

**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
Estimated average burden hours per response:	0.5

1. Name and Address of Reporting Person* <u>SZEFTEL IVAN M</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 Retail Credit Svcs.</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>01/30/2006</u>	
		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	01/30/2006		M <sup>(1)</sup>		6,666	A	\$9.9	81,698	D	
Common Stock	01/30/2006		S <sup>(1)</sup>		6,666	D	\$42.75	75,032 <sup>(2)</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)	\$9.9	01/30/2006		M <sup>(1)</sup>			6,666	(3)	05/07/2009	Common Stock	6,666	(3)	226,793 <sup>(4)</sup>	D	

**Explanation of Responses:**

- The sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 trading plan adopted by the Reporting Person on August 8, 2005, as extended on November 3, 2005. The trading plan was established to sell up to 23,035 shares of the Company's common stock. Portions of the shares may be sold on specified dates or any time the stock achieves certain pre-arranged minimum prices and may take place beginning on August 11, 2005 and ending on March 31, 2006, unless sooner terminated. The Reporting Person will have no control over the timing of any sales under the plan and there can be no assurance that the shares covered by the plan actually will be sold. The Reporting Person entered into the plan for personal tax and financial planning purposes and will continue to have a significant ownership interest in the Company.
- The total number of securities beneficially owned includes: (a) 1,000 shares purchased on the open market; (b) 472 shares of performance-based restricted stock granted 6/24/03, which is fully vested; (c) 38,586 shares acquired by the exercising of vested employee stock options; (d) 9,761 shares of performance-based restricted stock granted 2/3/05, of which 0 shares are vested; (e) 9,761 shares of time-based restricted stock granted 2/3/05, of which 0 shares are vested; and (f) 15,452 out of an original 17,778 shares of time-based restricted stock granted 2/3/05, of which 3,600 shares are vested.
- This is an employee stock option grant that is fully vested.
- The total number of derivative securities beneficially owned includes: (a) an option for 77,001 out of an original 80,000 shares granted 9/1/00, which is fully vested; (b) an option for 38,048 shares granted 6/8/01, which is fully vested; (c) an option for 42,528 shares granted 6/24/03, of which 14,034 shares vested on each of 6/23/04 and 6/23/05 and 14,460 shares will vest on 6/23/06; (d) an option for 42,103 shares granted 2/2/04, of which 13,894 shares vested on 2/2/05, 13,894 shares will vest on 2/2/06 and 14,315 shares will vest on 2/2/07; and (e) an option for 27,113 shares granted 2/3/05, of which 8,947 shares will vest on each of 2/3/06 and 2/3/07 and 9,219 shares will vest on 2/3/08.

**Remarks:**

Leigh Ann K. Epperson, 02/01/2006  
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.

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.