

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                                 |           |
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| 1. Name and Address of Reporting Person*<br><u>KUBIC MICHAEL D</u><br><br>(Last) (First) (Middle)<br>17655 WATERVIEW PARKWAY<br><br>(Street)<br>DALLAS TX 75252-8012<br><br>(City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol<br><u>ALLIANCE DATA SYSTEMS CORP [ ADS ]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable)<br>Director 10% Owner<br><input checked="" type="checkbox"/> Officer (give title below) <input checked="" type="checkbox"/> Other (specify below)<br><u>SVP, Controller / Chief Accounting Officer</u> |
|  | 3. Date of Earliest Transaction (Month/Day/Year)<br>02/13/2006                           |  |
|  | 4. If Amendment, Date of Original Filed (Month/Day/Year)                                 | 6. Individual or Joint/Group Filing (Check Applicable Line)<br><input checked="" type="checkbox"/> Form filed by One Reporting Person<br><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>               |   | 1,873   | A          | (1)     | 22,625  | D  |   |
| Common Stock                    | 02/13/2006                           |  | A <sup>(2)</sup>               |   | 1,873   | A          | (2)     | 24,498  | D  |   |
| Common Stock                    | 02/13/2006                           |  | F <sup>(3)</sup>               |   | 757   | D          | \$43.01 | 23,741 <sup>(4)</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>(5)</sup>               |   | 4,472  |     | (5)  | 02/13/2016      | Common Stock  | 4,472                                      | (5)  | 56,833 <sup>(6)</sup>                                     | D  |       |

Explanation of Responses:

- The new grant is for 1,873 shares of common stock represented by performance-based restricted stock units. The restrictions on 100% of the shares may lapse in February 2007 if certain Company financial targets are met.
- The new grant is for 1,873 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 618 shares on each of 2/13/07 and 2/13/08, and on 637 shares on 2/13/09.
- 757 shares were withheld by the Company to satisfy the Reporting Person's tax withholding obligation upon the vesting of restricted stock.
- The total number of securities beneficially owned includes: (a) 7,200 out of an original 12,000 shares of restricted stock granted 11/9/00, which is fully vested; (b) 2,500 shares of performance-based restricted stock granted 2/2/04, which is fully vested; (c) 4,500 shares acquired by the exercising of vested employee stock options; (d) 1,743 out of an original 2,500 shares of performance-based restricted stock granted 2/3/05, which is fully vested; (e) 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; (f) the new grant for 1,873 performance-based restricted stock units; and (g) the new grant for 1,873 time-based restricted stock units.
- The new option is for 4,472 shares, 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.
- 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 13,749 out of an original 26,500 shares granted 9/1/00, which is fully vested; (c) an option for 1 out of an original 12,603 shares granted 6/8/01, which is fully vested; (d) an option for 10,000 shares granted 6/24/03, of which 6,600 shares are fully vested and 3,400 shares will vest on 6/23/06; (e) 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; (f) 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 (g) the new option for 4,472 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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