

**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	
OMB Number:	3235-0287
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1. Name and Address of Reporting Person* <u>Pearson Bryan A</u>  (Last) (First) (Middle) <u>17655 WATERVIEW PARKWAY</u>  (Street) <u>DALLAS TX 75252-8012</u>  (City) (State) (Zip)	2. Issuer Name and Ticker or Trading Symbol <u>ALLIANCE DATA SYSTEMS CORP [ ADS ]</u>	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) <u>President, Loyalty Services</u>
	3. Date of Earliest Transaction (Month/Day/Year) <u>02/21/2007</u>	
		6. Individual or Joint/Group Filing (Check Applicable Line)  <input checked="" type="checkbox"/> Form filed by One Reporting Person  <input type="checkbox"/> 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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/21/2007		A <sup>(1)</sup>		1,967	A	(1)	16,931	D	
Common Stock	02/21/2007		A <sup>(2)</sup>		1,967	A	(2)	18,898 <sup>(3)</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>(4)</sup>		4,628		(4)	02/21/2017	Common Stock	4,628	(4)	78,698 <sup>(5)</sup>	D	

**Explanation of Responses:**

- 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.
- 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.
- 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.
- 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.
- 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.

**Remarks:**

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

\*\* 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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