

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 15, 2006

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 UTAY ALAN M

2. Issuer Name and Ticker or Trading Symbol
 ALLIANCE DATA SYSTEMS CORP [ADS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 17655 WATERVIEW PARKWAY
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 02/13/2006

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP, CAO, Gen. Counsel, Secy

DALLAS, TX 75252-8012

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 ____ Form filed by More than One Reporting Person

(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 Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	02/13/2006		A ⁽¹⁾		6,941	A	11
Common Stock	02/13/2006		A ⁽²⁾		6,941	A	21
							51,803
							58,744

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

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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 Underlying Securities (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable Expiration Date	Title Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 43.01	02/13/2006		A ⁽⁴⁾	16,565	⁽⁴⁾ 02/13/2016	Common Stock 16,565

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
UTAY ALAN M 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012			EVP, CAO, Gen. Counsel, Secy	

Signatures

Leigh Ann K. Epperson, Attorney in Fact
Date: 02/15/2006

__Signature of Reporting Person

Date

Explanation of Responses:

- * 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).
- (1) The new grant is for 6,941 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the Company's relative cash earnings per share growth as compared to the S&P 500 GAAP EPS growth measured as of 12/31/06.
- (2) The new grant is for 6,941 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 2,290 shares on 2/13/07, on 2,291 shares on 2/13/08, and on 2,360 shares on 2/13/09.
- (3) The total number of securities beneficially owned includes: (a) 1,209 shares acquired through the Company employee stock purchase plan; (b) 4,800 out of an original 28,000 shares of restricted stock granted 8/31/01, which is fully vested; (c) 13,211 shares acquired by the exercising of vested employee stock options; (d) 4,972 shares of performance-based restricted stock granted 2/3/05, of which 0 shares are vested; (e) 4,460 out of an original 4,972 shares of time-based restricted stock granted 2/3/05, of which 1,128 shares are vested; (f) 16,210 out of an original 17,778 shares of time-based restricted stock granted 2/3/05, of which 4,358 shares are vested; (g) the new grant for 6,941 performance-based restricted stock units; and (h) the new grant for 6,941 time-based restricted stock units.
- (4) The new option is for 16,565 shares, of which 5,466 shares will vest on each of 2/13/07 and 2/13/08 and 5,633 shares will vest on 2/13/09.

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- (5) The total number of derivative securities beneficially owned includes: (a) an option for 29,900 out of an original 50,000 shares granted 8/30/01, which is fully vested; (b) an option for 30,000 out of an original 50,000 shares granted 9/26/02, which is fully vested; (c) an option for 28,919 shares granted 6/24/03, of which 19,086 shares are fully vested and 9,833 shares will vest on 6/23/06; (d) an option for 29,472 shares granted 2/2/04, of which 19,452 shares are fully vested and 10,020 shares will vest on 2/2/07; (e) an option for 13,812 shares granted 2/3/05, of which 4,557 shares vested on 2/3/06, 4,557 shares will vest on 2/3/07 and 4,698 shares will vest on 2/3/08; and (f) the new option for 16,565 shares.

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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