

SUTTON WILLIAM H
 Form 4
 January 24, 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 *
 SUTTON WILLIAM H

2. Issuer Name and Ticker or Trading Symbol
 DILLARDS INC [DDS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
 1600 CANTRELL ROAD
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 01/20/2006

Director 10% Owner
 Officer (give title below) Other (specify below)

LITTLE ROCK, AR 72201

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 | (A) or (D) | Price | |
| Common Class A | 01/20/2006 | | M | | 3,000 | A | \$ 25.125 23,463 | D |
| Common Class A | 01/20/2006 | | F | | 2,934 | D | \$ 25.95 20,529 | D |
| Common Class A | 01/20/2006 | | M | | 5,000 | A | \$ 18.125 25,529 | D |
| Common Class A | 01/20/2006 | | F | | 3,974 | D | \$ 25.95 21,555 | D |
| Common Class A | 01/20/2006 | | M | | 5,000 | A | \$ 24.01 26,555 | D |
| | 01/20/2006 | | F | | 4,745 | D | \$ 25.95 21,810 | D |

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Common
Class A

Common Class A 01/20/2006 M 1,904 A \$ 24.0756 23,714 D

Common Class A 01/20/2006 F 1,810 D \$ 25.95 21,904 D

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

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 control number.

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(9-02)

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) | Amount or Number of Shares | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|----------------------------|-------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | |
| Stock Option Exercise | \$ 24.0756 | 01/13/2006 | | M | | 02/05/1999 | 02/05/2006 | Common Class A | 3,000 |
| Stock Option Exercise | \$ 25.95 | 01/20/2006 | | F | 2,934 | 01/20/2006 | 02/05/2006 | Common Class A | 2,934 |
| Stock Option Exercise | \$ 18.125 | 01/20/2006 | | M | 5,000 | 12/10/1999 | 12/10/2006 | Common Class A | 5,000 |
| Stock Option Exercise | \$ 25.95 | 01/20/2006 | | F | 3,974 | 01/20/2006 | 12/10/2006 | Common Class A | 3,974 |
| Stock Option Exercise | \$ 24.01 | 01/20/2006 | | M | 5,000 | 05/14/2002 | 05/14/2009 | Common Class A | 5,000 |
| Stock Option Exercise | \$ 25.95 | 01/20/2006 | | M | 4,745 | 01/20/2006 | 05/14/2009 | Common Class A | 4,745 |
| | \$ 24.0756 | 01/20/2006 | | M | 1,904 | 06/01/2005 | 12/15/2007 | | 1,904 |

Stock
Option
Exercise

Common
Class A

Stock
Option
Exercise

\$ 25.95

01/20/2006

F

1,810

01/20/2006

12/15/2007

Common
Class A

2,922

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| SUTTON WILLIAM H 1600 CANTRELL ROAD LITTLE ROCK, AR 72201 | X | | | |

Signatures

/s/ William H.
Sutton

01/24/2006

**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).

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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