

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 *
 UTAY ALAN 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)
 EVP, CAO, Gen. Counsel, Secy

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 Indirect Beneficial Ownership (Instr. 4)
			Code	V Amount (A) or (D) Price			
Common Stock	02/21/2007		A ⁽¹⁾	4,141 A (1) 35,575		D	
Common Stock	02/21/2007		A ⁽²⁾	4,141 A (2) 39,716		D	
Common Stock	02/21/2007		A ⁽³⁾	5,824 A (3) 45,540 ⁽⁴⁾		D	

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

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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)	\$ 63.35	02/21/2007		A ⁽⁵⁾	9,743	⁽⁵⁾ 02/21/2017	Common Stock	9,743

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
UTAY ALAN M 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012			EVP, CAO, Gen. Counsel, Secy	

Signatures

Leigh Ann K. Epperson, Attorney in Fact
Date: 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 4,141 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 4,141 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,366 shares on 2/21/08, on 1,367 shares on 2/21/09, and on 1,408 shares on 2/21/10.
The new grant is for 5,824 shares of common stock represented by performance-based restricted stock units. The restrictions may lapse on 1,456 shares in each of February 2008 and February 2009, and on 2,912 shares in February 2010 contingent on meeting a 5% cash earnings per share growth hurdle for 2007.
 - (3) The total number of securities beneficially owned includes: (a) 680 shares acquired through the Company employee stock purchase plan; (b) 6,592 shares acquired by the exercising of vested employee stock options; (c) 1,691 out of an original 4,972 shares of time-based

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restricted stock granted 2/3/05, of which 0 shares are vested; (d) 5,926 out of an original 17,778 shares of time-based restricted stock granted 2/3/05, of which 0 shares are vested; (e) 10,210 out of an original 13,882 performance-based restricted stock units granted 2/13/06, which are fully vested; (f) 6,335 out of an original 6,941 time-based restricted stock units granted 2/13/06, of which 1,684 shares are vested; (g) the new grant for 4,141 performance-based restricted stock units; (h) the new grant for 4,141 time-based restricted stock units; and (i) the new grant for 5,824 performance-based restricted stock units.

- (5) The new option is for 9,743 shares, of which 3,215 shares will vest on each of 2/21/08 and 2/21/09 and 3,313 shares will vest on 2/21/10.

The total number of derivative securities beneficially owned includes: (a) an option for 29,900 out of an original 50,000 shares granted 8/30/01, which is fully vested; (b) an option for 13,182 out of an original 50,000 shares granted 9/26/02, which is fully vested; (c) an option for 28,919 shares granted 6/24/03, which is fully vested; (d) an option for 29,472 shares granted 2/2/04, which is fully vested; (e)

- (6) an option for 13,812 shares granted 2/3/05, of which 9,114 shares are fully vested and 4,698 shares will vest on 2/3/08; (f) an option for 16,565 shares granted 2/13/06, of which 5,466 shares vested on 2/13/07, 5,466 shares will vest on 2/13/08 and 5,633 shares will vest on 2/13/09; and (g) the new option for 9,743 shares.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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