

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 23, 2007

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

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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 *
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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)
 02/21/2007

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)
 EVP, Human Resources

DALLAS, TX 75252

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)	(A) or (D)	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	Price		
Common Stock	02/21/2007		A ⁽¹⁾		2,071	A 11	23,624	D
Common Stock	02/21/2007		A ⁽²⁾		2,071	A 12	25,695	D
Common Stock	02/21/2007		A ⁽³⁾		4,659	A 13	30,354	D
Common Stock	02/21/2007		M		974	A \$ 43.01	31,328	D
Common Stock	02/21/2007		S		4,833	D \$ 63	26,495 ⁽⁴⁾	D

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) The new grant is for 2,071 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the Company's cash earnings per share growth for 2007.

(2) The new grant is for 2,071 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 683 shares on each of 2/21/08 and 2/21/09, and on 705 shares on 2/21/10.

(3) The new grant is for 4,659 shares of common stock represented by performance-based restricted stock units. The restrictions may lapse on 1,164 shares in February 2008, on 1,165 shares in February 2009, and on 2,330 shares in February 2010 contingent on meeting a 5% cash earnings per share growth hurdle for 2007.

(4) The total number of securities beneficially owned includes: (a) 13,234 shares of time-based restricted stock granted 8/17/05, of which 0 shares are vested; (b) 1,295 out of an original 7,074 performance-based restricted stock units granted 2/13/06, which are fully vested; (c) 3,165 out of an original 3,537 time-based restricted stock units granted 2/13/06, of which 795 shares are vested; (d) the new grant for 2,071 performance-based restricted stock units; (e) the new grant for 2,071 time-based restricted stock units; and (f) the new grant for 4,659 performance-based restricted stock units.

(5) The new option is for 4,872 shares, of which 1,607 shares will vest on 2/21/08, 1,608 shares will vest on 2/21/09 and 1,657 shares will vest on 2/21/10.

(6) This is an employee stock option for 8,441 shares granted 2/13/06, of which 2,785 shares vested on 2/13/07, 2,786 shares will vest on 2/13/08 and 2,870 shares will vest on 2/13/09

(7) The total number of derivative securities beneficially owned includes: (a) an option for 10,800 shares granted 8/17/05, which will vest on 8/17/08; (b) an option for 7,467 out of an original 8,441 shares granted 2/13/06, of which 2,785 shares vested on 2/13/07, 2,786 shares will vest on 2/13/08 and 2,870 shares will vest on 2/13/09; and (c) the new option for 4,872 shares.

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.