

OMB APPROVAL
OMB Number: 3235-0145
Expires: February 28, 2009
Estimated average burden hours per response...14.5

**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.

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).

1	NAMES OF REPORTING PERSONS Highland Capital Management, L.P. 75-2716725	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) AF/OO	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 7,811,475
	8	SHARED VOTING POWER 382,064
	9	SOLE DISPOSITIVE POWER 7,811,475
	10	SHARED DISPOSITIVE POWER 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) <input type="radio"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.0%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) PN,IA	

1	NAMES OF REPORTING PERSONS Strand Advisors, Inc. 95-4440863	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) AF/OO	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 7,811,475
	8	SHARED VOTING POWER 382,064
	9	SOLE DISPOSITIVE POWER 7,811,475
	10	SHARED DISPOSITIVE POWER 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) <input type="radio"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.0%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) CO, HC	

1	NAMES OF REPORTING PERSONS James D. Dondero	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) AF/OO	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION United States	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 7,811,475
	8	SHARED VOTING POWER 382,064
	9	SOLE DISPOSITIVE POWER 7,811,475
	10	SHARED DISPOSITIVE POWER 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) <input type="radio"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 7.0%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) IN, HC	

1	NAMES OF REPORTING PERSONS Highland Distressed Opportunities Fund, Inc. (1) 20-5423854		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) <input type="radio"/> (b) <input checked="" type="checkbox"/>		
3	SEC USE ONLY		
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) WC		
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="radio"/>		
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0	
	8	SHARED VOTING POWER 221,600	
	9	SOLE DISPOSITIVE POWER 0	
	10	SHARED DISPOSITIVE POWER 221,600	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 221,600		
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="radio"/>		
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.2%		
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) 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.

1	NAMES OF REPORTING PERSONS 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 (SEE INSTRUCTIONS) (a) <input type="radio"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 31,800
	9	SOLE DISPOSITIVE POWER 0
	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) <input type="radio"/>	
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.

1	NAMES OF REPORTING PERSONS Highland Multi-Strategy Onshore Master SubFund, L.L.C. 20-5237152	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) WC	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 128,664
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 128,664
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 128,664	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="radio"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.1%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) OO	

1	NAMES OF REPORTING PERSONS Highland Multi-Strategy Master Fund, L.P. 20-5237085	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS) (a) <input type="radio"/> (b) <input type="radio"/>	
3	SEC USE ONLY	
4	SOURCE OF FUNDS (SEE INSTRUCTIONS) AF/OO	
5	CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e) <input type="radio"/>	
6	CITIZENSHIP OR PLACE OF ORGANIZATION Bermuda	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER 0
	8	SHARED VOTING POWER 128,664
	9	SOLE DISPOSITIVE POWER 0
	10	SHARED DISPOSITIVE POWER 128,664
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 128,664	
12	CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS) <input type="radio"/>	
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.1%	
14	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS) 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 _____

EXHIBIT 3



December 10, 2007

PDL BioPharma, Inc. Board of Directors

PDL BioPharma, Inc.
34801 Campus Drive
Fremont, CA 94555

Ladies and Gentlemen:

We acknowledge the progress the Board of Directors has made towards achieving the objectives outlined in the October 1st press release and continue to believe that an expeditious sale of PDL Biopharma, Inc. ("PDL") as a whole or the monetization of its key assets will generate significant value for shareholders. As you are obviously aware, the recent sell-off in the stock has further widened the gap between the company's public-market valuation and intrinsic value, making the Board of Director's task even more relevant. The recent sell down by your most vocal shareholder should not invite the Board of Directors to ignore its fiduciary duty to the company's owners. Rest assured that Highland is closely monitoring the process with a view towards protecting our investor's best interests.

In our previous communication we encouraged the Board of Directors to retain additional expertise in evaluating its most valuable asset, the royalty stream. As you know, PDL's royalty stream is a complex financial asset most comparable to a bond and in our opinion should be marketed as such if maximum value is to be achieved. Thus, we recommend that the Board of Directors engage an advisor with substantial experience and demonstrable competence with these esoteric assets. We do not believe the advisor selected by the Board of Directors is so qualified. When pressed on a recent conference call, Merrill Lynch could not name a single successful pharmaceutical royalty securitization transaction it had consummated. Their status as a leader in the mortgage securitization marketplace is irrelevant given the unique cash flow characteristics and buyer pool of pharmaceutical royalty streams.

While the current advisor's lack of experience with pharmaceutical royalties is reason enough to seek additional counsel, recent developments lead us to believe that the Board of Directors should seek additional assistance immediately. Pointedly, the current advisor appears incapable or unwilling to market the royalty stream to all appropriate buyers, which we believe will impair the value of the asset. In fact, we understand that many well-known leading buyers of pharmaceutical royalty streams have been denied diligence materials to assist them with valuing the asset. Based on our experience, a substantial universe of savvy, well-capitalized investors would include Farallon Capital Management, HBK Investments, QVT Financial, Marathon Asset Management, Perry Capital, McDonnell Investment Management, Taconic Capital Advisors, and Apollo Investment Corp; these parties and others should be given the full opportunity to enter into a confidentiality agreement in order to evaluate the company's assets. Furthermore, Highland Capital Management has been excluded from this process, which we find particularly concerning given our status as a significant equity owner and participant in the pharmaceutical royalty securitization market. Highland Capital Management desires to be included in this auction, is willing to sign a confidentiality agreement, and will dedicate substantial resources to evaluate these assets in a most expeditious manner. We believe the prosecution of the asset sales thus far to be a breach of fiduciary responsibility by both Merrill Lynch and the Board of Directors.

13455 Noel Road, Suite 800, Dallas, TX 75240 Tel (972)628-4100 Fax (972)628-4147

Finally, we believe the current advisor may be rushing to achieve a transaction that we would view as suboptimal. It is our understanding that the final bid date for the royalty auction has been set for December 19th. Additionally, based on our market reconnaissance, we believe that the field of bidders has been effectively limited to one party, leading us to believe that the process is not competitive and will result in a suboptimal outcome if allowed to proceed. We believe the auction should be conducted in early 2008, with a pre-arranged financing package available for any potential buyer — a successful royalty stream auction tool that a more experienced advisor routinely provides.

With the proper guidance, we believe the Board of Directors can deliver an optimal outcome to shareholders. We reiterate our demand that the Board of Directors take appropriate actions to honor its fiduciary obligations to PDL's shareholders.

Sincerely,

Jim Dondero
President and CEO
Highland Capital Management

13455 Noel Road, Suite 800, Dallas, TX 75240 Tel (972)628-4100 Fax (972) 628-4147