

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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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 *
 HEFFERNAN EDWARD J

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)
 EVP, Chief Financial Officer

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	11/17/2006		M		5,323	A	\$ 24.03
Common Stock	11/17/2006		S		5,323	D	\$ 64.4128
Common Stock	11/17/2006		M		17,967	A	\$ 15
Common Stock	11/17/2006		S		17,967	D	\$ 64.3058

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

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The total number of derivative securities beneficially owned includes: (a) an option for 28,699 out of an original 34,022 shares granted 6/24/03 which is fully vested; (b) an option for 34,735 shares granted 2/2/04 of which 22,926 shares are fully vested and 11,809 shares (2) will vest on 2/2/07; (c) an option for 19,337 shares granted 2/3/05 of which 6,381 shares vested on 2/3/06, 6,381 shares will vest on 2/3/07 and 6,575 shares will vest on 2/3/08; and (d) an option for 21,482 shares granted 2/13/06, of which 7,089 shares will vest on each of 2/13/07 and 2/13/08 and 7,304 shares will vest on 2/13/09.

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