

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP**

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL	
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1. Name and Address of Reporting Person* <b>FINKELMAN DANIEL P</b>			2. Issuer Name and Ticker or Trading Symbol <b>ALLIANCE DATA SYSTEMS CORP [ ADS ]</b>			5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director 10% Owner <input checked="" type="checkbox"/> Officer (give title below) Other (specify below) <b>EVP, Corp Develop &amp; Innovation</b>		
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) <b>02/21/2007</b>			6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person Form filed by More than One Reporting Person		
<b>17655 WATERVIEW PARKWAY</b>			4. If Amendment, Date of Original Filed (Month/Day/Year)					
(Street)	<b>DALLAS TX</b>	<b>75252-8012</b>						
(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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/21/2007		A <sup>(1)</sup>		3,494	A	(1)	34,426	D	
Common Stock	02/21/2007		A <sup>(2)</sup>		3,494	A	(2)	37,920	D	
Common Stock	02/21/2007		A <sup>(3)</sup>		4,659	A	(3)	42,579 <sup>(4)</sup>	D	

**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 Securities Underlying Derivative Security (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Employee Stock Option (Right to Buy)	\$63.35	02/21/2007		A <sup>(5)</sup>		8,221		(5)	02/21/2017	Common Stock	8,221	(5)	118,514 <sup>(6)</sup>	D	

**Explanation of Responses:**

- The new grant is for 3,494 shares of common stock represented by performance-based restricted stock units, which may be adjusted up or down at the time the restrictions lapse. The restrictions may lapse based on the Company's cash earnings per share growth for 2007.
- The new grant is for 3,494 shares of common stock represented by time-based restricted stock units. The restrictions will lapse on 1,153 shares on each of 2/21/08 and 2/21/09, and on 1,188 shares on 2/21/10.
- The new grant is for 4,659 shares of common stock represented by performance-based restricted stock units. The restrictions may lapse on 1,164 shares in February 2008, on 1,165 shares in February 2009, and on 2,330 shares in February 2010 contingent on meeting a 5% cash earnings per share growth hurdle for 2007.
- The total amount of securities beneficially owned includes: (a) 2,500 shares purchased in 2001; (b) 1,091 shares of restricted stock granted 6/24/03, which are fully vested; (c) 621 shares of restricted stock granted 7/1/04, which are fully vested; (d) 7,500 shares of restricted stock granted 7/14/04, of which 0 shares are vested; (e) 3,424 out of an original 4,995 shares of performance-based restricted stock granted 2/3/05, which are fully vested; (f) 3,369 out of an original 4,420 shares of time-based restricted stock granted 2/3/05, of which 1,866 shares are vested; (g) 7,514 out of an original 10,964 performance-based restricted stock units granted 2/13/06, which are fully vested; (h) 4,913 out of an original 5,482 time-based restricted stock units granted 2/13/06, of which 1,240 shares are vested; (i) the new grant for 3,494 performance-based restricted stock units; (j) the new grant for 3,494 time-based restricted stock units; (continued below)
- The new option is for 8,221 shares, of which 2,712 shares will vest on 2/21/08, 2,713 shares will vest on 2/21/09 and 2,796 shares will vest on 2/21/10.
- The total number of derivative securities beneficially owned includes: (a) an option for 6,208 shares granted 6/24/03, which is fully vested; (b) an option for 3,724 shares granted 7/1/04 which is fully vested; (c) an option for 75,000 shares granted 7/14/04 which will vest on 7/14/07; (d) an option for 12,278 shares granted on 2/3/05, of which 8,102 shares are fully vested and 4,176 shares will vest on 2/3/08; (e) an option for 13,083 shares granted 2/13/06, of which 4,317 shares vested on 2/13/07, 4,317 shares will vest on 2/13/08 and 4,449 shares will vest on 2/13/09; and (f) the new option for 8,221 shares.

**Remarks:**

(4) continued from above: and (k) the new grant for 4,659 performance-based restricted stock units.

Leigh Ann K. Epperson, 02/23/2007  
Attorney in Fact

\*\* Signature of Reporting Person Date

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

\* 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).

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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