

---

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):

October 3, 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))
-

**Item 7.01 Regulation FD Disclosure.**

On October 3, 2006, Alliance Data Systems Corporation issued a press release announcing a new corporate stock repurchase 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 October 3, 2006 announcing a new corporate stock repurchase program.

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

October 3, 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 October 3, 2006 announcing a new corporate stock repurchase program.

**Contact: Alliance Data****Ed Heffernan****Analysts/Investors****972.348.5191****Ed.Heffernan@alliancedata.com****Shelley Whiddon – Media****972.348.4310****Shelley.Whiddon@alliancedata.com****ALLIANCE DATA ANNOUNCES NEW \$600 MILLION  
STOCK REPURCHASE PROGRAM**

**DALLAS, Texas, October 3, 2006**— Alliance Data Systems Corporation (NYSE: ADS), a leading provider of transaction services, credit services and marketing services, today announced that its board of directors has approved a new stock repurchase program that authorizes the Company to buy back up to an additional \$600 million of its outstanding common stock through 2008. This new repurchase program extends the two previously approved repurchase programs announced in June and October of 2005, which authorized the repurchase of a combined \$300 million of the Company's common stock.

This new \$600 million program plus the previously announced \$300 million program brings Alliance Data's total authorization to \$900 million, of which approximately 30 percent has been utilized since June 2005.

Ed Heffernan, chief financial officer of Alliance Data, cited three key objectives related to this program. "First, we want to maintain an investment grade profile which, conservatively, suggests a core debt to last twelve month operating EBITDA ratio of 2x or less. As of the end of this year's second quarter, the ratio was 1.2x. Second, this unused debt capacity, combined with the free cash flow generated from the business, provides ample liquidity for working capital, stock repurchases and 'tuck-in' acquisitions consistent with our growth objectives. Finally, as we continue to execute on our long-term growth strategy, returning a portion of available funds to our stockholders makes good sense, and is especially compelling at current valuation levels."

The board's authorized repurchase program includes both open market purchases as well as private transactions from time to time. Stock purchased as part of the repurchase program will be held as treasury stock. Previously provided guidance does not include any accretion that may occur under this repurchase program. The repurchase program's terms have been structured to comply with the SEC's Rule 10b-18, and the repurchase program is subject to market conditions, applicable legal and contractual requirements, and other factors. The repurchase program does not obligate the company to acquire any specific number of shares and may be suspended or terminated at any time.

**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](http://www.AllianceData.com).

**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.

###