

ALLIANCE DATA SYSTEMS CORP
 Form 4
 November 09, 2004

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 *
RATHER JONATHAN M

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)
11/05/2004

____ 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 or Disposed of (A) (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)	
				(A) or (D)	Price			
				Code	V	Amount		
Common Stock	11/05/2004		S	400,000	D	\$ 41.43	0	I (1)
							By Welsh, Carson, Anderson & Stowe VII, L.P. (2)	

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

Persons who respond to the collection of information contained in this form are not required to respond unless the form

SEC 1474 (9-02)

displays a currently valid OMB control number.

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. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Owned Beneficially (Instr. 3 and 4)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
RATHER JONATHAN M C/O WELSH, CARSON, ANDERSON AND STOWE 320 PARK AVENUE, SUITE 2500 NEW YORK, NY 10022				X

Signatures

Jonathan M. Rather
11/09/2004
**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).
- The Reporting Person also directly beneficially owns 3,953 shares and indirectly beneficially owns 16,160,349 shares held by Welsh, Carson, Anderson & Stowe VIII, L.P. Pursuant to Instruction (4)(b)(iv) of Form 4, the Reporting Person has elected to report as indirectly
- (1) beneficially owned the entire number of securities beneficially owned by such entity. The Reporting Person is a managing member of the sole general partner of Welsh, Carson, Anderson & Stowe VIII, L.P. The Reporting Person disclaims beneficial ownership of any securities, and any proceeds thereof, that exceed his pecuniary interest therein and/or that are not actually distributed to him.
 - (2) Pursuant to Instruction (4)(b)(iv) of Form 4, the Reporting Person has elected to report as indirectly beneficially owned the entire number of securities beneficially owned by such limited partnership. The Reporting Person is a general partner of the sole general partner of Welsh, Carson, Anderson & Stowe VII, L.P. The Reporting Person disclaims beneficial ownership of any securities, and any proceeds thereof, that exceed his pecuniary interest therein and/or that are not actually distributed to him.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.