

SCHEDULE 13G

Under the Securities Exchange Act of 1934

Alliance Data Systems Corporation
(Name of Issuer)

Common Stock
(Title of Class of Securities)

018581108
(CUSIP Number)

December 31, 2007
(Date of event which requires filing of this statement)

Check the appropriate box to designate the rule pursuant to which this Schedule 13G is filed:

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

*The 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 the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Continued on following pages
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-
- (1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)

SATELLITE ASSET MANAGEMENT, L.P.

-
- (2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP **

(a)
(b)

-
- (3) SEC USE ONLY
-

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
DELAWARE

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 5,365,965

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
5,365,965

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
5,365,965

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES**
[]

(11) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
6.81%

(12) TYPE OF REPORTING PERSON **
IA; PN

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO. OF ABOVE PERSONS (ENTITIES ONLY)
SATELLITE FUND MANAGEMENT LLC

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP **
(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
DELAWARE

NUMBER OF (5) SOLE VOTING POWER
SHARES 0

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 5,365,965

EACH (7) SOLE DISPOSITIVE POWER
REPORTING 0

PERSON WITH (8) SHARED DISPOSITIVE POWER
5,365,965

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
5,365,965

(10) CHECK BOX IF THE AGGREGATE AMOUNT

(11) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)
6.81%

(12) TYPE OF REPORTING PERSON **
00

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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Item 1(a). NAME OF ISSUER:

Alliance Data Systems Corporation (the "Issuer").

Item 1(b). ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

17655 Waterview Parkway
Dallas, TX 75252

Item 2(a). NAME OF PERSON FILING:

This statement is filed by:

- (i) Satellite Asset Management, L.P. ("Satellite Asset Management"); and
- (ii) Satellite Fund Management LLC ("Satellite Fund Management")

This statement relates to Shares (as defined herein) held by certain funds and accounts (the "Satellite Funds") over which Satellite Asset Management has discretionary investment trading authority. The general partner of Satellite Asset Management is Satellite Fund Management. Satellite Fund Management's Executive Committee makes investment decisions on behalf of the Satellite Funds and investment decisions made by such Executive Committee, when necessary, are made through approval of a majority of the Executive Committee members.

The foregoing persons are hereinafter sometimes collectively referred to as the "Reporting Persons."

Item 2(b). ADDRESS OF PRINCIPAL BUSINESS OFFICE OR, IF NONE, RESIDENCE:

The address of the business office of each of the Reporting Persons is 623 Fifth Avenue, 19th Floor, New York, NY 10022.

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Item 2(c). CITIZENSHIP:

- 1) Satellite Asset Management is a Delaware limited partnership; and
- 11) Satellite Fund Management is a Delaware limited liability company

Item 2(d). TITLE OF CLASS OF SECURITIES:

Common Stock, \$0.01 par value per share (the "Shares").

Item 2(e). CUSIP NUMBER:

018581108

Item 3. IF THIS STATEMENT IS FILED PURSUANT TO RULES 13d-1(b) or 13d-2(b) OR (c), CHECK WHETHER THE PERSON FILING IS A:

- (a) Broker or dealer registered under Section 15 of the Act,
- (b) Bank as defined in Section 3(a)(6) of the Act,
- (c) Insurance Company as defined in Section 3(a)(19) of the Act,

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- (d) Investment Company registered under Section 8 of the Investment Company Act of 1940,
- (e) Investment Adviser in accordance with Rule 13d-1(b)(1)(ii)(E),
- (f) Employee Benefit Plan or Endowment Fund in accordance with 13d-1(b)(1)(ii)(F),
- (g) Parent Holding Company or control person in accordance with Rule 13d-1(b)(1)(ii)(G),
- (h) Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act,
- (i) Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940,
- (j) Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

If this statement is filed pursuant to 13d-1(c), check this box:

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Item 4. OWNERSHIP.

The percentages used herein and in the rest of Item 4 are calculated based upon the 78,740,781 shares of Common Stock issued and outstanding as of November 2, 2007, as described in the Issuer's Form 10-Q filed on November 6, 2007.

Satellite Asset Management, L.P.

- (a) Amount beneficially owned: 5,365,965
- (b) Percent of class: 6.81%
- (c) Number of shares as to which the person has:
 - (i) Sole power to vote or direct the vote 0
 - (ii) Shared power to vote or to direct the vote 5,365,965
 - (iii) Sole power to dispose or to direct the disposition of 0
 - (iv) Shared power to dispose or to direct the disposition of 5,365,965

Satellite Fund Management LLC

- (a) Amount beneficially owned: 5,365,965
- (b) Percent of class: 6.81%
- (c) Number of shares as to which the person has:
 - (i) Sole power to vote or direct the vote 0
 - (ii) Shared power to vote or to direct the vote 5,365,965
 - (iii) Sole power to dispose or to direct the disposition of 0
 - (iv) Shared power to dispose or to direct the disposition of 5,365,965

Satellite Asset Management and Satellite Fund Management expressly declare that this filing shall not be construed as an admission that each is, for the purposes of sections 13(d) or 13(g) of the Act, the beneficial owner of any securities covered by this filing.

Item 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS.

IF THIS STATEMENT IS BEING FILED TO REPORT THE FACT THAT AS OF THE DATE HEREOF THE REPORTING PERSON HAS CEASED TO BE THE BENEFICIAL OWNER OF MORE THAN 5% OF THE CLASS OF SECURITIES, CHECK THE FOLLOWING []

Item 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON.

Satellite Asset Management and Satellite Fund Management have the power to direct the receipt of dividends from, or proceeds from the sale of, the securities held for the accounts of the Satellite Funds.

Item 7. IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY.

This Item 7 is not applicable.

Item 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP.

This Item 8 is not applicable.

Item 9. NOTICE OF DISSOLUTION OF GROUP.

This Item 9 is not applicable.

Item 10. CERTIFICATION.

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURES

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

DATED: February 13, 2008

SATELLITE ASSET MANAGEMENT, L.P.

By: /s/ Simon Raykher

Name: Simon Raykher
Title: General Counsel

DATED: February 13, 2008

SATELLITE FUND MANAGEMENT LLC

By: /s/ Simon Raykher

Name: Simon Raykher
Title: Attorney-in-Fact

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EXHIBIT A

JOINT FILING AGREEMENT

The undersigned hereby agree that this statement on Schedule 13G with respect to the Common Stock of Alliance Data Systems Corporation, dated as of February 13, 2008, is, and any amendments thereto (including amendments on Schedule 13G) signed by each of the undersigned shall be, filed on behalf of each of us pursuant to and in accordance with the provisions of Rule 13d-1(k) under the Securities Exchange Act of 1934.

DATED: February 13, 2008

SATELLITE ASSET MANAGEMENT, L.P.

By: /s/ Simon Raykher

Name: Simon Raykher
Title: General Counsel

DATED: February 13, 2008

SATELLITE FUND MANAGEMENT LLC

By: /s/ Simon Raykher

Name: Simon Raykher
Title: Attorney-in-Fact