

SCHEDULE TO-I

This Amendment No. 2 (this Amendment) amends and supplements the Issuer Tender Offer Statement on Schedule TO-I filed with the Securities and Exchange Commission (the SEC) on November 15, 2011, as amended and supplemented by Amendment No. 1 to Schedule TO-I filed with the SEC on December 8, 2011 (as amended or supplemented from time to time, the Schedule TO-I), pursuant to Section 13e-4 of the Securities Exchange Act of 1934, as amended, by PDL BioPharma, Inc., a Delaware corporation (PDL or the Company), in connection with an offer (the Exchange Offer) by PDL to exchange, for each \$1,000 principal amount of the Company's 2.875% Convertible Senior Notes due February 15, 2015 (the Old Notes), \$1,000 principal amount of 2.875% Series 2011 Convertible Senior Notes due February 15, 2015 (the New Notes), and a cash payment. The Company's offer was made upon the terms and subject to the conditions set forth in the Offering Memorandum dated November 15, 2011, as amended and supplemented by Supplement No. 1 to Offering Memorandum dated December 7, 2011 (as amended or supplemented from time to time, the Offering Memorandum), and in the related Letter of Transmittal, copies of which have been filed as Exhibits (a)(1)(i) and (a)(1)(v), in the case of the Offering Memorandum, and Exhibit (a)(1)(ii), in the case of the Letter of Transmittal, to the Schedule TO-I (which together, as amended or supplemented from time to time, constitute the Exchange Offer).

The purpose of this Amendment is to extend the expiration time of the Exchange Offer by three business days and to amend the Exchange Offer as described in Supplement No. 2 to Offering Memorandum and the press release attached as Exhibits (a)(1)(vi) and (a)(5)(ii) hereto, respectively, to correct a mathematical rounding error in the conversion rate for the Old Notes and, accordingly, the conversion rate for the New Notes upon their issuance.

All information in the Exchange Offer is expressly incorporated herein by reference, except that such information is hereby amended and supplemented to the extent specifically provided herein.

The Company is extending the expiration time of the Exchange Offer to 5:00 p.m., New York City time, on December 19, 2011, unless further extended or earlier terminated. The Exchange Offer had been previously scheduled to expire at 5:00 p.m., New York City time, on December 14, 2011. Accordingly, the anticipated settlement date is extended to December 21, 2011. Throughout the Schedule TO-I, the Offering Memorandum and the other Exchange Offer materials, all references to the expiration time of the Exchange Offer are hereby amended to extend the expiration time of the Exchange Offer to 5:00 p.m., New York City time, on December 19, 2011, unless further extended or earlier terminated, and all references to the anticipated settlement date are hereby amended to extend the anticipated settlement date to December 21, 2011.

Item 12. Exhibits.

Item 12 of the Schedule TO-I is hereby amended and supplemented by adding the following exhibits:

- (a)(1)(vi) Supplement No. 2 to Offering Memorandum, dated December 12, 2011.
- (a)(5)(ii) Press Release, dated December 12, 2011.

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Amendment is true, complete and correct.

PDL BIOPHARMA, INC.

/s/ JOHN P. MCLAUGHLIN

Name: John P. McLaughlin

Title: President and Chief Executive Officer

Date: December 12, 2011

Index to Exhibits

<u>Exhibit Number</u>	<u>Description</u>
(a)(1)(i)	Offering Memorandum, dated November 15, 2011.*
(a)(1)(ii)	Form of Letter of Transmittal.*
(a)(1)(iii)	Form of Letter to brokers, dealers, commercial banks, trust companies and other nominees.*
(a)(1)(iv)	Form of Letter to Clients for use by brokers, dealers, commercial banks, trust companies and other nominees.*
(a)(1)(v)	Supplement No. 1 to Offering Memorandum, dated December 7, 2011.**
(a)(1)(vi)	Supplement No. 2 to Offering Memorandum, dated December 12, 2011.
(a)(5)(i)	Press Release, dated November 15, 2011 (incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K filed on November 15, 2011).
(a)(5)(ii)	Press Release, dated December 12, 2011 (incorporated by reference to Exhibit 99.1 to Current Report on Form 8-K/A filed December 12, 2011).
d(1)	Indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated May 16, 2011 (incorporated by reference to Exhibit 4.1 to PDL's Quarterly Report on Form 10-Q for the period ended June 30, 2011).
(d)(2)	Supplemental Indenture between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee, dated May 16, 2011 (incorporated by reference to Exhibit 4.1 to Current Report on Form 8-K filed May 16, 2011).
(d)(3)	Indenture between the Company and The Bank of New York Mellon Trust Company, N.A., dated as of November 1, 2010 (incorporated by reference to Exhibit 4.1 to Quarterly Report on Form 10-Q filed November 9, 2010).
(d)(4)	Revised Form of Indenture between the Company and The Bank of New York Mellon Trust Company, N.A. relating to the New Notes.**
(g)	None.
(h)	None.

* Previously filed on Schedule TO-I dated November 15, 2011.

** Previously filed on Amendment No. 1 to Schedule TO-I dated December 8, 2011.



PDL BIOPHARMA, INC.

SUPPLEMENT NO. 2 TO OFFERING MEMORANDUM

**EXCHANGE OFFER FOR
 ALL OUTSTANDING
 2.875% CONVERTIBLE SENIOR NOTES DUE FEBRUARY 15, 2015
 (CUSIP Nos. 69329YAB0 and 69329YAA2)
 for new 2.875% Series 2011 Convertible Senior Notes due February 15, 2015 and Cash**

This exchange offer will expire at 5:00 p.m., New York City time, on December 19, 2011, unless extended or earlier terminated.

On November 15, 2011, we commenced an offer to exchange any and all of our outstanding 2.875% Convertible Senior Notes due February 15, 2015, which we refer to herein as “old notes,” for our 2.875% Series 2011 Convertible Senior Notes due February 15, 2015, which we refer to herein as “new notes,” and a cash payment. This supplement amends and supplements the information previously provided in the offering memorandum dated November 15, 2011, as amended and supplemented by Supplement No. 1 to Offering Memorandum dated December 7, 2011 (the offering memorandum), to, among other things:

- extend the expiration time by three business days from 5:00 p.m., New York City time, on December 14, 2011, to 5:00 p.m., New York City time, on December 19, 2011; and
- correct the adjusted conversion rates for the old notes and, accordingly, the new notes.

You should read this supplement together with the offering memorandum, including the section of the offering memorandum entitled “Risk Factors.” However, to the extent that any information in the offering memorandum is inconsistent with the information set forth in this supplement, you should rely on the information in this supplement and not on the information in the offering memorandum. Terms used but not defined in this supplement have the meanings given to them in the offering memorandum.

You must make your own decision whether to tender old notes in the exchange offer, and, if so, the amount of old notes to tender. Neither we, the tender and paying agent, the information agent nor any other person is making any recommendation as to whether or not you should tender your old notes for exchange in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or these securities or determined if this supplement or the offering memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

Holders that have previously tendered (and not withdrawn) their old notes pursuant to the procedures set forth in the offering memorandum are not required to take any further action to receive the exchange offer consideration.

ALL INQUIRIES CONCERNING THIS EXCHANGE OFFER SHOULD BE DIRECTED TO THE INFORMATION AGENT, AS INDICATED ON THE BACK COVER OF THIS SUPPLEMENT.

THE DATE OF THIS SUPPLEMENT IS DECEMBER 12, 2011.

The expiration time of the exchange offer has been extended to 5:00 p.m., New York City time, on December 19, 2011, unless further extended or earlier terminated, and the anticipated settlement date has been extended to December 21, 2011. All references in the offering memorandum to the expiration time and the anticipated settlement date are hereby amended accordingly.

Effective December 9, 2011, the conversion rate for the old notes adjusted to 155.396 shares of common stock per \$1,000 principal amount, reflecting a conversion price of approximately \$6.44 per share, and thus these will be the conversion rate and conversion price for the new notes upon their issuance, subject to the adjustments described in the section of the offering memorandum “Description of New Notes.” All references in the offering memorandum to the conversion rate and conversion price are hereby amended accordingly.

The section “Incorporation of Certain Documents by Reference” of the offering memorandum is hereby amended and supplemented by adding the following reports to the third bullet point:

- i Our current report on Form 8-K filed with the SEC on December 12, 2011; and
- i Our current report on Form 8-K/A filed with the SEC on December 12, 2011.

The section “Description of New Notes—General” of the offering memorandum is hereby amended to revise in the first paragraph the principal amount outstanding as of September 30, 2011, of QHP PHARMASM Senior Secured Notes due 2015 to \$115,267,856.

The section “Description of New Notes—Adjustment to Conversion Rate Upon a Fundamental Change” of the offering memorandum is hereby amended by replacing the table and the paragraphs following the table with the following:

Effective Date of Fundamental Change	Stock Price								
	\$5.156	\$6.061	\$6.965	\$7.870	\$8.775	\$9.679	\$10.584	\$11.488	\$12.393
February 15, 2011	38.5447	22.3393	14.3013	10.5751	7.9319	6.2500	4.7399	3.7612	2.8449
February 15, 2012	38.5447	18.4654	9.9530	7.3597	5.5201	4.3498	3.2987	2.6176	1.9799
February 15, 2013	38.5447	14.5915	5.6046	4.1444	3.1084	2.4494	1.8575	1.4740	1.1149
February 15, 2014	38.5447	10.7175	1.2562	0.9289	0.6968	0.5490	0.4163	0.3304	0.2499
February 15, 2015	38.5447	9.5984	—	—	—	—	—	—	—

The stock prices and additional share amounts set forth above are based upon the corresponding figures in the indenture applicable to the old notes.

The exact stock price and conversion dates may not be set forth on the table; in which case, if the stock price is:

- between two stock price amounts on the table or the effective date of the Fundamental Change is between two dates on the table, the number of additional shares will be determined by straight-line interpolation between the number of additional shares set forth for the higher and lower stock price amounts and the two dates, as applicable, based on a 365-day year;
- more than \$12.39 per share (subject to adjustment), no additional shares will be issued upon conversion; and
- less than \$5.16 per share (subject to adjustment), no additional shares will be issued upon conversion.

Despite the foregoing, in no event will the total number of shares of common stock issuable upon conversion exceed 193.9403 per \$1,000 principal amount of new notes, subject to adjustment in the same manner and for the same events as the conversion rate as set forth under “—Conversion of Notes—Anti-Dilution Adjustments.”

Any questions regarding the procedures for tendering in the exchange offer and requests for assistance in tendering your old notes, or requests for additional copies of this supplement, the offering memorandum or the letter of transmittal should be directed to the information agent as set forth below:

Georgeson

199 Water Street, 26th Floor
New York, NY 10038
Banks and Brokers Call (212) 440-9800
All others call Toll-Free (866)-541-3547