

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D  
(Amendment No. 3)

Under the Securities Exchange Act of 1934\*

PDL BioPharma, Inc.

-----  
(Name of Issuer)

Common Stock, par value \$0.01 per share

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(Title of Class of Securities)

69329Y104

-----  
(CUSIP Number of Class of Securities)

Daniel S. Loeb  
Third Point LLC  
390 Park Avenue  
New York, NY 10022  
(212) 224-7400

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

Copies to:  
Michael A. Schwartz, Esq.  
Willkie Farr & Gallagher LLP  
787 Seventh Avenue  
New York, NY 10019-6099  
(212) 728-8000

April 17, 2007

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(Date of Event which Requires  
Filing of this Schedule)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of ss.ss. 240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box: [ ]

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 240.13d-7 for other parties to whom copies are to be sent.

\* 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 disclosures provided in a prior cover page.

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

SCHEDULE 13D

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CUSIP No. 69329Y104  
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Page 2 of 8 Pages  
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1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Third Point LLC

I.D. #13-3922602

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]  
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

11,203,600

NUMBER OF SHARES  
BENEFICIALLY OWNED  
BY EACH REPORTING  
PERSON WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

11,203,600

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

11,203,600

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.7%

14 TYPE OF REPORTING PERSON\*

00

SCHEDULE 13D

CUSIP No. 69329Y104

Page 3 of 8 Pages

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Third Point Offshore Fund, Ltd.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]  
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

7,241,500

NUMBER OF SHARES  
BENEFICIALLY OWNED  
BY EACH REPORTING  
PERSON WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

7,241,500

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

7,241,500

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

6.3%

14 TYPE OF REPORTING PERSON\*

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SCHEDULE 13D

CUSIP No. 69329Y104

Page 4 of 8 Pages

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Daniel S. Loeb

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]  
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

11,203,600

NUMBER OF SHARES  
BENEFICIALLY OWNED  
BY EACH REPORTING  
PERSON WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

11,203,600

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

11,203,600

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

9.7%

14 TYPE OF REPORTING PERSON\*

IN

SCHEDULE 13D

CUSIP No. 69329Y104

Page 5 of 8 Pages

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Jayson Aryeh

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) [ ]  
(b) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDING IS REQUIRED PURSUANT TO  
ITEMS 2(d) or 2(e) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

7 SOLE VOTING POWER

0

8 SHARED VOTING POWER

62,783

NUMBER OF SHARES  
BENEFICIALLY OWNED  
BY EACH REPORTING  
PERSON WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

62,783

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

62,783

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* [ ]

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

0.05%

14 TYPE OF REPORTING PERSON\*

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This Amendment No. 3 to Schedule 13D ("Amendment No. 3") amends the Schedule 13D filed on March 5, 2007 (as amended by Amendment No. 1 thereto filed on March 21, 2007, Amendment No. 2 thereto filed on April 11, 2007, and this Amendment No. 3, the "Schedule 13D") and is being filed on behalf of Third Point LLC, a Delaware limited liability company (the "Management Company" or "Third Point"), Third Point Offshore Fund, Ltd., a Cayman Islands limited liability exempted company (the "Offshore Fund"), Daniel S. Loeb, an individual ("Mr. Loeb", and together with the Management Company and the Offshore Fund, the "Third Point Reporting Persons"), and Jason Aryeh, an individual ("Mr. Aryeh", and together with the Third Point Reporting Persons, the "Reporting Persons"). This Amendment No. 3 relates to the common stock, par value \$0.01 per share (the "Common Stock"), of PDL BioPharma, Inc., a Delaware corporation (the "Company").

The Management Company is the investment manager or adviser to a variety of hedge funds and managed accounts (such funds and accounts, including the Offshore Fund, the "Funds"). The Funds directly own the Common Stock to which this Schedule 13D relates, and Mr. Loeb and the Management Company may be deemed to have beneficial ownership over such Common Stock by virtue of the authority granted to them by the Funds to vote and to dispose of the securities held by the Funds, including the Common Stock. Mr. Aryeh may be deemed to have beneficial ownership of the shares of Common Stock directly owned by JALAA Equities, LP ("JALAA") by virtue of his ability to vote and/or to dispose of the securities held by JALAA, including the Common Stock.

Item 4. Purpose of Transaction.

Item 4 of the Schedule 13D is hereby amended by adding the following thereto:

On April 17, 2007, Third Point sent a letter to Mark McDade, Chief Executive Officer of the Company, and to the other members of the Board of Directors of the Company (the "Board"), communicating its displeasure with the response of the Company to Mr. Loeb's previous letter of April 11. Third Point expressed its deep dissatisfaction with, among other things, the continuing failure of the Board to address the legitimate concerns of shareholders regarding the Company's corporate spending and performance, including the Company's failures to meet revenue and earnings expectations and product development timelines. In the letter, Third Point emphasized its belief that it is time for new leadership at the Company and repeated its call for the Board to terminate Mr. McDade immediately as Chief Executive Officer of the Company and to explore all options to maximize value for the benefit of the Company's shareholders. Additionally, Third Point demanded that Company founder Laurence Korn be promoted to acting Chief Executive Officer and Chairman and reiterated its request for representation on the Board. Third Point agreed in the letter to meet with the entire Board in the next two weeks, but without Mr. McDade. In the

letter, Third Point made clear that it intends to continue its efforts to have the Board immediately remove Mr. McDade and engage an investment bank to explore strategic alternatives.

A copy of the letter is attached to this Schedule 13D as an exhibit and incorporated herein by reference in its entirety.

Item 7. Material to be Filed as Exhibits.

99.1. Letter, dated April 17, 2007, from Third Point to Mark McDade, Chief Executive Officer of the Company, and the Board of Directors of the Company.

[Signatures on following page]

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: April 18, 2007

THIRD POINT LLC

By: Daniel S. Loeb,  
Chief Executive Officer

By: /s/ Justin Nadler

-----  
Name: Justin Nadler  
Title: Attorney-in-Fact

THIRD POINT OFFSHORE FUND, LTD.

By: Daniel S. Loeb,  
Director

By: /s/ Justin Nadler

-----  
Name: Justin Nadler  
Title: Attorney-in-Fact

DANIEL S. LOEB

By: /s/ Justin Nadler

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Name: Justin Nadler  
Title: Attorney-in-Fact

/s/ Jason Aryeh

-----  
Jason Aryeh

[SIGNATURE PAGE TO AMENDMENT NO. 3 TO SCHEDULE 13D  
WITH RESPECT TO PDL BIOPHARMA, INC.]



April 17, 2007

Mr. Mark McDade, CEO  
L. Patrick Gage, Chairman  
John S. Saxe  
Laurence Jay Korn  
Karen A. Dawes  
Bradford S. Goodwin  
George M. Gould  
Samuel Broder

PDL BioPharma Inc.  
34801 Campus Drive  
Fremont, CA 94555

Dear Board of Directors:

We are in receipt of the cursory letter dated April 11th sent in response to our detailed letter of the same day. We are very disappointed with both that letter and the subsequent private letter that we received from PDL BioPharma's ("PDLI" or the "Company") Chairman, L. Patrick Gage, the following day - in which he offered us the opportunity to "meet and greet" the Board. Both letters unthinkingly endorse the status quo and turn a blind eye to concerns that we and other shareholders have raised repeatedly: the Company's failure to meet revenue and earnings expectations, and product development timelines, as well as PDLI's excessive R&D and SG&A spending. Under these circumstances, and in light of Mr. McDade's significant professional disappointments at PDLI and at previous employers, we have grave concern about Mr. McDade's management skills and suitability to serve as CEO. We ask that in the best interest of the Company and its shareholders he step down with immediate effect.

We believe that if the Board were to focus on Mr. McDade's current performance as well as past missteps which portend no better result here, they would agree with our well-founded concerns: It is time for new leadership at PDLI, either in the form of new, more-capable management or through a restructuring or sale of the Company. We discussed in our previous letters Mr. McDade's unnecessary spending on the Company's corporate headquarters as well as wasteful R&D and SG&A spending. What we have learned since then confirms our view that Mr. McDade is simply not sufficiently competent to lead PDLI. A former management-level employee wrote the following, which reflects the results of our Investigation:

"McDade's past imperious behavior and business failures as a key manager and CEO in both pharma and biotechnology (are) well known, and his abrasive personality resonates throughout the industry... For PDLI to move forward and become a successful company McDade (has) to go ...I applaud your efforts to fire McDade and resurrect the outstanding potential of this Company. I look forward to your success in reconfiguring both the Board and focus of PDL."

Mr. McDade's past experiences at both Signature BioScience and Corixa Corporation demonstrate that his apparent fixation on the long-term can have dangerous consequences. Signature folded in early 2003 (just after Mr. McDade had jumped ship). The Signature saga is especially cautionary because Signature followed a similar path to that which PDLI is pursuing, falling victim to excessive spending (remarkably, just as at PDLI, Mr. McDade signed an expensive lease in 2001 - the second largest lease in San Francisco that year - to move Signature to larger and nicer quarters - right before the Company folded), poor acquisitions and poor execution. Similarly, Corixa shareholders who were unfortunate to have believed in the promise of a "long-term strategy" - like that pursued by PDLI - were taken out in 2005 at a little over \$4 per share - near all-time lows, and down almost 95% from its highs.

Given this history, it is difficult to understand why Mr. McDade was hired at all by PDLI, and more confounding still that the Board is allowing him to commit the same mistakes here and pursue the same failed strategy. As we have repeatedly warned, it is typical for underperforming managements to hide behind "the long-term," because if the timeframe is undefined, then it is impossible to fail. We have no doubt that PDLI is already so far off track that, were the Company left to its own devices, Vision 2010 would soon become Vision 2015. Regardless, we believe that five years falls well within the definition of "long-term," and during Mr. McDade's tenure of that duration as CEO he has yet again presided over or pursued poor strategic decisions, displayed ineffective

execution and engaged in massive overspending.

We also ask that you strongly consider the views of other shareholders as well as the opinions of respected sell side analysts such as those from Prudential and Merrill Lynch who have supported our views that PDLI needs to significantly rationalize its spending and that Mr. McDade lacks the necessary qualification for leadership of PDLI. We would also advise the Board to interview PDLI employees and ex-employees at all levels, who have called or written to voice support for the positions we have articulated. (In fact, this additional information supports the view that PDLI is far more poorly managed than we had previously believed - and that the headquarters move to Redwood City will be more disruptive to the workforce than we had imagined.)

Accordingly, we request that Mr. McDade resign and that Company founder and board member Laurence Korn be immediately installed as acting chief executive officer and chairman.

We also reiterate our request for Board seats. In this regard, we were disappointed to learn that Mr. McDade summarily dismissed all of our Board nominees as "unqualified" without contacting a single one of the references we provided for each. If Mr. McDade

had made those inquiries as we requested, and had learned first-hand of the valuable work that we and our nominees have done -- at Ligand Pharmaceuticals and Nabi Biopharmaceuticals on behalf of all shareholders of those companies -- we believe that he and the other Board members would have come to a different conclusion, which would benefit all shareholders.

It is clear that the current Board must be augmented. While the current Board has presided over the company, the stock has underperformed relative to its peers, partners, and the broad market indices in general; during the same period, it is hardly surprising that Board members have collectively owned only a small outright position in PDLI stock (and have, in aggregate, been substantial net sellers of the stock, especially Mr. McDade, with no outright purchases of the stock by insiders for almost two years).

The current Board cannot simply ignore the desires of the Company's shareholders for significant change. The events that transpired at MedImmune last Thursday are instructive here. MedImmune's Board engaged Goldman Sachs to explore a sale of the Company, among other strategic alternatives, "because of interest from drugmakers and pressure from shareholders. The combination of buyout interest and unhappy shareholders all forced the board to pursue this action." We believe you are in the same position. As noted in our previous letter, we are concerned that Mr. McDade has received an inquiry from a potential buyer of the Company, which may not have been fully considered and explored by the Board. Additionally, many shareholders have communicated their disappointment with the share price, which has rallied only since our involvement, as investors have begun to expect that change is on the way. We hope that you will take careful note of the fact that the MedImmune Board is honoring its fiduciary and legal duties by not locking into a single, risky strategy, but is instead exploring all possibilities to determine what is best for shareholders. The PDLI Board should act in a similar fashion, in accordance with its fiduciary duties to shareholders.

Although we are very concerned that your continued offer to meet with us in person may be a "red-herring" designed to continue to buy time, we nonetheless will meet with the entire Board within the next two weeks, but without Mr. McDade. To reiterate, we have had an ongoing dialogue with PDLI management for a year to voice our concerns, as well as having conducted a recent series of calls with Mr. McDade on these issues and the time for the Board to act is now; we will resist any efforts to unnecessarily delay implementing the requested governance and management changes.

Our willingness to meet should not however be construed as a license for the Board to drag its feet in responding to shareholder demands. Nor will we be dissuaded by further bromides such as the following statement that was included in your responses to us last week:

"As a publicly traded biotechnology company our key aim is to maximize long-term value for all of our stockholders .... We believe the Company's current strategy will deliver significant stockholder value both in the near-term and the long-term."

Unfortunately, this is the same hollow promise that we would likely have heard from you 4 1/2 years ago - and the stock (prior to our investment) has been flat since then.

Notwithstanding Mr. Gage's support for Mr. McDade, we remain hopeful that the Board is composed of individuals who understand their fiduciary duty and are able to exercise due care in making decisions on shareholders' behalf. In particular, we appreciate a conversation we had with Dr. Broder, and were impressed by his intelligence and admirable career in science and public service. Similarly, we believe that Company founder Laurence Korn must regret the decision to have entrusted his life's work to the hands of Mr. McDade and that he would welcome the opportunity to assume the role of CEO.

In sum, we ask the Board to look past personal loyalty to Mr. McDade and think objectively about his performance and about the Board's duty to shareholders. We are confident that you will come to the conclusion that Mr. McDade must go and that an investment bank should be engaged to explore strategic alternatives expeditiously.

Sincerely,

/s/ Daniel S. Loeb

Third Point LLC