

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 23, 2007

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 *
 SZEFTEL IVAN M

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)
 Executive Vice President / President Retail Credit 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 (D) Price			
Common Stock	02/21/2007		A ⁽¹⁾	7,377 A (1)	63,610	D	
Common Stock	02/21/2007		A ⁽²⁾	7,377 A (2)	70,987	D	
Common Stock	02/21/2007		A ⁽³⁾	21,354 A (3)	92,341	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)

displays a currently valid OMB control 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)	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 63.35	02/21/2007		A ⁽⁴⁾	17,355	⁽⁴⁾ 02/21/2017	Common Stock	17,355

Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

SZEFTEL IVAN M
17655 WATERVIEW PARKWAY
DALLAS, TX 75252-8012

Executive Vice President President Retail Credit Svcs.

Signatures

Leigh Ann K. Epperson, Attorney
in Fact

02/23/2007

__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) The new grant is for 7,377 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 7,377 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 2,434 shares on each of 2/21/08 and 2/21/09, and on 2,509 shares on 2/21/10.

(3) The new grant is for 21,354 shares of common stock represented by performance-based restricted stock units. The restrictions may lapse on 5,338 shares in February 2008, on 5,339 shares in February 2009, and on 10,677 shares in February 2010 contingent on meeting a 5% cash earnings per share growth hurdle for 2007.

(4) The new option is for 17,355 shares, of which 5,727 shares will vest on each of 2/21/08 and 2/21/09 and 5,901 shares will vest on 2/21/10.

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The total number of derivative securities beneficially owned includes: (a) an option for 52,001 out of an original 80,000 shares granted 9/1/00, which is fully vested; (b) an option for 42,528 shares granted 6/24/03, which is fully vested; (c) an option for 42,103 shares (5) granted 2/2/04, which is fully vested; (d) an option for 27,113 shares granted 2/3/05, of which 17,894 shares are fully vested and 9,219 shares will vest on 2/3/08; (e) an option for 29,859 shares granted 2/13/06, of which 9,853 shares vested on 2/13/07, 9,853 shares will vest on 2/13/08 and 10,153 shares will vest on 2/13/09; and (f) the new option for 17,355 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.