

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)
 17655 WATERVIEW PARKWAY
 (Street)

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

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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount | (D) | Price |
| Common Stock | 11/17/2006 | | F ⁽¹⁾ | | 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 ⁽²⁾ |

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.

SEC 1474
(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 | ⁽³⁾ 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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