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ALLIANCE DATA SYSTEMS CORP

Form 4

February 23, 2007

FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

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Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, obligations Section 17(a) of the Public Utility Holding Company Act of 1935 or Section may continue. See Instruction

30(h) of the Investment Company Act of 1940

1(b).

(Print or Type Responses)

1. Name and Address of Reporting Person *

Iaccarino Michael L

2. Issuer Name and Ticker or Trading

Symbol

(Middle)

ALLIANCE DATA SYSTEMS CORP [ADS]

(Last) (First) 3. Date of Earliest Transaction

(Month/Day/Year) 02/21/2007

Filed(Month/Day/Year)

17655 WATERVIEW PARKWAY

(Street)

4. If Amendment, Date Original

5. Relationship of Reporting Person(s) to

Issuer

(Check all applicable)

Director 10% Owner X_ Officer (give title _ Other (specify

below) below) President, U.S. Marketing Svcs

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

Person

DALLAS, TX 75252-8012

(City)	(State) (Z	Zip) Table	I - Non-Do	erivative S	Securi	ties Ac	quired, Disposed	of, or Beneficial	lly 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 nAcquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following	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	Reported Transaction(s) (Instr. 3 and 4)		
Common Stock	02/21/2007		A(1)	2,588	A	<u>(1)</u>	13,067	D	
Common Stock	02/21/2007		A(2)	2,588	A	<u>(2)</u>	15,655 <u>(3)</u>	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. Transacti 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)	
				Code V	(A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Option (Right to Buy)	\$ 63.35	02/21/2007		A(4)	6,089	<u>(4)</u>	02/21/2017	Common Stock	6,089

Reporting Owners

Reporting Owner Name / Address Relationships

Director 10% Owner Officer Other

Iaccarino Michael L

17655 WATERVIEW PARKWAY President, U.S. Marketing Svcs DALLAS, TX 75252-8012

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 2,588 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 2,588 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 854 shares on each of 2/21/08 and 2/21/09, and on 880 shares on 2/21/10.

The total number of securities beneficially owned includes: (a) 5,244 out of an original 9,000 shares of time-based restricted stock granted 11/17/04, of which 2,184 shares are vested; (b) 2,896 out of an original 3,235 shares of time-based restricted stock units granted 2/13/06,

- (3) of which 728 shares are vested; (c) 2,339 out of an original 3,235 shares of performance-based restricted stock units granted 2/13/06, which are fully vested; (d) the new grant for 2,588 performance-based restricted stock units; and (e) the new grant for 2,588 time-based restricted stock units.
- (4) The new option is for 6,089 shares, of which 2,009 shares will vest on each of 2/21/08 and 2/21/09 and 2,071 shares will vest on 2/21/10.

(5)

Reporting Owners 2

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The total number of derivative securities beneficially owned includes: (a) an option for 6,800 out of an original 20,000 shares granted 11/17/04, which will vest on 11/17/07; (b) 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 (c) the new option for 6,089 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.