
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

August 31, 2006

Alliance Data Systems Corporation

(Exact name of registrant as specified in its charter)

Delaware

001-15749

31-1429215

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

17655 Waterview Parkway, Dallas, Texas

75252

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(972) 348-5100

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01 Regulation FD Disclosure.

On August 31, 2006, Alliance Data Systems Corporation issued a press release announcing that Hudson's Bay Company has signed a renewal agreement as a national sponsor in Alliance Data's Canadian AIR MILES® Reward Program, and will now also become a rewards supplier in the AIR MILES Reward Program. A copy of this press release is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 Press release dated August 31, 2006 announcing a renewal and expansion agreement with Hudson's Bay Company.

Note: The information contained in this report (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such a filing.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Alliance Data Systems Corporation

August 31, 2006

By: *Edward J. Heffernan*

Name: Edward J. Heffernan

Title: Executive Vice President and Chief Financial Officer

Exhibit Index

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | Press release dated August 31, 2006 announcing a renewal and expansion agreement with Hudson's Bay Company. |

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ALLIANCE DATA SIGNS RENEWAL AND CONTRACT EXPANSION WITH CANADA'S LARGEST DIVERSIFIED GENERAL MERCHANDISE RETAILER HUDSON'S BAY COMPANY (Hbc)***Hbc Continues As Sponsor in Popular Canadian Loyalty Program; Now Also Becomes a Rewards Supplier***

DALLAS, Texas (Aug. 31, 2006) — Alliance Data Systems Corporation (NYSE: ADS), a leading provider of transaction services, credit services and marketing services, announced that Hudson's Bay Company has signed a renewal agreement as a national sponsor in Alliance Data's Canadian AIR MILES[®] Reward Program. Additionally, through this agreement, Hbc will now become a rewards supplier in the AIR MILES Reward Program. A top-15 AIR MILES sponsor, Hbc operates more than 570 stores across every province in Canada under retail formats including department store (the Bay), mass merchandise (Zellers), specialty (Home Outfitters and Designer Depot) and discount (Fields). Hbc has been an AIR MILES Reward Program sponsor since 1998 and is Canada's largest diversified general merchandise retailer.

The AIR MILES Reward Program is Canada's premier coalition loyalty program, with approximately two-thirds of Canadian households actively collecting reward miles. AIR MILES collectors earn reward miles at more than 100 leading brand-name sponsors representing thousands of retail and service locations across Canada. AIR MILES reward miles can be redeemed for more than 800 different rewards, such as travel, movie passes, entertainment attractions, electronic merchandise and more.

The agreement also adds Hbc as a rewards supplier in the AIR MILES program. Beginning in September, Hbc gift cards will now be added to the AIR MILES Reward Program portfolio, which will allow AIR MILES collectors to redeem their reward miles for gift cards at select Hbc family of stores.

John Scullion, president of Alliance Data's Loyalty and Marketing Services, said, "The contract renewal and expansion with Hbc demonstrates our growth-focused strategy for the AIR MILES Reward Program as we continue to expand existing sponsor relationships. Additionally, today's announcement further illustrates our commitment to building long-standing strategic relationships with partners by demonstrating the recognized value of the AIR MILES Reward Program to both sponsors and consumers."

About Alliance Data

Alliance Data (NYSE: ADS) is a leading provider of transaction services, credit services and marketing services, managing over 105 million consumer relationships for some of North America's most recognizable companies. Alliance Data creates and manages customized solutions that change consumer behavior and that enable its clients to build stronger, mutually beneficial relationships with their customers. Headquartered in Dallas, Alliance Data employs approximately 8,000 associates at more than 40 locations worldwide. For more information about the company, visit its web site, www.AllianceData.com.

About Hudson's Bay Company

Hudson's Bay Company, established in 1670, is Canada's largest department store retailer and oldest corporation. The Company provides Canadians with the widest selection of goods and services available through retail channels that include almost 500 stores led by the Bay, Zellers and Home Outfitters chains. Hudson's Bay Company employs nearly 70,000 associates and has operations in every province in Canada.

Alliance Data's Safe Harbor Statement/Forward Looking Statements

This news release may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements may use words such as "anticipate," "believe," "estimate," "expect," "intend," "predict," "project" and similar expressions as they relate to us or our management. When we make forward-looking statements, we are basing them on our management's beliefs and assumptions, using information currently available to us. Although we believe that the expectations reflected in the forward-looking statements are reasonable, these forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed in our filings with the Securities and Exchange Commission.

If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Any forward-looking statements contained in this news release reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations, growth strategy and liquidity. We have no intention, and disclaim any obligation, to update or revise any forward-looking statements, whether as a result of new information, future results or otherwise.