SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported):
December 21, 2007

ALLIANCE DATA SYSTEMS CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	001-15749	31-1429215
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

17655 WATERVIEW PARKWAY
DALLAS, TEXAS 75252
(Address and Zip Code of principal executive offices)

(972) 348-5100
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K is intended to simultaneously satisfy the filing obligation of the Registrant under any of the following provisions:

☐   Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐   Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐   Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐   Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 1.01   Entry into a Material Definitive Agreement.

As previously announced, Alliance Data Systems Corporation ("*Alliance Data*" or the "*Company*") has agreed to be merged with Aladdin Merger Sub, Inc. ("*Merger Sub*") pursuant to the Agreement and Plan of Merger (the "*Merger Agreement*"), dated as of May 17, 2007, among the Company, Aladdin Holdco, Inc. and Merger Sub, with the Company continuing as the surviving corporation (the "*Merger*"). Upon completion of the Merger, the Company will become an affiliate of The Blackstone Group.

On December 21, 2007, Alliance Data entered into a second amendment (the "*Second Amendment*") to the Credit Agreement, dated as of January 24, 2007 (the "*Bridge Loan*"), which originally provided for loans in a maximum amount of $400.0 million. In the Second Amendment, the maturity date of the Bridge Loan was extended from December 31, 2007 to March 31, 2008 and the uncommitted accordion feature, which had allowed for future borrowings up to $100.0 million, subject to certain conditions, was eliminated. In addition, the Second Amendment adjusts the margin applicable to base rate loans and Eurodollar loans to those set forth below.

The interest rate for base rate loans fluctuates and is equal to the higher of (A) the Bank of Montreal's prime rate and (B) the Federal funds rate plus 0.5% plus a margin of (1) 0.0% to 0.2% for the period from January 1 to January 31, 2008; (2) 0.0% to 0.45% for the period from February 1 to February 29, 2008; and (3) 0.1% to 0.70% for the period from March 1 to March 31, 2008, based upon our Senior Leverage Ratio as defined in the Bridge Loan. The interest rate for Eurodollar loans fluctuates based on the London interbank offered rate plus a margin of (1) 1.1% to 1.7% for the period from January 1 to January 31, 2008; (2) 1.35% to 1.95% for the period from February 1 to February 29, 2008; and (3) 1.6% to 2.2% for the period from March 1 to March 31, 2008, based upon our Senior Leverage Ratio as defined in the Bridge Loan.

The foregoing summary of the Second Amendment is qualified in its entirety by reference to the full text of such amendment, a copy of which is attached as Exhibit 10.1 hereto and incorporated by reference herein.

ITEM 2.03.   Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

See discussion in Item 1.01 set forth above, which is incorporated herein by reference.

ITEM 9.01.   Financial Statements and Exhibits.

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
10.1	Second Amendment to Credit Agreement, dated as of December 21, 2007, by and among Alliance Data Systems Corporation and certain subsidiaries parties thereto as Guarantors, Bank of Montreal, as Administrative Agent and various other agents and banks.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Alliance Data Systems Corporation

Date: December 28, 2007

By: /s/ Edward J. Heffernan

Edward J. Heffernan
Executive Vice President and Chief Financial Officer

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EXHIBIT INDEX

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Exhibit 10.1

SECOND AMENDMENT TO
CREDIT AGREEMENT

This Second Amendment to Credit Agreement (this *"Amendment"*) is dated as of December 21, 2007 by and among Alliance Data Systems Corporation (the *"Borrower"*), the Guarantors party hereto, the Banks party hereto, and Bank of Montreal, as Administrative Agent.

W I T N E S S E T H:

WHEREAS, the Borrower, the Guarantors, the Banks, and the Administrative Agent have heretofore executed and delivered a Credit Agreement dated as of January 24, 2007 (the *"Credit Agreement"*); and

WHEREAS, the Borrower, the Guarantor, the Banks and the Administrative Agent desire to amend the Credit Agreement to extend the Maturity Date as set forth herein;

NOW, THEREFORE, for good and valuable consideration the receipt of which is hereby acknowledged, the Borrower, the Guarantor, the Banks and the Administrative Agent hereby agree as follows:

ARTICLE I
AMENDMENTS

1.1 The definition of *"Maturity Date"* contained in Section 1.1 of the Credit Agreement is hereby amended in its entirety to read as follows:

"Maturity Date" means March 31, 2008.

1.2 Section 2.16 of the Credit Agreement is hereby amended in its entirety and as so amended shall read as follows:

Section 2.16. [Intentionally Omitted].

1.3 Appendix I to the Credit Agreement is hereby amended in its entirety and as so amended shall read as Appendix I to this Amendment.

ARTICLE II
CONDITIONS PRECEDENT

2. Article I of this Amendment shall become effective subject to the conditions precedent that on or before such date:

(a) the Administrative Agent shall have received counterparts hereof executed by the Borrower, the Guarantors and the Banks; and

(b) the Administrative Agent shall have received the fees separately agreed to with the Borrower.

3.1. To induce the Administrative Agent and the Banks to enter into this Amendment, the Borrower represents and warrants to the Administrative Agent and the Banks that: (a) the representations and warranties contained in the Credit Agreement are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); (b) no Default or Event of Default exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by the Borrower and the Credit Agreement, as amended by this Amendment, is the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and the absence of which would adversely affect, the legal and valid execution and delivery or performance by the Borrower of this Amendment or the performance by the Borrower of the Credit Agreement, as amended by this Amendment.

3.2. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

3.3. Except as specifically provided above, the Credit Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of the Administrative Agent or any Bank under the Credit Agreement or any Note, nor constitute a waiver or modification of any provision of any of the Credit Agreement or any Note.

3.4. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

[SIGNATURE PAGES TO FOLLOW]

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

ALLIANCE DATA SYSTEMS CORPORATION, as Borrower

By   /s/ Robert P. Armiak
Name Robert P. Armiak
Title   SVP and Treasurer

ADS ALLIANCE DATA SYSTEMS, INC., as a Guarantor

By   /s/ Robert P. Armiak
Name Robert P. Armiak
Title   SVP and Treasurer

EPSILON MARKETING SERVICES, LLC, as a Guarantor

By   /s/ Alan M. Utay
Name Alan M. Utay
Title   Vice President

EPSILON DATA MANAGEMENT, LLC, as a Guarantor

By   /s/ Alan M. Utay
Name Alan M. Utay
Title   Vice President

ALLIANCE DATA FOREIGN HOLDINGS, INC., as a Guarantor

By   /s/ Alan M. Utay
Name Alan M. Utay
Title   Vice President

BANK OF MONTREAL, as Administrative Agent

By   /s/ Mark W. Piekos
Name   Mark W. Piekos
Title   Managing Director

BMO CAPITAL MARKETS FINANCING, INC.

By   /s/ Mark W. Piekos
Name   Mark W. Piekos
Title   Managing Director

PRICING SCHEDULE

"Euro-Dollar Margin" and *"Base Rate Margin"* mean, (i) for any day during the period from the Effective Date through but excluding the first Start Date (as defined below) to occur on or about March 31, 2007, 0.90% per annum and 0% per annum, respectively, and (ii) from and after the first day of any fiscal quarter of the Borrower beginning on or about March 31, 2007 (the *"Start Date"*) to and including the last day of such fiscal quarter, the applicable percentage per annum set forth below for the applicable date in the appropriate row under the column corresponding to the Borrower's Senior Leverage Ratio as calculated for the last day of the fiscal quarter of the Borrower ended immediately prior to such Start Date; *provided* that at all times during which financial statements have not been delivered when required pursuant to Section 5.1(a) or (b), as the case may be, the Euro-Dollar Margin and Base Rate Margin shall be as set forth below under the column heading *"Level III."*

Effective Date through December 31, 2007:

Status	Level I	Level II	Level III
Senior Leverage Ratio	<1.50	³1.50 and <2.00	³2.00
Euro-Dollar Margin	0.60%	0.90%	1.20%
Base Rate Margin	0%	0%	0%

January 1, 2008 through January 31, 2008:

Status	Level I	Level II	Level III
Senior Leverage Ratio	<1.50	³1.50 and <2.00	³2.00
Euro-Dollar Margin	1.10%	1.40%	1.70%
Base Rate Margin	0%	0%	0.20%

February 1, 2008 through February 29, 2008:

Status	Level I	Level II	Level III
Senior Leverage Ratio	<1.50	³1.50 and <2.00	³2.00
Euro-Dollar Margin	1.35%	1.65%	1.95%
Base Rate Margin	0%	0.15%	0.45%

March 1, 2008 and thereafter:

Status	Level I	Level II	Level III
Senior Leverage Ratio	<1.50	³1.50 and <2.00	³2.00
Euro-Dollar Margin	1.60%	1.90%	2.20%
Base Rate Margin	0.10%	0.40%	0.70%

Appendix I