

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 \*  
**KUBIC MICHAEL D**

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, Controller / Chief Accounting Officer**

**DALLAS, TX 75252-8012**

(City) (State) (Zip)

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

**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) Price			
Common Stock	02/21/2007		A <sup>(1)</sup>	1,294 A <u>(1)</u>	10,587	D	
Common Stock	02/21/2007		A <sup>(2)</sup>	1,294 A <u>(2)</u>	11,881 <sup>(3)</sup>	D	

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

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SEC 1474 (9-02)

**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 <sup>(4)</sup>	3,045	<sup>(4)</sup> 02/21/2017	Common Stock	3,045

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KUBIC MICHAEL D 17655 WATERVIEW PARKWAY DALLAS, TX 75252-8012			SVP, Controller	Chief Accounting 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 1,294 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 1,294 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 427 shares on each of 2/21/08 and 2/21/09, and on 440 shares on 2/21/10.
- The total number of securities beneficially owned includes: (a) 900 out of an original 12,000 shares of restricted stock granted 11/9/00, which is fully vested; (b) 1,743 out of an original 2,500 shares of performance-based restricted stock granted 2/3/05, which is fully vested; (c) 3,660 out of an original 4,444 shares of time-based restricted stock granted 2/3/05, of which 2,178 shares are vested; (d) 1,319
- (3) out of an original 1,873 performance-based restricted stock units granted 2/13/06, which are fully vested; (e) 1,671 out of an original 1,873 time-based restricted stock units granted 2/13/06, of which 416 shares are vested; (f) the new grant for 1,294 performance-based restricted stock units; and (g) the new grant for 1,294 time-based restricted stock units.
  - (4)

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The new option is for 3,045 shares, of which 1,004 shares will vest on 2/21/08, 1,005 shares will vest on 2/21/09 and 1,036 shares will vest on 2/21/10.

The total number of derivative securities beneficially owned includes: (a) an option for 6,611 out of an original 11,111 shares granted 10/29/1999, which is fully vested; (b) an option for 1 out of an original 12,603 shares granted 6/8/01, which is fully vested; (c) an option (5) for 11,000 shares granted 2/2/04, which is fully vested; (d) an option for 11,000 shares granted 2/3/05, of which 7,260 shares are fully vested and 3,740 shares will vest on 2/3/08; (e) an option for 4,472 shares granted 2/13/06, of which 1,475 shares vested on 2/13/07, 1,476 shares will vest on 2/13/08 and 1,521 shares will vest on 2/13/09; and (f) the new option for 3,045 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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