

PDL BIOPHARMA, INC.  
Form SC 13D/A  
December 18, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 13D  
Under the Securities Exchange Act of 1934\*  
(Amendment No. 2)  
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 Persons Authorized to Receive Notices and Communications)  
December 13, 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), (f) or (g), check the following box.   
Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See §240.13d-7(b) 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

Page 2 of 10

**1** NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Highland Capital Management, L.P.  
75-2716725

**2** CHECK BOX THE APPROPRIATE BOX IF A MEMBER OF A GROUP

- (a)   
(b)

**3** SEC USE ONLY

**4** SOURCE OF FUNDS

AF/OO

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

**6** CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

**7** SOLE VOTING POWER

NUMBER OF 9,047,098

SHARES **8** SHARED VOTING POWER  
BENEFICIALLY OWNED BY 396,441

EACH **9** SOLE DISPOSITIVE POWER  
REPORTING PERSON 9,047,098

WITH **10** SHARED DISPOSITIVE POWER  
396,441

**11** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,443,539

**12** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

o

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

8.1%

**14** TYPE OF REPORTING PERSON

PN, IA

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CUSIP No. 69329Y104

Page 3 of 10

NAME OF REPORTING PERSON

**1** S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Strand Advisors, Inc.  
95-4440863

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

**2**  
(a)   
(b)

**3** SEC USE ONLY

**4** SOURCE OF FUNDS  
AF/OO

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

**6** CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

**7** SOLE VOTING POWER

NUMBER OF 9,047,098

SHARES SHARED VOTING POWER  
BENEFICIALLY **8**  
OWNED BY 396,441

EACH REPORTING PERSON      **9**      SOLE DISPOSITIVE POWER  
9,047,098

WITH      **10**      SHARED DISPOSITIVE POWER  
396,441

**11**      AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
9,443,539

**12**      CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

**13**      PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
8.1 %

**14**      TYPE OF REPORTING PERSON  
CO, HC

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CUSIP No. 69329Y104

Page 4 of 10

NAME OF REPORTING PERSON

**1** S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

James D. Dondero

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

- 2**  
(a)   
(b)

SEC USE ONLY

**3**

SOURCE OF FUNDS

**4**

AF/OO

CHECK BOX 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 9,047,098

SHARES SHARED VOTING POWER

BENEFICIALLY **8**

OWNED BY 396,441

EACH REPORTING PERSON	<b>9</b>	SOLE DISPOSITIVE POWER 9,047,098
WITH	<b>10</b>	SHARED DISPOSITIVE POWER 396,441

**11** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9,443,539

**12** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

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

8.1 %

**14** TYPE OF REPORTING PERSON

IN, HC

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CUSIP No. 69329Y104

Page 5 of 10

**1** NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
Highland Distressed Opportunities Fund, Inc. (1) 20-5423854

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

**3** SEC USE ONLY

**4** SOURCE OF FUNDS  
WC

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

**6** CITIZENSHIP OR PLACE OF ORGANIZATION  
Delaware

**7** SOLE VOTING POWER  
NUMBER OF 0

**8** SHARES SHARED VOTING POWER  
BENEFICIALLY OWNED BY 221,600

**9** EACH SOLE DISPOSITIVE POWER  
REPORTING

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

221,600

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

221,600

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

12

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.2%

TYPE OF REPORTING PERSON

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.

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CUSIP No. 69329Y104

Page 6 of 10

1 NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

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

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

- (a)
- (b)

3 SEC USE ONLY

4 SOURCE OF FUNDS

WC

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

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF 0

8 SHARES BENEFICIALLY OWNED BY 31,800  
SHARED VOTING POWER

9 EACH SOLE DISPOSITIVE POWER

REPORTING

PERSON 0

WITH SHARED DISPOSITIVE POWER

10  
31,800

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

31,800

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

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.1%

TYPE OF REPORTING PERSON

14

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.

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CUSIP No. 69329Y104

Page 7 of 10

NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1

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

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

- (a)
- (b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

WC

CHECK BOX 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

0

NUMBER OF  
SHARES

SHARED VOTING POWER

BENEFICIALLY 8

OWNED BY

143,041

EACH

SOLE DISPOSITIVE POWER

9

REPORTING

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

143,041

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

143,041

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

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.1%

TYPE OF REPORTING PERSON

14

OO

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CUSIP No. 69329Y104

Page 8 of 10

NAME OF REPORTING PERSON  
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1

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

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2

- (a)
- (b)

SEC USE ONLY

3

SOURCE OF FUNDS

4

AF/OO

CHECK BOX 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

SHARES SHARED VOTING POWER  
BENEFICIALLY 8  
OWNED BY 143,041

EACH REPORTING PERSON	<b>9</b>	SOLE DISPOSITIVE POWER
	<b>0</b>	
WITH	<b>10</b>	SHARED DISPOSITIVE POWER
		143,041

**11** AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

143,041

**12** CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

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

0.1%

**14** TYPE OF REPORTING PERSON

PN/HC

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This Amendment No. 2 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, and amended on December 12, 2007 (as amended, the **Schedule 13D** ). 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 9,443,539 shares of Common Stock (the **Shares** ), which are reported herein, in open market transactions for an aggregate purchase price of approximately \$206,071,022 with a combination of funds from accounts managed by Highland Capital.

**Item 5. Interest in Securities of the Issuer.**

Sections (b), (d) and (e) of Item 5 remain unchanged.

Section (a) of Item 5 is amended and restated in its entirety as follows:

(a) The aggregate number and percentage of shares of Common Stock beneficially owned by each Reporting Person: See the disclosure provided in response to Items 11 and 13 on the attached cover page(s).

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.

<b>Transaction Date</b>	<b>Reporting Person</b>	<b>Number of Shares Acquired</b>	<b>Number of Shares Disposed</b>	<b>Price Per Share (\$)</b>	<b>Description of Transaction</b>
12/10/2007	Highland Capital	250,000		\$18.2695	Open Market
12/11/2007	Highland Capital	850,000		\$18.2476	Open Market
12/12/2007	Highland Capital	80,300		\$18.4801	Open Market
12/12/2007	Highland Capital	610,300		\$18.4979	Open Market
12/12/2007	Highland Capital	9,400		\$18.3966	Open Market
12/13/2007	Highland Capital	300,000		\$17.8559	Open Market

**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 18, 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: /s/ James D. Dondero  
James D. Dondero, President

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**

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