

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 *
 Carter Barry R

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)
 SVP, Info Technology Officer

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)		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)
				(A) or (D)	Amount			
Common Stock	02/21/2007		A ⁽¹⁾	V	1,682	A (1) 12,476	D	
Common Stock	02/21/2007		A ⁽²⁾	V	1,682	A (2) 14,158 (3)	D	

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

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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 ⁽⁴⁾	3,958	⁽⁴⁾ 02/21/2017	Common Stock	3,958

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Carter Barry R 17655 WATERVIEW PARKWAY DALLAS, TX 75252			SVP, Info Technology Officer	

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 1,682 shares of common stock represented by performance-based restricted stock units. The restrictions on 100% of the shares may lapse in February 2008 if certain Company financial targets are met.
- (2) The new grant is for 1,682 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 555 shares on each of 2/21/08 and 2/21/09, and on 572 shares on 2/21/10.
The total number of securities beneficially owned includes (a) 2,500 shares of performance-based restricted stock granted 9/15/04, which are fully vested; (b) 536 shares acquired through the Company employee stock purchase program; (c) 2,427 out of an original 3,300 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (d) 2,379 out of an original 3,235 performance-based restricted stock units granted 2/13/06, which are fully vested; (e) 2,952 out of an original 3,235 time-based restricted stock units granted 2/13/06, of which 784 shares are vested; (f) the new grant for 1,682 performance-based restricted stock units; and (g) the new grant for 1,682 restricted stock units.
- (4) The new option is for 3,958 shares, of which 1,306 shares will vest on each of 2/21/08 and 2/21/09 and 1,346 shares will vest on 2/21/10.

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- (5) The total number of derivative securities beneficially owned includes (a) an employee stock option for 25,000 shares granted 9/15/04, of which 16,500 shares are fully vested and 8,500 shares will vest on 9/15/07; (b) an option for 15,000 shares granted 2/3/05, of which 9,900 shares are fully vested and 5,100 shares will vest on 2/3/08; (c) an option for 7,724 shares granted 2/13/06, of which 2,548 shares vested on 2/13/07, 2,549 shares will vest on 2/13/08 and 2,627 shares will vest on 2/13/09; and (d) the new option for 3,958 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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