

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): September 16, 2010

PDL BioPharma, Inc.

(Exact name of Company as specified in its charter)

000-19756
(Commission File Number)

Delaware
(State or Other Jurisdiction of
Incorporation)

94-3023969
(I.R.S. Employer Identification No.)

**932 Southwood Boulevard
Incline Village, Nevada 89451**
(Address of principal executive offices, with zip code)

(775) 832-8500
(Company's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 8.01 Other Events.

On September 16, 2010, PDL BioPharma, Inc. (the “Company”) issued a press release regarding the retirement of \$54.3 million of the Company’s 2.75% Convertible Notes due 2023 (the “2023 Notes”). With the completion of the redemption, no 2023 Notes remain outstanding. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, Dated September 16, 2010

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PDL BIOPHARMA, INC.
(Company)

By: /s/ Christine R. Larson

Christine R. Larson
Vice President and Chief Financial Officer

Dated: September 16, 2010

EXHIBIT INDEX

Exhibit No.

Description

99.1

Press Release, Dated September 16, 2010

**Contacts:**

Cris Larson
PDL BioPharma, Inc.
775-832-8505
cris.larson@pdl.com

Jennifer Williams
Cook Williams Communications, Inc.
360-668-3701
jennifer@cwcomm.org

PDL BioPharma Announces Retirement of \$54.3 Million of 2.75% Convertible Notes Due 2023

INCLINE VILLAGE, NV, September 16, 2010 – PDL BioPharma, Inc. (PDL) (NASDAQ: PDLI) announced today that it has completed the retirement of the remaining \$54.3 million in aggregate principal of the Company’s 2.75% Convertible Subordinated Notes, due August 16, 2023 (the “2023 Notes”) in exchange for 8.9 million shares of common stock and \$4.2 million in cash. With the completion of this redemption, no 2023 Notes remain outstanding.

In accordance with the terms of the 2023 Notes, the Company previously issued a redemption notice to redeem the 2023 Notes at a redemption price of 100% of the outstanding principal amount, together with accrued and unpaid interest to, but excluding, the redemption date of September 15, 2010. Note holders could elect to convert their 2023 Notes into the Company’s common stock on or before September 14, 2010. Accordingly, note holders elected to convert \$50.1 million of 2023 Notes into 8.9 shares of common stock at the existing conversion price equivalent to \$5.64 per share. With the retirement of the 2023 Notes, the Company has 139.7 million shares of common stock outstanding.

About PDL BioPharma

PDL pioneered the humanization of monoclonal antibodies and, by doing so, enabled the discovery of a new generation of targeted treatments for cancer and immunologic diseases. PDL is focused on maximizing the value of its antibody humanization patents and related assets. The Company receives royalties on sales of a number of humanized antibody products marketed today based on patents that expire in late 2014. For more information, please visit www.pdl.com.

NOTE: PDL BioPharma and the PDL BioPharma logo are considered trademarks of PDL BioPharma, Inc.

###
