012</u> (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) <u>10/02/2006</u>	3. Issuer Name and Ticker or Trading Symbol <u>ALLIANCE DATA SYSTEMS CORP [ADS]</u> 4. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <u>President, Loyalty Services</u>	5. 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 Form filed by More than One Reporting Person
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Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
<u>Common Stock</u>	<u>15,614⁽¹⁾</u>	<u>D</u>	

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
<u>Employee Stock Option (Right to Buy)</u>	<u>(2)</u>	<u>11/30/2008</u>	<u>Common Stock</u>	<u>10,000</u>	<u>9.9</u>	<u>D</u>	
<u>Employee Stock Option (Right to Buy)</u>	<u>(3)</u>	<u>06/23/2013</u>	<u>Common Stock</u>	<u>18,500</u>	<u>24.03</u>	<u>D</u>	
<u>Employee Stock Option (Right to Buy)</u>	<u>(4)</u>	<u>02/02/2014</u>	<u>Common Stock</u>	<u>16,000</u>	<u>31.38</u>	<u>D</u>	
<u>Employee Stock Option (Right to Buy)</u>	<u>(5)</u>	<u>02/03/2015</u>	<u>Common Stock</u>	<u>20,000</u>	<u>41.32</u>	<u>D</u>	
<u>Employee Stock Option (Right to Buy)</u>	<u>(6)</u>	<u>02/03/2015</u>	<u>Common Stock</u>	<u>12,346</u>	<u>41.32</u>	<u>D</u>	
<u>Employee Stock Option (Right to Buy)</u>	<u>(7)</u>	<u>02/13/2016</u>	<u>Common Stock</u>	<u>7,724</u>	<u>43.01</u>	<u>D</u>	

Explanation of Responses:

1. The total number of securities beneficially owned includes: (a) 1,500 out of an original 4,800 shares of performance-based restricted stock granted 6/24/03, which are fully vested; (b) 3,200 out of an original 4,000 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (c) 4,444 shares of time-based restricted stock granted 2/3/05, of which 1,481 shares are vested; (d) 3,235 shares of time-based restricted stock units granted 2/13/06, of which 0 shares are vested; and (e) 3,235 shares of performance-based restricted stock units granted 2/13/06, of which 0 shares are vested.

2. The option is for 10,000 out of an original 40,404 shares granted 12/1/98, which is fully vested.

3. The option is for 18,500 shares granted 6/24/03, which is fully vested.

4. The option is for 16,000 shares granted 2/2/04, of which 10,560 shares are fully vested and 5,440 shares will vest on 2/2/07.

5. The option is for 20,000 shares granted 2/3/05, of which 6,600 shares vested on 2/3/06, 6,600 shares will vest on 2/3/07 and 6,800 shares will vest on 2/3/08.

6. The option is for 12,346 shares granted 2/3/05, of which 4,115 shares vested on 12/9/05, 4,115 shares will vest on 12/9/06 and 4,116 shares will vest on 12/9/07.

7. The option is for 7,724 shares granted 2/13/06, of which 2,548 shares will vest on 2/13/07, 2,549 shares will vest on 2/13/08 and 2,627 shares will vest on 2/13/09.

Remarks:

Leigh Ann K. Epperson,
Attorney in Fact

10/05/2006

** 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 5 (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.

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 Number.

APPOINTMENT OF POWER OF ATTORNEY

Know all by these presents, that the undersigned hereby constitutes and appoints Alan M. Utay, Leigh Ann K. Epperson and Jeanette P. Fitzgerald as the undersigned's true and lawful attorney-in-fact to:

(1) execute for and on behalf of the undersigned, in the undersigned's capacity as an officer and/or director of Alliance Data Systems Corporation (the "Company"), any filing in connection with the undersigned's holdings of or transactions in securities issued by the Company, including but not limited to, Forms 3, 4 or 5 in accordance with Section 16(a) of the Securities Exchange Act of 1934, as amended, and the rules thereunder, or Form 144 in accordance with Rule 144 of the Securities Act of 1933, as amended, and the rules thereunder, or Form ID, including amendments thereto, and any other documents necessary or appropriate to obtain codes and passwords enabling the undersigned to make electronic filings with the Securities and Exchange Commission of reports required by Section 16(a) of the Securities Exchange Act of 1934 or any rule or regulation of the Securities and Exchange Commission;

(2) do and perform any and all acts for and on behalf of the undersigned which may be necessary or desirable to complete and execute any such Form, including but not limited to, Forms 3, 4, 5 or 144, or Form ID, and timely file such form with the United States Securities and Exchange Commission and any stock exchange or similar authority; and

(3) take any other action of any type whatsoever in connection with the foregoing which, in the opinion of such attorney-in-fact, may be of benefit to, in the best interest of, or legally required by, the undersigned, it being understood that the documents executed by such attorney-in-fact on behalf of the undersigned pursuant to this power of attorney shall be in such form and shall contain such terms and conditions as such attorney-in-fact may approve in such attorney-in-fact's discretion.

The undersigned hereby grants to each such attorney-in-fact full power and authority to do and perform any and every act and thing whatsoever requisite, necessary, or proper to be done in the exercise of any of the rights and powers herein granted, as fully to all intents and purposes as the undersigned might or could do if personally present, with full power of substitution or revocation, hereby ratifying and confirming all that such attorney-in-fact, or such attorney-in-fact's substitute or substitutes, shall lawfully do or cause to be done by virtue of this power of attorney and the rights and powers herein granted. The undersigned acknowledges that the foregoing attorneys-in-fact, in serving in such capacity at the request of the undersigned, are not assuming, nor is the Company assuming, any of the undersigned's responsibilities to comply with the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended.

This power of attorney shall remain in full force and effect until the undersigned is no longer required to file Forms 3, 4, 5, or 144, or any other form with respect to the undersigned's holdings of and transactions in securities issued by the Company, unless earlier revoked by the undersigned in a signed writing delivered to the foregoing attorneys-in-fact.

IN WITNESS WHEREOF, the undersigned has caused this power of attorney to be executed as of this 8th day of September, 2006.

/s/ Bryan A. Pearson
Printed Name: Bryan A. Pearson