

ALLIANCE DATA SYSTEMS CORP
 Form 4
 January 11, 2005

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

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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 *
 MCINERNEY THOMAS E

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)
 C/O WELSH, CARSON,
 ANDERSON AND STOWE, 320
 PARK AVENUE, SUITE 2500
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 01/11/2005

____ Director
 ____ Officer (give title below)
 10% Owner
 ____ Other (specify below)

NEW YORK, NY 10022
 (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 Indirect Ownership (Instr. 4)			
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/11/2005		J ⁽¹⁾		4,000,000	D	Ⓛ	12,160,349	I ⁽²⁾	By Welsh, Carson, Anderson & Stowe VIII, L.P. ⁽²⁾
Common Stock	01/11/2005		J ⁽¹⁾		255	A	Ⓛ	359	I ⁽²⁾	By WCAS Managment Corporation ⁽²⁾
	01/11/2005		J ⁽¹⁾		6,520	A	Ⓛ	212,189	D ⁽³⁾	

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beneficial ownership of any securities, and any proceeds thereof, that exceed his pecuniary interest therein and/or that are not actually distributed to him.

- (3) The Reporting Person also indirectly beneficially owns 50,526 shares held by the McInerney/Gabrielle Family Limited Partnership . The Reporting Person disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

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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