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PHH CORP
Form SC 13G/A
February 14, 2006

SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G/A
(Rule 13d-102)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULES 13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED
PURSUANT TO 13d-2(b)

(Amendment No. 1) *

PHH Corporation
(Name of Issuer)

Common Stock, Par Value \$0.01 Per Share
(Title of Class of Securities)

693320202
(CUSIP Number)

December 31, 2005
(Date of event which requires filing of this statement)

Check the appropriate box to designate the rule pursuant to which this
Schedule 13G is filed:

- Rule 13d-1(b)
 Rule 13d-1(c)
 Rule 13d-1(d)

(Page 1 of 13 Pages)

*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 the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be
deemed to be "filed" for purposes 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).

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- (1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY)

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SAB CAPITAL PARTNERS, L.P.

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

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF (5) SOLE VOTING POWER
SHARES -0-

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 1,453,062

EACH (7) SOLE DISPOSITIVE POWER
REPORTING -0-

PERSON WITH (8) SHARED DISPOSITIVE POWER
1,453,062

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
1,453,062

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES ** []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
2.7%

(12) TYPE OF REPORTING PERSON **
PN

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY)
SAB CAPITAL PARTNERS II, L.P.

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

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

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PERSON WITH (8) SHARED DISPOSITIVE POWER 1,503,488

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,503,488

(10) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES ** []

(11) PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 2.8%

(12) TYPE OF REPORTING PERSON ** PN

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY)
SAB CAPITAL ADVISORS, L.L.C.

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

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION Delaware

NUMBER OF (5) SOLE VOTING POWER -0-
SHARES

BENEFICIALLY (6) SHARED VOTING POWER 2,983,300
OWNED BY

EACH (7) SOLE DISPOSITIVE POWER -0-
REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER 2,983,300

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 2,983,300

(10) CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES ** []

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(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9) 5.6%

(12) TYPE OF REPORTING PERSON ** 00

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY) SCOTT A BOMMER

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

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
United States of America

NUMBER OF (5) SOLE VOTING POWER -0-
SHARES

BENEFICIALLY (6) SHARED VOTING POWER 2,983,300
OWNED BY

EACH (7) SOLE DISPOSITIVE POWER -0-
REPORTING

PERSON WITH (8) SHARED DISPOSITIVE POWER 2,983,300

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON 2,983,300

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES ** []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9) 5.6%

(12) TYPE OF REPORTING PERSON ** IN

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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The Schedule 13G initially filed on February 14, 2005 is hereby amended and restated by this Amendment No. 1 to the Schedule 13G.

Item 1(a). Name of Issuer:

The name of the issuer is PHH Corporation (the "Company").

Item 1(b). Address of Issuer's Principal Executive Offices:

The Company's principal executive office is located at 3000 Leadenhall Road, Mt. Laurel, New Jersey 08054.

Item 2(a). Name of Person Filing:

This statement is filed by:

- (i) SAB Capital Partners, L.P., a Delaware limited partnership ("SAB"), with respect to shares of Common Stock (as defined in Item 2(d) below) directly owned by it;
- (ii) SAB Capital Partners II, L.P., a Delaware limited partnership ("SAB II", and together with SAB, the "Domestic Partnerships"), with respect to shares of Common Stock (as defined in Item 2(d) below) directly owned by it;
- (iii) SAB Overseas Master Fund, L.P., a Cayman Islands exempted limited partnership (the "Master Fund"), with respect to shares of Common Stock (as defined in Item 2(d) below) directly owned by it;
- (iv) SAB Capital Advisors, L.L.C., a Delaware Limited Liability Company (the "General Partner"), which serves as the general partner of each of the Domestic Partnerships and the Master Fund, with respect to shares of Common Stock (as defined in Item 2(d) below) directly owned by each of the Partnerships and the Master Fund;
- (v) Mr. Scott A. Bommer ("Mr. Bommer"), who serves as the managing member of the General Partner with respect to shares of Common Stock directly owned by the Partnerships and the Master Fund.

The Domestic Partnerships, the Master Fund, the General Partner, and Mr. Bommer are hereinafter sometimes collectively referred to as the "Reporting Persons." Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

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Item 2(b). Address of Principal Business Office or, if None, Residence:

The address of the business office of each of the Reporting Persons is 712 Fifth Avenue, 42nd Floor, New York, N.Y. 10019.

Item 2(c). Citizenship:

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Each of the Domestic Partnerships and the General Partner, is organized under the laws of the State of Delaware. The Master Fund is an exempted limited partnership organized under the laws of the Cayman Islands. Mr. Bommer is a citizen of the United States of America.

Item 2(d). Title of Class of Securities:

Common Stock, par value \$0.01 per share (the "Common Stock")

Item 2(e). CUSIP Number:

693320202

Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under Section 15 of the Act,
- (b) Bank as defined in Section 3(a)(6) of the Act,
- (c) Insurance Company as defined in Section 3(a)(19) of the Act,
- (d) Investment Company registered under Section 8 of the Investment Company Act of 1940,
- (e) Investment Adviser in accordance with Rule 13d-1(b)(1)(ii)(E),
- (f) Employee Benefit Plan or Endowment Fund in accordance with Rule 13d-1(b)(1)(ii)(F),
- (g) Parent Holding Company or control person in accordance with Rule 13d-1(b)(1)(ii)(G),
- (h) Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act,
- (i) Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940,
- (j) Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

If this statement is filed pursuant to 13d-1(c), check this box:

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Item 4. Ownership.

A. SAB Capital Partners, L.P.

(a) Amount beneficially owned: 1,453,062

(b) Percent of class: 2.7%

The percentages used herein and in the rest of this Schedule 13G/A are calculated based upon the 53,270,561 shares of Common Stock issued and outstanding on November 4, 2005, as reflected in the Company's Form 10Q for the period ended September 30, 2005.

(c) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 1,453,062

(iii) Sole power to dispose or direct the disposition: -0-

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(iv) Shared power to dispose or direct the disposition: 1,453,062

B. SAB Capital Partners II, L.P.

(a) Amount beneficially owned: 26,750

(b) Percent of class: 0.1%

(c) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 26,750

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 26,750

C. SAB Overseas Master Fund, L.P.

(a) Amount beneficially owned: 1,503,488

(b) Percent of class: 2.8%

(c) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 1,503,488

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 1,503,488

D. SAB Capital Advisors, L.L.C.

(a) Amount beneficially owned: 2,983,300

(b) Percent of class: 5.6%

(c) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 2,983,300

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 2,983,300

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E. Scott A. Bommer

(a) Amount beneficially owned: 2,983,300

(b) Percent of class: 5.6%

(c) Number of shares as to which such person has:

(i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 2,983,300

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 2,983,300

Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not applicable.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

See Item 2.

Item 9. Notice of Dissolution of Group.

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Not applicable.

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Item 10. Certification.

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE

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.

DATED: February 14, 2006

/s/ Scott A Bommer

Scott A Bommer,
individually and as managing member of
SAB Capital Advisors, L.L.C.,
for itself and as the general partner of
(i) SAB Capital Partners, L.P. and
(ii) SAB Capital Partners II, L.P.; and
(iii) SAB Overseas Master Fund, L.P.

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EXHIBIT 1

JOINT ACQUISITION STATEMENT
PURSUANT TO RULE 13d-1(k)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13G, is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13G, shall be filed on behalf of each of the undersigned without the necessity of filing additional joint acquisition statements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

DATED: February 14, 2006

/s/ Scott A Bommer

Scott A Bommer,
individually and as managing member of
SAB Capital Advisors, L.L.C.,
for itself and as the general partner of
(i) SAB Capital Partners, L.P. and
(ii) SAB Capital Partners II, L.P.; and
(iii) SAB Overseas Master Fund, L.P.