

ALLIANCE DATA SYSTEMS CORP
 Form 4
 February 23, 2007

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

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 *
 Pearson Bryan A

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)
 President, Loyalty Services

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 | (A) or (D) | Price |
| Common Stock | 02/21/2007 | | A ⁽¹⁾ | | 1,967 | A | 16,931 |
| Common Stock | 02/21/2007 | | A ⁽²⁾ | | 1,967 | A | 18,898 ⁽³⁾ |

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

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SEC 1474
 (9-02)

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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⁾ | 4,628 | ⁽⁴⁾ 02/21/2017 | Common Stock | 4,628 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|-----------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Pearson Bryan A 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012 | | | President, Loyalty Services | |

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 1,967 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 1,967 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 649 shares on each of 2/21/08 and 2/21/09, and on 669 shares on 2/21/10.

(3) The total number of securities beneficially owned includes: (a) 850 out of an original 4,800 shares of performance-based restricted stock granted 6/24/03, which are fully vested; (b) 3,200 out of an original 4,000 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (c) 4,444 shares of time-based restricted stock granted 2/3/05, of which 2,962 shares are vested; (d) 3,235 shares of time-based restricted stock units granted 2/13/06, of which 1,067 shares are vested; (e) 3,235 shares of performance-based restricted stock units granted 2/13/06, which are fully vested; (f) the new grant for 1,967 performance-based restricted stock units; and (g) the new grant for 1,967 time-based restricted stock units.

(4) The new option is for 4,628 shares, of which 1,527 shares will vest on each of 2/21/08 and 2/21/09 and 1,574 shares will vest on 2/21/10.

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(5) The total number of derivative securities beneficially owned includes: (a) an option for 10,000 out of an original 40,404 shares granted 12/1/98, which is fully vested; (b) an option for 8,000 out of an original 18,500 shares granted 6/24/03, which is fully vested; (c) an option for 16,000 shares granted 2/2/04, which is fully vested; (d) an option for 20,000 shares granted 2/3/05, of which 13,200 shares are fully vested and 6,800 shares will vest on 2/3/08; (e) an option for 12,346 shares granted 2/3/05, of which 8,230 shares are fully vested and 4,116 shares will vest on 12/9/07; (f) 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 (g) the new option for 4,628 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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