ALLIANCE DATA SYSTEMS CORP

Form 4

August 23, 2005

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

SECURITIES

OMB

3235-0287 Number:

OMB APPROVAL

January 31, Expires: 2005

Estimated average burden hours per response... 0.5

if no longer subject to Section 16. Form 4 or Form 5

obligations

may continue.

See Instruction

Check this box

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

1(b).

(Last)

(Print or Type Responses)

1. Name and Address of Reporting Person * MCINERNEY THOMAS E

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

ALLIANCE DATA SYSTEMS

CORP [ADS]

(Check all applicable)

08/19/2005

(First) (Middle) 3. Date of Earliest Transaction (Month/Day/Year)

Director Officer (give title below)

10% Owner Other (specify

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

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

X Form filed by One Reporting Person Form filed by More than One Reporting

NEW YORK, NY 10022

(City) (State)

(Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of 2. Transaction Date 2A. Deemed Security (Month/Day/Year) Execution Date, if (Instr. 3) (Month/Day/Year) 3. 4. Securities Acquired Transaction(A) or Disposed of (D) Code (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned (D) or Following Reported (Instr. 4)

7. Nature of Ownership Indirect Form: Direct Beneficial Ownership Indirect (I) (Instr. 4)

(A) or Code V Amount (D)

Transaction(s) (Instr. 3 and 4) Price

Common 08/19/2005 Stock

S 20,000 41.05

192,189

 $D^{(1)}(2)$

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 displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of	2.	3. Transaction Date	3A. Deemed	4.	5.	6. Date Exer	cisable and	7. Title and	8. Price of	9. Nu
Derivative	Conversion	(Month/Day/Year)	Execution Date, if	TransactionNumber		Expiration D	ate	Amount of	Derivative	Deriv
Security	or Exercise		any	Code	of	(Month/Day/	Year)	Underlying	Security	Secui
(Instr. 3)	Price of		(Month/Day/Year)	(Instr. 8)	Derivativ	e		Securities	(Instr. 5)	Bene
	Derivative				Securities Acquired		(Instr. 3 and 4))	Owne	
	Security								Follo	
	•				(A) or					Repo
					Disposed					Trans
					of (D)					(Instr
					(Instr. 3,					
					4, and 5)					
								Amoun	t	
								or	·	
						Date	Expiration	Title Numbe	r	
						Exercisable	Date	of		
				Code V	(A) (D)			Shares		

Reporting Owners

Relationships Reporting Owner Name / Address

> Director 10% Owner Officer Other

MCINERNEY THOMAS E C/O WELSH, CARSON, ANDERSON AND STOWE 320 PARK AVENUE, SUITE 2500 NEW YORK, NY 10022

X

Signatures

Jonathan M. Rather, Attorney-in-Fact

08/23/2005

**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 indirectly beneficially owns 12,160,349 shares held by Welsh, Carson, Anderson & Stowe VIII, L.P. and 359 shares held by WCAS Management Corporation. The Reporting Person is a managing member of the sole general partner of Welsh,

- Carson, Anderson and Stowe VIII, L.P. and a controlling stockholder of WCAS Management Corporation. 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 each such entity. 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.
- The Reporting Person also 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. 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.

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