

SCHEDULE 13G  
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILES PURSUANT  
TO RULES 13d-1(b),(c), AND (d) AND AMENDMENTS THERETO FILED  
PURSUANT TO RULE 13d-2(b)  
(Amendment No. 2)1

Alliance Data Systems Corporation  
-----  
(Name of Issuer)

Common Stock, \$.01 par value  
-----  
(Title of Class of Securities)

018581 10 8  
-----  
(CUSIP Number)

December 31, 2004  
-----

Date of Event Which Requires Filing of this Statement

Check the appropriate box to designate the rule pursuant to which this Schedule  
is Filed:

- Rule 13d-1(b)  
 Rule 13d-1(c)  
 Rule 13d-1(d)

-----  
1The remainder of this cover page shall be filled out for a reporting  
person's initial filing on this form with respect to the subject class of  
securities, and for any subsequent amendment containing information which would  
alter disclosures provided in a prior cover page. The information required on  
the remainder of this cover page shall not be deemed to be "filed" for the  
purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise  
subject to the liabilities of that section of the Act but shall be subject to  
all other provisions of the Act.

CUSIP No. 018581 10 8

Page 2 of 11 Pages

-----  
1) Name of Reporting Person Welsh, Carson,  
I.R.S. Identification Anderson & Stowe  
No. of Above Person VII, L.P.  
(Entities Only)

-----  
2) Check the Appropriate Box (a)   
if a Member of a Group (b)

-----  
3) SEC Use Only

-----  
4) Citizenship or Place of Organization Delaware

-----  
Number of 5) Sole Voting -0-  
Shares Beneficially Owned by Each Reporting Person Power

With: 6) Shared Voting -0-  
Power

-----  
7) Sole Disposi- -0-  
tive Power

-----  
8) Shared Dis-

positive Power

-0-

9) Aggregate Amount Beneficially  
Owned by Each Reporting Person

-0-

10) Check if the Aggregate  
Amount in Row (9)  
Excludes Certain Shares

11) Percent of Class  
Represented by  
Amount in Row (9)

-0-

12) Type of Reporting  
Person

PN

-----

1) Name of Reporting Person Welsh, Carson,  
I.R.S. Identification Anderson & Stowe  
No. of Above Person VIII, L.P.  
(Entities Only)

-----

2) Check the Appropriate Box (a) [ X ]  
if a Member of a Group (b) [ ]

-----

3) SEC Use Only

-----

4) Citizenship or Place Delaware of Organization

-----

Number of 5) Sole Voting 16,160,349 shares  
Shares Beneficially Power of Common Stock  
Owned by Each  
Reporting Person  
With:

-----

6) Shared Voting Power -0-

-----

7) Sole Disposi- 16,160,349  
tive Power shares of Common  
Stock

-----

8) Shared Dis-  
positive Power -0-

-----

9) Aggregate Amount Beneficially 16,160,349 shares of  
Owned by Each Reporting Common Stock  
Person

-----

10) Check if the Aggregate  
Amount in Row (9)  
Excludes Certain Shares

-----

11) Percent of Class  
Represented by 19.6%  
Amount in Row (9)

-----

12) Type of Reporting  
Person PN

-----

1) Name of Reporting Person  
I.R.S. Identification  
No. of Above Person  
(Entities Only)

Welsh, Carson,  
Anderson & Stowe VI, L.P.

-----

2) Check the Appropriate Box  
if a Member of a Group

(a) [ X ]  
(b) [ ]

-----

3) SEC Use Only

-----

4) Citizenship or Place Delaware of Organization

-----

Number of  
Shares Beneficially  
Owned by Each  
Reporting Person  
With:

5) Sole Voting  
Power -0-

-----

6) Shared Voting  
Power -0-

-----

7) Sole Disposi-  
tive Power -0-

-----

8) Shared Dis-  
positive Power -0-

-----

9) Aggregate Amount Beneficially  
Owned by Each Reporting Person -0-

-----

10) Check if the Aggregate  
Amount in Row (9)  
Excludes Certain Shares

-----

11) Percent of Class  
Represented by  
Amount in Row (9) -0-

-----

12) Type of Reporting  
Person PN

-----		
1)	Name of Reporting Person I.R.S. Identification No. of Above Person (Entities Only)	WCAS Capital Partners III, L.P.
-----		
2)	Check the Appropriate Box if a Member of a Group	(a) [ X ] (b) [   ]
-----		
3)	SEC Use Only	
-----		
4)	Citizenship or Place of Organization	Delaware
-----		
	Number of Shares Beneficially Owned by Each Reporting Person With:	5) Sole Voting Power -0-
-----		
		6) Shared Voting Power -0-
-----		
		7) Sole Disposi- tive Power -0-
-----		
		8) Shared Dis- positive Power -0-
-----		
9)	Aggregate Amount Beneficially Owned by Each Reporting Person	-0-
-----		
10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares	
-----		
11)	Percent of Class Represented by Amount in Row (9)	-0-
-----		
12)	Type of Reporting Person	PN

-----		
1)	Name of Reporting Person I.R.S. Identification No. of Above Person (Entities Only)	WCAS Capital Partners II, L.P.
-----		
2)	Check the Appropriate Box if a Member of a Group	(a) [ X ] (b) [   ]
-----		
3)	SEC Use Only	
-----		
4)	Citizenship or Place of Organization	Delaware
-----		
	Number of Shares Beneficially Owned by Each Reporting Person With:	5) Sole Voting Power -0-
-----		
		6) Shared Voting Power -0-
-----		
		7) Sole Disposi- tive Power -0-
-----		
		8) Shared Dis- positive Power -0-
-----		
9)	Aggregate Amount Beneficially Owned by Each Reporting Person	-0-
-----		
10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares	
-----		
11)	Percent of Class Represented by Amount in Row (9)	-0-
-----		
12)	Type of Reporting Person	PN

-----		
1)	Name of Reporting Person I.R.S. Identification No. of Above Person (Entities Only)	WCAS Information Partners, L.P.
-----		
2)	Check the Appropriate Box if a Member of a Group	(a) [ X ] (b) [   ]
-----		
3)	SEC Use Only	
-----		
4)	Citizenship or Place of Organization	Delaware
-----		
Number of Shares Beneficially Owned by Each Reporting Person With:	5) Sole Voting Power	-0-
	-----	
	6) Shared Voting Power	-0-
	-----	
	7) Sole Disposi- tive Power	-0-
	-----	
	8) Shared Dis- positive Power	-0-
	-----	
9)	Aggregate Amount Beneficially Owned by Each Reporting Person	-0-
-----		
10)	Check if the Aggregate Amount in Row (9) Excludes Certain Shares	
-----		
11)	Percent of Class Represented by Amount in Row (9)	-0-
-----		
12)	Type of Reporting Person	PN

Amendment No. 2 to Schedule 13G  
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Reference is hereby made to the statement on Schedule 13G filed with the Securities and Exchange Commission on January 22, 2003 and Amendment No. 1 thereto filed on January 21, 2004 (as so amended, the "Schedule 13G"). Terms defined in the Schedule 13G are used herein as so defined.

The following Items of the Schedule 13G are hereby amended and restated as follows:

Item 4 - Ownership.

(a) Amount Beneficially Owned:

WCAS VII: no shares of Common Stock  
WCAS VIII: 16,160,349 shares of Common Stock  
WCAS VI: no shares of Common Stock  
WCAS CP III: no shares of Common Stock  
WCAS CP II: no shares of Common Stock  
WCAS IP: no shares of Common Stock

(b) Percent of Class:

WCAS VII: -0-  
WCAS VIII: 19.6%  
WCAS VI: -0-  
WCAS CP III: -0-  
WCAS CP II: -0-  
WCAS IP: -0-

(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote:

WCAS VII: no shares of Common Stock  
WCAS VIII: 16,160,349 shares of Common Stock  
WCAS VI: no shares of Common Stock  
WCAS CP III: no shares of Common Stock  
WCAS CP II: no shares of Common Stock  
WCAS IP: no shares of Common Stock

(ii) shared power to vote or to direct the vote: -0-

(iii) sole power to dispose or to direct the disposition of:

WCAS VII: no shares of Common Stock  
WCAS VIII: 16,160,349 shares of Common Stock  
WCAS VI: no shares of Common Stock  
WCAS CP III: no shares of Common Stock  
WCAS CP II: no shares of Common Stock  
WCAS IP: no shares of Common Stock

(iv) shared power to dispose or to direct the disposition of: -0-

In addition, WCAS Management Corporation, a Delaware corporation controlled by certain of the same individuals who control the entities listed above, owns 104 shares of Common Stock, or less than 0.1% of the Common Stock outstanding.



Signature:

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

WELSH, CARSON, ANDERSON & STOWE VII, L.P.  
By: WCAS VII Partners, L.P., General Partner

By /s/ Jonathan M. Rather  
-----  
General Partner

WELSH, CARSON, ANDERSON & STOWE VIII, L.P.  
By: WCAS VIII Associates, L.L.C., General Partner

By /s/ Jonathan M. Rather  
-----  
Managing Member

WELSH, CARSON, ANDERSON & STOWE VI, L.P.  
By: WCAS VI Partners, L.P., General Partner

By /s/ Jonathan M. Rather  
-----  
Attorney-in-Fact

WCAS CAPITAL PARTNERS III, L.P.  
By: WCAS CP III Associates, L.L.C., General Partner

By /s/ Jonathan M. Rather  
-----  
Managing Member

WCAS CAPITAL PARTNERS II, L.P.  
By: WCAS CP II Partners, General Partner

By /s/ Jonathan M. Rather  
-----  
Attorney-in-Fact

WCAS INFORMATION PARTNERS, L.P.  
By: WCAS IP Partners, General Partner

By /s/ Jonathan M. Rather  
-----  
Attorney-in-Fact

Date: January 12, 2005