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):
November 16, 2006

PDL BioPharma, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**000-19756**	**94-3023969**
(State or other jurisdiction of incorporation)	**(Commission File No.)**	**(I.R.S. Employer Identification No.)**

34801 Campus Drive
Fremont, California 94555
(Address of principal executive offices)

Registrant's telephone number, including area code:
(510) 574-1400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

☐ 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 1.02. Termination of a Material Definitive Agreement.

On November 16, 2006, PDL BioPharma, Inc. ("we" or the "Company") received verbal notification from Hoffmann-La Roche Inc. and F. Hoffmann-La Roche Ltd. (collectively "Roche") that Roche would elect to terminate the Amended and Restated Co-Development and Commercialization Agreement, dated October 29, 2005, among the Company and Roche (the "Collaboration Agreement"). On November 20, 2006, we received written notice from Roche of its election to terminate the Collaboration Agreement without cause. Termination of the Collaboration Agreement will become effective on May 26, 2007. We believe Roche determined to terminate the Collaboration Agreement following a periodic internal review of its portfolio programs.

Pursuant to the terms of the Collaboration Agreement, we and Roche had agreed to jointly develop and commercialize daclizumab (in transplantation, marketed as Zenapax®) for the treatment of organ transplant patients on longer-term maintenance therapy (transplant maintenance) (the "Transplant Program"). Pursuant to the terms of the Collaboration Agreement, Roche paid us $10 million related to the Transplant Program in November 2005, we had the right to receive up to $145 million in milestone payments if the Transplant Program was successful and Roche was obligated to reimburse us for certain development related expenses. We have not received or recorded any portion of the milestone payments and do not believe we will be entitled to earn any milestone payments after the termination of the Collaboration Agreement. We did not incur and will not incur any early termination penalties as a result of Roche's termination of the Collaboration Agreement.

Prior to August 2006, the Collaboration Agreement also governed the joint development and commercialization of daclizumab for the treatment of asthma and other respiratory diseases (the "Asthma Program"). Roche elected to discontinue its involvement in the Asthma Program under the Collaboration Agreement in August 2006 following a development program review. The effects of Roche's election to discontinue its involvement in the Asthma Program are described in more detail in our quarterly report on Form 10-Q for the quarterly period ended September 30, 2006, which we filed with the Securities and Exchange Commission on November 7, 2006.

Roche's termination of the Collaboration Agreement has no effect on our other agreements with Roche. Our other significant relationships with Roche are identified below.

In addition to the Collaboration Agreement, we entered into a Second Amended and Restated Worldwide Agreement, dated October 28, 2005, among the Company and Roche (the "Worldwide Agreement") pursuant to which we acquired exclusive rights to daclizumab in all indications, except that Roche retained for a limited term certain commercialization rights for daclizumab for the treatment of transplantation. The Worldwide Agreement provides that Roche will pay us royalties for sales of Zenapax above certain threshold levels. Based on our current expectations of Zenapax product sales, we do not expect to receive royalties from Roche under the Worldwide Agreement.

Also, in September 2006, we acquired from Roche all Cardene®-related rights owned by them, including certain Cardene product inventories, and in consideration we agreed to pay Roche $13.9 million. Of the purchase price, $3.7 million was due upon signing of the agreement, $6.7 million is due during the first half of 2007 upon Roche's delivery of certain product inventory, and $3.5 million is due upon FDA approval of the technology transfer of the manufacturing process for nicardipine, the active pharmaceutical ingredient in the manufacture of all Cardene products, which we expect to occur in 2008. Under the terms of the arrangement, we are now obligated to pay royalties to Roche only on sales of intravenous Cardene products that fall under the existing relevant Cardene U.S. patents through patent expiration, which is currently November 2009, but do not owe additional royalties on sales of the oral formulations of Cardene.

Item 8.01. Other Events.

On November 21, 2006, we issued a press release announcing that Roche had elected to terminate the Collaboration Agreement effective May 26, 2007. A copy of this press release is filed as Exhibit 99.1 to this current report on Form 8-K and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated November 21, 2006, regarding Roche's termination of the Collaboration Agreement

SIGNATURES

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

Date: November 21, 2006

PDL BioPharma, Inc.

By: /s/ Andrew Guggenhime
Andrew Guggenhime
Senior Vice President and
Chief Financial Officer

Exhibit 99.1

news release

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PDL BIOPHARMA ANNOUNCES ROCHE TO DISCONTINUE CO-DEVELOPMENT OF DACLIZUMAB

Fremont, Calif., November 21, 2006 – PDL BioPharma, Inc. (Nasdaq: PDLI) announced today that Roche will discontinue its agreement with PDL to jointly develop and commercialize daclizumab for organ transplant patients on longer-term maintenance therapy. Roche made this decision subsequent to a periodic internal review of its development programs. This decision follows another decision by Roche earlier this year to discontinue its involvement in the co-development of daclizumab for the treatment of asthma. The co-development agreement between PDL and Roche will formally terminate in May 2007.

As a result, PDL will hold exclusive development and commercial rights to daclizumab for transplant maintenance, which has shown potential in both the transplant maintenance and asthma indications based on earlier clinical trials. In a separate collaboration, Biogen Idec and PDL are developing daclizumab in multiple sclerosis and indications other than transplant and respiratory diseases.

“We are evaluating the overall transplant maintenance indication opportunity for daclizumab, while we continue to support the ongoing studies of daclizumab in relapsing/remitting multiple sclerosis, and anticipate results from the ongoing Phase 2 CHOICE study, which is testing daclizumab in combination with beta-interferon, during 2007,” said Mark McDade, Chief Executive Officer, PDL BioPharma. “In the meantime, efforts are ongoing to evaluate partnership opportunities for this important drug in asthma.”

PDL will provide an update on the expected financial impact, as well as any updates on its plans for daclizumab in transplant maintenance, in conjunction with the company’s year-end 2006 financial results conference call in February 2007.

About PDL BioPharma

PDL BioPharma, Inc. is a biopharmaceutical company focused on discovering, developing and commercializing innovative therapies for severe or life-threatening illnesses. The company currently markets and sells a portfolio of leading products in the acute-care hospital setting in the United States and Canada and generates royalties through licensing agreements with top-tier biotechnology and pharmaceutical companies based on its pioneering antibody humanization technology. Currently, PDL’s diverse product pipeline includes investigational compounds in Phase 2 or Phase 3 clinical development for inflammation and autoimmune diseases, cardiovascular disorders and cancer. The company’s research platform is focused on the discovery and development of antibodies for the treatment of cancer and autoimmune diseases. For more information, please see PDL’s website at www.pdl.com.

Forward-looking Statements

The information in this press release should be considered accurate only as of the date of the release. PDL has no intention of updating and specifically disclaims any duty to update the information in this press release for any reason, except as required by law, even as new information becomes available or other events occur in the future. This press release may contain “forward-looking statements” that are based on current expectations and assumptions that are subject to risks and uncertainties. The actual results may differ materially from those in the forward-looking statements because of various factors, risks and uncertainties. In particular, results obtained in one phase of clinical studies may not be predictive of results to be obtained in the additional evaluations that would be necessary to demonstrate daclizumab to be safe and effective in the indications for which approval is sought, there can be no assurance that PDL will initiate subsequent clinical trials of daclizumab and PDL may not successfully negotiate development and commercialization collaboration or alliance for daclizumab in asthma. For further information regarding factors, risks and uncertainties that may cause such differences, please refer to the filings PDL has made with the Securities and Exchange Commission, including the “Risk Factors” sections of PDL’s Quarterly and Annual Reports, copies of which may be obtained at the “Investors” section on PDL’s website at www.pdl.com. All forward-looking statements in this press release are qualified in their entirety by this cautionary statement.

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