

Highland Credit Strategies Fund  
 Form 4  
 March 21, 2007

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
**DONDERO JAMES D**

2. Issuer Name and Ticker or Trading Symbol  
 Highland Credit Strategies Fund [HCF]

5. Relationship of Reporting Person(s) to Issuer  
 (Check all applicable)

(Last) (First) (Middle)  
 13455 NOEL ROAD, SUITE 1300  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 03/14/2007

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 CEO and President

DALLAS, TX 75240

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)		
			Code	V	Amount	(D)	Price		
Common Stock	03/14/2007		P(1)		9,700	A	\$ 20.71 16,603	I	See Footnote (2) (3)
Common Stock	03/16/2007		P(1)		1,100	A	\$ 20.71 17,703	I	See Footnote (2) (3)
Common Stock	03/20/2007		P(1)		20,000	A	\$ 20.8828 37,703	I	See Footnote (2) (3)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned (Instr. 5)
				Code	V (A) (D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
DONDERO JAMES D 13455 NOEL ROAD, SUITE 1300 DALLAS, TX 75240			CEO and President	

## Signatures

/s/ James  
Dondero

03/20/2007

\*\*Signature of  
Reporting Person

Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, see Instruction 4(b)(v).
  - \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Shares purchased by the Highland 401(k) Plan (the "401(k) Plan").
  - (2) Includes (i) approximately 6,903 shares held by Highland Capital Management Services, Inc. ("HCMS") and (ii) the acquisition of shares by the 401(k) Plan reported herein.  
Highland Capital Management, LP ("HCMLP") is the investment advisor for Highland Credit Strategies Fund. HCMLP maintains the 401(k) Plan for the benefit of the employees. Mr. Dondero is the trustee of the 401(k) Plan, as well as a participant in the 401(k) Plan, and
  - (3) he owns interests in HCMS. The 401(k) Plan and HCMLP expressly disclaim beneficial ownership of the securities reported herein. Each of HCMS and Mr. Dondero expressly disclaims beneficial ownership of the securities reported herein, except to the extent of its or his pecuniary interest therein.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

## Edgar Filing: Highland Credit Strategies Fund - Form 4

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