

ALLIANCE DATA SYSTEMS CORP
 Form 4
 August 04, 2008

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)
 07/31/2008

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP & President, Mktg. 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 Ownership (Instr. 4)
			Code	V	Amount or Price		
Common Stock	07/31/2008		S		\$ 5,000	D	D
Common Stock	08/01/2008		M		\$ 43.2	D	D
Common Stock	08/01/2008		S		\$ 63.6	D	D

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

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SEC 1474 (9-02)

number.

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	08/01/2008		M	4,000	⁽¹⁾ 11/17/2014	Common Stock	4,000

Reporting Owners

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

Signatures

Leigh Ann K. Epperson, Attorney
in Fact 08/04/2008

__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) This is an employee stock option grant that is fully vested.

(2) The total number of derivative securities beneficially owned includes: (a) an option for 2,800 out of an original 20,000 shares granted 11/17/04, which are fully vested; (b) an option for 7,724 shares granted 2/13/06, of which 5,097 shares are fully vested and 2,627 shares will vest on 2/13/09; and (c) an option for 6,089 shares granted 2/21/07, of which 2,009 shares vested on 2/21/08, 2,009 shares will vest on 2/21/09 and 2,071 shares will vest on 2/21/10.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.