# 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. o

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			PORTING PERSON DENTIFICATION NO. OF ABOVE PERSON	
	_	land Ca 716725	pital Management, L.P.	
2			THE APPROPRIATE BOX IF A MEMBER OF A GROUP	
	(a) o			
	(a) o (b) o			
3	SEC US	E ONL	Y	
4	SOURC	E OF F	UNDS	
	AF/OO			
5		BOX I	F DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)	
	0			
6		NSHIP	OR PLACE OF ORGANIZATION	
J	Delawar	e		
		7	SOLE VOTING POWER	
NIIMI	BER OF	•	9,047,098	
	ARES	8	SHARED VOTING POWER	
	ICIALLY ED BY	U	396,441	
	CH	9	SOLE DISPOSITIVE POWER	
	RTING	9	0.047.000	
	SON ITH	10	9,047,098 SHARED DISPOSITIVE POWER	
		10		
44	AGGRE	GATE	396,441 AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
11			AND COLUMN DE LA C	
4.5	9,443,53		F THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	
12	CHECK	DUA I	FIRE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES	
	0	TE OF	CLASS DEPRESENTED BY ANOLIVE IN DOLL (44)	
<b>13</b>	PERCEI	NI OF	CLASS REPRESENTED BY AMOUNT IN ROW (11)	
	8.1%			
<b>14</b>	TYPE O	F REP	ORTING PERSON	
	PN, IA			

CUSIP No. 69329Y104

Page 3 of 10

	NAME (	OF REI	PORTING PERSON			
1	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON					
_	Strand Advisors, Inc.					
	95-4440863					
	CHECK	THE A	APPROPRIATE BOX IF A MEMBER OF A GROUP			
2	(a) o					
	(b) o					
3	SEC US	E ONL	Y			
J						
4	SOURC	E OF F	UNDS			
4	AF/OO					
_	CHECK	BOX I	F DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)			
5	0					
•	CITIZEI	NSHIP	OR PLACE OF ORGANIZATION			
6	Delawar	e				
		_	SOLE VOTING POWER			
NUME	BER OF	7	9,047,098			
	ARES	_	SHARED VOTING POWER			
	ICIALLY ED BY	8	396,441			
	СH		SOLE DISPOSITIVE POWER			
	RTING SON	9	9,047,098			
	ITH		SHARED DISPOSITIVE POWER			
		<b>10</b>	396,441			
	AGGRE	GATE	AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON			
11	11					
	9,443,539  CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES					
<b>12</b>						
	O PERCEN	NT OF	CLASS REPRESENTED BY AMOUNT IN ROW (11)			
<b>13</b>		.1 01				
	8.1 % TYPE O	FRFD	ORTING PERSON			
14						
	CO, HC					

CUSIP No.	

69329Y104

Page 4 of 10

	NAME (	OF RE	PORTING PERSON		
1	S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON				
	James D. Dondero				
	CHECK	THE A	APPROPRIATE BOX IF A MEMBER OF A GROUP		
2	(a) o				
	(b) o SEC US	E ONL	Y		
3					
4	SOURC	E OF F	UNDS		
_	AF/OO				
5	CHECK	BOX	F DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)		
	0				
6	CITIZE	NSHIP	OR PLACE OF ORGANIZATION		
	United S	States			
		7	SOLE VOTING POWER		
NUME	NUMBER OF 9,047,098				
	ARES		SHARED VOTING POWER		
	ICIALLY ED BY	8	396,441		
	СH		SOLE DISPOSITIVE POWER		
	RTING RSON	9	9,047,098		
W.	ITH	4.0	SHARED DISPOSITIVE POWER		
		10	396,441		
	AGGRE	GATE	AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON		
11	.     9,443,539				
12	CHECK	BOX	F THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES		
12	0				
12	PERCE	NT OF	CLASS REPRESENTED BY AMOUNT IN ROW (11)		
13	8.1 %				
1 4	TYPE C	F REP	ORTING PERSON		
14	IN, HC				

CUSIP No.	69329Y104

0.2%

CO

14

TYPE OF REPORTING PERSON

NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON 1 Highland Distressed Opportunities Fund, Inc. (1) 20-5423854 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP 2 (a) o (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 NUMBER OF SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY 221,600 **EACH** SOLE DISPOSITIVE POWER 9 REPORTING **PERSON** 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** 

of

10

<sup>(1)</sup> 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

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

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) 0
(b) \overline{\text{\sigma}}

SEC USE ONLY

SOURCE OF FUNDS
WC

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

of

10

6 Delaware

CITIZENSHIP OR PLACE OF ORGANIZATION

SOLE VOTING POWER

7 NUMBER OF **SHARES** SHARED VOTING POWER BENEFICIALLY OWNED BY 31,800 **EACH** SOLE DISPOSITIVE POWER REPORTING 9 PERSON 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

c

12

5

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

TYPE OF REPORTING PERSON

00

14

(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

00

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. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP 2 (a) o (b) o 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 NUMBER OF SHARED VOTING POWER **SHARES** BENEFICIALLY OWNED BY 143,041 SOLE DISPOSITIVE POWER **EACH** 9 REPORTING PERSON 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** PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) **13** 0.1% TYPE OF REPORTING PERSON 14

Page 7 of 10

CUSIP No.	

69329Y104

Page 8 of 10

1	S.S. OR Highlan	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON Highland Multi-Strategy Master Fund, L.P. 20-5237085				
	CHECK	THE A	APPROPRIATE BOX IF A MEMBER OF A GROUP			
2	(a) o					
	(b) o					
	SEC US	E ONL	Y			
3						
	SOURC	E OE E	TINDS			
4	JOORC	LOPI				
-	AF/OO					
	CHECK	BOX	IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)			
5						
	0	NICITID	OD DV A CE OF ODG A NYZATYON			
6	CITIZE	NSHIP	OR PLACE OF ORGANIZATION			
U	Bermud	a				
			SOLE VOTING POWER			
		7				
	BER OF					
	ARES	0	SHARED VOTING POWER			
	ICIALLY ED BY	8	143,041			
	ACH		SOLE DISPOSITIVE POWER			
	RTING	9				
PER	RSON		0			
W]	ITH	4.0	SHARED DISPOSITIVE POWER			
		<b>10</b>	142.044			
	ACCDE	CATE	143,041  AMOUNT DENIETICIALLY OWNED BY EACH DEPORTING DEDSON			
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  11			AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON			
11	143,041	041				
	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES					
12						
	0					
13	PERCE	NT OF	CLASS REPRESENTED BY AMOUNT IN ROW (11)			
13	0.1%					
		F REP	ORTING PERSON			
14						
	PN/HC					

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.

Transaction Date	Reporting Person	Number of Shares Acquired	Number of Shares Disposed	Price Per Share (\$)	Description of Transaction
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: <u>/s/ James D. Dondero</u>

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