

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 01, 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 *
 SZEFTEL IVAN 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)
 01/30/2006

____ Director
 Officer (give title below)
 ____ 10% Owner
 Other (specify below)
 Executive Vice President / President Retail Credit Svcs.

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(D)	Price
Common Stock	01/30/2006		M ⁽¹⁾		6,666	A	\$ 9.9
Common Stock	01/30/2006		S ⁽¹⁾		6,666	D	\$ 42.75
							81,698
							75,032 ⁽²⁾

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

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- (3) 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

- (4) 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.

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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