

PDL BIOPHARMA, INC.
Form SC 13D/A
December 12, 2007

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

SCHEDULE 13D

**Under the Securities Exchange Act of 1934
(Amendment No. 1)***

PDL BioPharma, Inc.
(Name of Issuer)
Common Stock
(Title of Class of Securities)
69329Y104
(CUSIP Number)

Michael Colvin
Highland Capital Management, L.P.
Two Galleria Tower
13455 Noel Road, Suite 800
Dallas, Texas 75240
(972) 628-4100

(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

December 7, 2007

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

* 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 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 (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).

CUSIP No. 69329Y104

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NAMES OF REPORTING PERSONS

1 Highland Capital Management, L.P.
75-2716725

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2 (a)
(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

AF/00

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 7,811,475

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 8

382,064

SOLE DISPOSITIVE POWER

EACH 9

REPORTING

PERSON 7,811,475

WITH SHARED DISPOSITIVE POWER

10

382,064

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

8,193,539

12

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.0%

14

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN,IA

CUSIP No. 69329Y104

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NAMES OF REPORTING PERSONS

1
Strand Advisors, Inc.
95-4440863

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2
(a)
(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4
AF/OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6
Delaware

SOLE VOTING POWER

7

NUMBER OF 7,811,475

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY **8**
382,064

SOLE DISPOSITIVE POWER

EACH **9**

REPORTING

PERSON 7,811,475

WITH SHARED DISPOSITIVE POWER

10

382,064

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

8,193,539

12

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

7.0%

14

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO, HC

CUSIP No. 69329Y104

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NAMES OF REPORTING PERSONS

1

James D. Dondero

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a)

(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

AF/OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States

SOLE VOTING POWER

7

NUMBER OF 7,811,475

SHARED VOTING POWER

SHARES BENEFICIALLY OWNED BY 8

382,064

SOLE DISPOSITIVE POWER

EACH REPORTING 9

PERSON 7,811,475

WITH SHARED DISPOSITIVE POWER

10

382,064

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

8,193,539

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.0%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

IN, HC

CUSIP No. 69329Y104

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NAMES OF REPORTING PERSONS

1 Highland Distressed Opportunities Fund, Inc. (1)
20-5423854

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2 (a)
(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4 WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6 Delaware

SOLE VOTING POWER

7

NUMBER OF 0

SHARED VOTING POWER

8 SHARES BENEFICIALLY OWNED BY 221,600

SOLE DISPOSITIVE POWER

EACH 9

REPORTING

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

221,600

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

221,600

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.2%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

CO

(1) The Reporting Persons may be deemed to be the beneficial owners of the shares of the Issuer's Common Stock beneficially owned by the other Reporting Persons. However, with respect to the matters described herein, no other Reporting Person may bind, obligate or take any action, directly or indirectly, on behalf of Highland Distressed Opportunities, Inc. The Reporting Person expressly disclaims membership in a group with respect to the Issuer or securities of the Issuer for the purpose of Section 13(d) or 13(g) of the Act.

CUSIP No. 69329Y104

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NAMES OF REPORTING PERSONS

- 1** Highland Funds I, on behalf of its
Highland Equity Opportunities Fund Series (1)
20-4570552

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

- 2**
(a)
(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Delaware

SOLE VOTING POWER

7

NUMBER OF 0

SHARED VOTING POWER

8

SHARES BENEFICIALLY OWNED BY 31,800

EACH REPORTING PERSON	9	SOLE DISPOSITIVE POWER	0
WITH	10	SHARED DISPOSITIVE POWER	31,800

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
31,800

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
o

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
0.1%

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
OO

(1) The Reporting Persons may be deemed to be the beneficial owners of the shares of the Issuer's Common Stock beneficially owned by the other Reporting Persons. However, with respect to the matters described herein, no other Reporting Person may bind, obligate or take any action, directly or indirectly, on behalf of Highland Equity Opportunities Fund. The Reporting Person expressly disclaims membership in a group with respect to the Issuer or securities of the Issuer for the purpose of Section 13(d) or 13(g) of the Act.

CUSIP No. 69329Y104

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NAMES OF REPORTING PERSONS

1 Highland Multi-Strategy Onshore Master SubFund, L.L.C.
20-5237152

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2 (a)
(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4 WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS
2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6 Delaware

SOLE VOTING POWER

7

NUMBER OF 0

SHARED VOTING POWER

8 SHARES BENEFICIALLY OWNED BY 128,664

SOLE DISPOSITIVE POWER

EACH 9

REPORTING

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

128,664

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

128,664

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.1%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

OO

CUSIP No. 69329Y104

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NAMES OF REPORTING PERSONS

1 Highland Multi-Strategy Master Fund, L.P.
20-5237085

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2 (a)
(b)

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4 AF/00

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

CITIZENSHIP OR PLACE OF ORGANIZATION

6 Bermuda

SOLE VOTING POWER

7

NUMBER OF 0

SHARED VOTING POWER

8 SHARES BENEFICIALLY OWNED BY 128,664

SOLE DISPOSITIVE POWER

EACH 9

REPORTING

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

128,664

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

128,664

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.1%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

PN/HC

This Amendment No. 1 to Schedule 13D is jointly filed by and on behalf of each reporting person to amend and/or supplement the Schedule 13D relating to shares of Common Stock of the Issuer filed by such reporting person with the Securities and Exchange Commission on October 29, 2007. Capitalized terms used and not defined herein shall have the meanings assigned to such terms in the Schedule 13D. Except as otherwise provided herein, all Items of the Schedule 13D remain unchanged.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 is amended and restated in its entirety as follows:

The Reporting Persons have acquired an aggregate of 8,193,539 shares of Common Stock (the *Shares*), which are reported herein, in open market transactions for an aggregate purchase price of approximately \$183,200,729, with a combination of funds from accounts managed by Highland Capital.

Item 4. Purpose of Transaction.

Item 4 is amended to include the following letter attached hereto as Exhibit 3, which is incorporated herein by reference in its entirety.

A copy of the letter is attached hereto as Exhibit 3 and incorporated herein by reference in its entirety.

Item 5. Interest in Securities of the Issuer.

Sections (a), (b), (d) and (e) of Item 5 remain unchanged. Section (c) of Item 5 is amended and restated in its entirety as follows:

(c) The following table describes transactions in the Common Stock that were effected during the past sixty days or since the most recent filing of Schedule 13D, whichever is less, by the persons named in response to paragraph (a) of this Item 5.

Transaction Date	Reporting Person	Number of Shares Acquired	Number of Shares Disposed	Price Per Share (\$)	Description of Transaction
11/1/2007	Highland Capital	141,900		20.9168	Open Market
11/14/2007	Highland Capital	37,940		18.5088	Open Market
11/26/2007	Highland Capital	552,000		18.1198	Open Market
12/7/2007	Highland Capital	23,700		17.8087	Open Market
12/7/2007	Highland Capital	476,300		17.9404	Open Market
12/11/2007	Highland Capital	850,000		18.2476	Open Market

Item 7. Material to be Filed as Exhibits.

Item 7 is amended to include the following:

Exhibit 3 Letter from Highland Capital to the Issuer, dated December 10, 2007.

SIGNATURES

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

Date: December 11, 2007

Highland Multi-Strategy Onshore Master SubFund, L.L.C.

By: Highland Multi-Strategy Master Fund, L.P., its managing member

By: Highland Multi-Strategy Fund GP, L.P., its general partner

By: Highland Multi-Strategy Fund GP, L.L.C., its general partner

By: Highland Capital Management, L.P., its sole member

By: Strand Advisors, Inc., its general partner

By: /s/ James D. Dondero
James D. Dondero, President

Highland Multi-Strategy Master Fund, L.P.

By: Highland Multi-Strategy Fund GP, L.P., its general partner

By: Highland Multi-Strategy Fund GP, L.L.C., its general partner

By: Highland Capital Management, L.P., its sole member

By: Strand Advisors, Inc., its general partner

By: /s/ James D. Dondero
James D. Dondero, President

**Highland Funds I, on behalf of its
Highland Equity Opportunities Fund Series**

By: Highland Capital Management, L.P., its manager

By: Strand Advisors, Inc., its general partner

By: /s/ James D. Dondero
James D. Dondero, President

**Highland Distressed Opportunities Fund,
Inc.**

By: /s/ James D. Dondero
James D. Dondero, President

Highland Capital Management, L.P.

By: Strand Advisors, Inc., its general partner

By: /s/ James D. Dondero
James D. Dondero, President

Strand Advisors, Inc.

By: /s/ James D. Dondero
James D. Dondero, President

James D. Dondero

/s/ James D. Dondero