

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
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1. Name and Address of Reporting Person* <u>Carter Barry R</u>			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) Other (specify below) <u>SVP, Info Technology Officer</u>			
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <u>02/13/2006</u>			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			
<u>17655 WATERVIEW PARKWAY</u>			4. If Amendment, Date of Original Filed (Month/Day/Year)						
(Street)	<u>DALLAS</u>	<u>TX</u>	<u>75252</u>						
(City)	(State)	(Zip)							

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 ⁽¹⁾		3,235	A	(1)	9,571	D	
Common Stock	02/13/2006		A ⁽²⁾		3,235	A	(2)	12,806	D	
Common Stock	02/13/2006		F ⁽³⁾		873	D	\$43.01	11,933 ⁽⁴⁾	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 ⁽⁵⁾		7,724		(5)	02/13/2016	Common Stock	7,724	(5)	47,724 ⁽⁶⁾	D	

Explanation of Responses:

- The new grant is for 3,235 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 3,235 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,067 shares on 2/13/07, on 1,068 shares on 2/13/08, and on 1,100 shares on 2/13/09.
- 873 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) 2,500 shares of performance-based restricted stock granted 9/15/04, which is fully vested; (b) 536 shares acquired through the Company employee stock purchase program; (c) 2,427 out of an original 3,300 shares of performance-based restricted stock granted 2/3/05, which is fully vested; (d) the new grant for 3,235 performance-based restricted stock units; and (e) the new grant for 3,235 time-based restricted stock units.
- The new option is for 7,724 shares, 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.
- The total number of derivative securities beneficially owned includes (a) an employee stock option for 25,000 shares granted 9/15/04, of which 8,250 shares are fully vested, 8,250 shares will vest on 9/15/06 and 8,500 shares will vest on 9/15/07; (b) an option for 15,000 shares granted 2/3/05, of which 4,950 shares vested on 2/3/06, 4,950 shares will vest on 2/3/07, and 5,100 shares will vest on 2/3/08; and (c) the new option for 7,724 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.

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.