ALLIANCE DATA SYSTEMS CORP

Form 4

February 20, 2007

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB Number:

3235-0287

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response...

if no longer subject to Section 16. Form 4 or Form 5

Check this box

obligations may continue.

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

1(b).

(Last)

(City)

Common

Stock

(Print or Type Responses)

See Instruction

1. Name and Address of Reporting Person * **SCULLION JOHN W**

(First)

(Street)

(State)

02/16/2007

2. Issuer Name and Ticker or Trading

Symbol

ALLIANCE DATA SYSTEMS

5. Relationship of Reporting Person(s) to

(Check all applicable)

Issuer

below)

CORP [ADS]

Director 10% Owner

3. Date of Earliest Transaction (Month/Day/Year)

02/16/2007

X_ Officer (give title Other (specify President and COO

17655 WATERVIEW PARKWAY

(Middle)

(Zip)

4. If Amendment, Date Original

Applicable Line) _X_ Form filed by One Reporting Person Form filed by More than One Reporting

6. Individual or Joint/Group Filing(Check

Filed(Month/Day/Year)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

DALLAS, TX 75252-8012

1.Title of Security	2. Transaction Date (Month/Day/Year)		3. Transactio	4. Securities Acquired on(A) or Disposed of	5. Amount of Securities	6. Ownership Form: Direct	7. Nature of Indirect
(Instr. 3)	•	any	Code	(D)	Beneficially	(D) or	Beneficial
		(Month/Day/Year)	(Instr. 8)	(Instr. 3, 4 and 5)	Owned	Indirect (I)	Ownership
					Following	(Instr. 4)	(Instr. 4)
					Reported		

(A) Transaction(s)

or (Instr. 3 and 4) (D) Price

Code V

 $A^{(1)}$

Amount 12,688

Α

(1) 59,995 (2)

D

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

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form 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)

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1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exer	cisable and	7. Title	and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	Transacti	onNumber	Expiration D	ate	Amoun	it of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Underly	ying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivativ	e		Securit	ies	(Instr. 5)	Bene
	Derivative				Securities			(Instr. 3	3 and 4)		Own
	Security				Acquired						Follo
					(A) or						Repo
					Disposed						Trans
					of (D)						(Instr
					(Instr. 3,						
					4, and 5)						
								,	Amount		
									or		
						Date Exercisable	Expiration Date		Number		
									of		
				Code V	(A) (D)				Shares		

Reporting Owners

Relationships Reporting Owner Name / Address

> Director 10% Owner Officer Other

SCULLION JOHN W 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012

President and COO

Signatures

Leigh Ann K. Epperson, Attorney 02/20/2007 in Fact

> **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).
- Based on the Company's cash EPS growth as compared to the GAAP EPS growth of the S&P 500, 200% of the performance-based **(1)** restricted stock unit award granted on 2/13/06 vested, resulting in an additional 12,688 shares, for a total of 25,376 shares.

The total number of securities beneficially owned includes: (a) 8,491 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (b) 7,514 shares of time-based restricted stock granted 2/3/05, of which 4,959 shares are vested; (c) 5,926 out of an

(2) original 8,889 shares of time-based restricted stock granted 2/3/05, of which 2,963 shares are vested; (d) 25,376 performance-based restricted stock units granted 2/13/06, which are fully vested; and (e) 12,688 time-based restricted stock units granted 2/13/06, of which 4,187 shares are vested.

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.

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