

ALLIANCE DATA SYSTEMS CORP  
 Form 4  
 November 21, 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 \*  
 Iaccarino Michael L

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)

3. Date of Earliest Transaction (Month/Day/Year)  
 11/17/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 President, U.S. Marketing Svcs

17655 WATERVIEW PARKWAY  
 (Street)

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

DALLAS, TX 75252-8012

(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	11/17/2006		F <sup>(1)</sup>		786	D	\$ 64.14
Common Stock	11/20/2006		S		2,184	D	\$ 63.89
Common Stock	11/20/2006		M		6,600	A	\$ 43.2
Common Stock	11/20/2006		S		6,600	D	\$ 64.1244
							13,898
							11,714
							18,314
							11,714 <sup>(2)</sup>

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)	8. Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 43.2	11/20/2006		M	6,600	<sup>(3)</sup> 11/17/2014	Common Stock	6,600

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Iaccarino Michael L 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012			President, U.S. Marketing Svcs	

## Signatures

Leigh Ann K. Epperson, Attorney  
in Fact 11/21/2006

\_\_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) 786 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) 5,244 out of an original 9,000 shares of time-based restricted stock granted (2) 11/17/04, of which 2,184 shares are vested; (b) 3,235 shares of time-based restricted stock units granted 2/13/06, of which 0 shares are vested; and (c) 3,235 shares of performance-based restricted stock units granted 2/13/06, of which 0 shares are vested.

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- (3) This is an employee stock option for 20,000 shares granted 11/17/04, of which 6,600 shares vested on 11/17/05, 6,600 shares vested on 11/17/06, and 6,800 shares will vest on 11/17/07.

The total number of derivative securities beneficially owned includes: (a) an option for 6,800 out of an original 20,000 shares granted

- (4) 11/17/04, which will vest on 11/17/07; and (b) an option for 7,724 shares granted 2/13/06, 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.

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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