

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D
(Amendment No. 4)

Under the Securities Exchange Act of 1934*

PDL BioPharma, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(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

May 22, 2007

(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

CUSIP No. 69329Y104

Page 2 of 11 Pages

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

ThirdPoint 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

NUMBER OF 8 SHARED VOTING POWER

SHARES 11,400,000

BENEFICIALLY OWNED BY 9 SOLE DISPOSITIVE POWER

EACH 0

REPORTING PERSON WITH 10 SHARED DISPOSITIVE POWER

11,400,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

11,400,000

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

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

9.8%

14 TYPE OF REPORTING PERSON*

OO

SCHEDULE 13D

 CUSIP No. 69329Y104

 Page 3 of 11 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

NUMBER OF
 SHARES
 BENEFICIALLY
 OWNED BY

8 SHARED VOTING POWER

 7,339,400

EACH
 REPORTING
 PERSON WITH

9 SOLE DISPOSITIVE POWER

 0

10 SHARED DISPOSITIVE POWER

 7,339,400

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

 7,339,400

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*

 OO

SCHEDULE 13D

CUSIP No. 69329Y104

Page 4 of 11 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

NUMBER OF 8 SHARED VOTING POWER
SHARES

BENEFICIALLY 11,400,000
OWNED BY

EACH 9 SOLE DISPOSITIVE POWER
REPORTING

PERSON WITH 0

10 SHARED DISPOSITIVE POWER

11,400,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

11,400,000

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

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

9.8%

14 TYPE OF REPORTING PERSON*

IN

SCHEDULE 13D

CUSIP No. 69329Y104

Page 5 of 11 Pages

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

Jason 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

62,783

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY
EACH
REPORTING
PERSON WITH

8 SHARED VOTING POWER

0

9 SOLE DISPOSITIVE POWER

62,783

10 SHARED DISPOSITIVE POWER

0

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*

IN

This Amendment No. 4 to Schedule 13D ("Amendment No. 4") 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, Amendment No. 3 thereto filed on April 18, 2007, and this Amendment No. 4, 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. 4 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 3. Source and Amount of Funds or Other Consideration.

Item 3 of the Schedule 13D is hereby amended and restated as follows:

The Funds expended an aggregate of approximately \$226,611,028 of their own investment capital to acquire the 11,400,000 shares of Common Stock held by them. The Offshore Fund expended an aggregate of approximately \$145,942,634 of its own investment capital to acquire its 7,339,400 shares of Common Stock. JALAA expended an aggregate of approximately \$1,139,360 of its own investment capital to acquire the 62,783 shares of Common Stock that it holds.

Item 4. Purpose of Transaction.

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

On May 22, 2007, Third Point sent a letter to the unconflicted members of the Company's Board of Directors (the "Unconflicted Directors"), consisting of all members of the Board other than L. Patrick Gage, Ph.D., Chairman of the Board of the

Company, and Mark McDade, Chief Executive Officer of the Company. Among other things, Third Point's letter:

(i) advised the Unconflicted Directors of the results of Third Point's investigation into several troubling management issues,

(ii) questioned the manner in which Dr. Gage and Mr. McDade have screened communications between Third Point and the Board,

(iii) expressed Third Point's willingness to present its views directly to the Board at the earliest possible date,

(iv) reiterated the reasons why the Board should be expanded to accommodate Third Point representatives on the Board, and

(v) expressed the hope that the Unconflicted Directors would draw the tough but necessary conclusion that the Board should no longer support Mr. McDade as Chief Executive Officer of the Company.

In addition, Third Point's letter called for the removal of Dr. Gage as Chairman of the Board, in light of his efforts as chief apologist for Mr. McDade, and for the dismissal of Jeanmarie Guenot as Vice President, Corporate & Business Development.

The May 22 letter from Third Point was sent to the Unconflicted Directors following receipt by Third Point of a letter from Dr. Gage on May 16, 2007 and an unsatisfactory conference call the same day between representatives of Third Point and Dr. Gage and Mr. McDade. The conference call with Dr. Gage and Mr. McDade had been arranged after Third Point had sent to the full Board on May 8, 2007 a private letter that, among other things, had reiterated Third Point's prior demands that the Board terminate Mr. McDade as Chief Executive Officer of the Company, add three shareholder representatives to the Board and retain an investment bank to explore strategic alternatives for the Company.

A copy of Third Point's May 22, 2007 letter is attached to this Schedule 13D as an exhibit and incorporated herein by reference in its entirety.

Item 5. Interest in Securities of the Issuer.

Items 5(a), 5(b) and 5(c) of the Schedule 13D are hereby amended by the following:

(a) As of the date of this Amendment No. 4, the Management Company and Mr. Loeb beneficially own 11,400,000 shares of Common Stock (the "Third Point Shares"). The Third Point Shares represent 9.8% of the 116,603,643 shares of Common Stock outstanding as of May 2, 2007, as reported in the Company's Quarterly Report on Form

10-Q for the quarterly period ended March 31, 2007. The percentages used herein and in the rest of this statement are calculated based upon this number of outstanding shares.

As of the date of this Schedule 13D, the Offshore Fund directly beneficially owns 7,339,400 shares of Common Stock, representing 6.3% of the outstanding shares of Common Stock. None of the other individual Funds owns a number of shares of Common Stock representing more than 5% of such total.

(b) The Management Company and Mr. Loeb share voting and dispositive power over the 11,400,000 shares of Common Stock held by the Funds. The Management Company, Mr. Loeb and the Offshore Fund share voting power and dispositive power over the 7,339,400 shares of Common Stock held by the Offshore Fund. Mr. Aryeh has sole voting power and dispositive power over the 62,783 shares of Common Stock held by JALAA.

(c) Schedules A hereto sets forth certain information with respect to transactions by the Funds (at the direction of the Management Company and Mr. Loeb) in Common Stock since the most recent filing on Schedule 13D. Schedule B hereto sets forth certain information with respect to transactions by the Offshore Fund (at the direction of the Management Company and Mr. Loeb) in Common Stock since the most recent filing on Schedule 13D.

All of the transactions set forth on Schedules A and B were effected in open market transactions or, as indicated on Schedules A and B, through the exercise of call options held by the Funds. Except as set forth on Schedules A and B, since the most recent filing on Schedule 13D there were no transactions in the Common Stock or options to purchase Common Stock effected by any of the Management Company, Mr. Loeb, the Offshore Fund or Mr. Aryeh, nor, in the case of the Management Company and the Offshore Fund and to the best of their knowledge, any of their directors, executive officers, general partners or members.

Item 7. Material to be Filed as Exhibits.

99.1. Letter, dated May 22, 2007, from Third Point to Samuel Broder, M.D., Karen A. Dawes, Bradford S. Goodwin, Laurence Jay Korn, Ph.D., Richard Murray, Ph.D., and John S. Saxe, Esq., members of 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: May 22, 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

Name: Justin Nadler
Title: Attorney-in-Fact

/s/ Jason Aryeh

Jason Aryeh

[SIGNATURE PAGE TO AMENDMENT NO. 4 TO SCHEDULE 13D
WITH RESPECT TO PDL BIOPHARMA, INC.]

Schedule A

(Transactions by the Funds in Common Stock
since the most recent filing on Schedule 13D)

Date ----	Transaction -----	Shares -----	Price Per Share(\$) -----
04/20/07	BUY*	1,250,000	17.50
04/24/07	BUY	100,000	25.19
04/24/07	BUY	96,400	25.30
04/30/07	SELL	(89,500)	25.26
04/30/07	BUY	89,500	25.26
05/18/07	BUY*	200,000	17.50
05/18/07	BUY**	203,600	20.00

* Pursuant to the exercise of call options having a strike price of \$17.50 per share.

** Pursuant to the exercise of call options having a strike price of \$20.00 per share.

Schedule B

(Transactions by the Offshore Fund in Common Stock
since the most recent filing on Schedule 13D)

Date ----	Transaction -----	Shares -----	Price Per Share(\$) -----
04/20/07	BUY*	1,095,300	17.50
04/24/07	BUY	49,800	25.19
04/24/07	BUY	62,100	25.30
04/30/07	SELL	(14,000)	25.26
05/18/07	BUY*	137,500	17.50
05/18/07	BUY**	132,600	20.00

* Pursuant to the exercise of call options having a strike price of \$17.50 per share.

** Pursuant to the exercise of call options having a strike price of \$20.00 per share.

[Third Point Letterhead]

May 22, 2007

Samuel Broder, M.D.
 Ms. Karen A. Dawes
 Mr. Bradford S. Goodwin
 Laurence Jay Korn, Ph.D.
 Richard Murray, Ph.D.
 John S. Saxe, Esq.

PDL BioPharma, Inc.
 34801 Campus Drive
 Fremont, CA 94555

Dear Unconflicted Board Members:

We are writing in response to the May 16, 2007 letter to us from L. Patrick Gage, Chairman of the Board of PDL BioPharma, Inc. ("PDLI" or the "Company"), and to address Dr. Gage's woefully unsatisfactory answers to us on our conference call of the same day. We had intended to respond to the issues raised during that conference call in private correspondence with the Board; however, the Company's public release of Dr. Gage's letter compels us to respond publicly as well.

As you know, in our private letter to the Board two weeks ago, we demanded that the Board promptly act in the best interest of PDLI and its shareholders by:

- o terminating Mark McDade's employment as Chief Executive Officer,
- o adding three shareholder representatives to the PDLI Board, and
- o retaining an investment bank to explore strategic alternatives for the Company.

Based on our continuing investigation, described below, into troubling PDLI management issues (the "Investigation"), we must now also demand that Dr. Gage be removed as Chairman of the Board and that Jeanmarie Guenot be dismissed as PDLI's head of business development.

Results of the Investigation

- -----

In the course of the Investigation, we have spoken with dozens of current and former PDLI employees (many of whom are, or were, at senior levels in the Company, on both the corporate and scientific staffs); many senior managers of peers, both larger and smaller, in the biotechnology space; current and former managers and/or directors of

Unconflicted Board Members
 PDL BioPharma, Inc.
 May 22, 2007
 Page 2

Corixa Corporation and Signature BioScience, Inc., where Mr. McDade spent eight years prior to joining the Company; well-respected biotechnology industry consultants; many private equity firms that invest in the biotechnology space; and many others with knowledge of Mr. McDade's performance before and during his tenure at PDLI. Based on this wide-ranging due diligence effort, we have reached the following conclusions:

- 1) Mr. McDade may have committed significant ethical breaches during his tenure as Chief Executive Officer of PDLI. The underlying circumstances persist today and strongly suggest that Mr. McDade may have put his personal interests above those of PDLI. While Dr. Gage's May 16 letter refers to "various allegations and innuendo," more than a few current and former employees of PDLI have described to us, both in writing and orally, substantially identical concerns about very specific improprieties. To be clear, we did not seek out this information - it was all offered to us spontaneously by concerned parties. We were pleased to read in Dr. Gage's letter of May 16 that the Board is investigating these matters, and we

trust and expect that your inquiry into Mr. McDade's conduct will proceed expeditiously so that shareholder interests are not further jeopardized.

- 2) A number of our sources highlighted the circumstances under which Jeanmarie Guenot, currently PDLI's head of business development, was hired; several also reported widespread disbelief within the Company that Dr. Guenot was qualified to advance through the ranks as she has. The sentiment expressed to us was that no acceptable explanation can account for her initial appointment or continued employment as head of business development. In fact, the Investigation uncovered at least one senior executive who left PDLI over what he considered unfairly favorable treatment of Dr. Guenot to the detriment of the Company and its other employees. Given these indications of an employee morale problem, as well as concerns that Dr. Guenot's continued employment at PDLI is not in the best interests of the Company's shareholders, we trust that you will focus on this issue as a priority concern.

- 3) Many truly talented scientists at PDLI appear to have left the Company during Mr. McDade's tenure for the following reasons: (A) Mr. McDade's promotion of lesser-qualified scientists to senior positions within the group; (B) the Company's lack of financial discipline; and (C) their view that Mr. McDade's acquisitions and R&D development strategies were poorly conceived and executed. Again, this conclusion is based on many incoming calls, letters and emails from former senior scientists at the Company, as well as the letter recently released by Cary Queen. While Dr. Gage would characterize Dr. Queen's letter as the product of a "disgruntled employee," Dr. Queen is, as you know, highly regarded within the biotechnology and investment communities, and an important consultant to PDLI. It is virtually unprecedented for an ex-manager, board member, and company founder to publicly release such a broadside against an incumbent management, and it is therefore especially meaningful when it is done. We trust that you have

given due consideration to the views and concerns Dr. Queen expressed in his letter - his trenchant observations on a company he knows so well deserve particular weight, and we cannot dismiss as a coincidence that they reflect and reinforce the many letters that we have received from other past and present PDLI employees.

- 4) Our due diligence has reinforced our already strong conviction that both PDLI's internal financial team, and its external financial advisors, strongly counseled Mr. McDade not to move corporate headquarters to Redwood City from Fremont because of the disruption to the employee base, and because they deemed the move to be both unnecessary and overly expensive. Disturbingly, the correspondence we have received from current and former PDLI employees has confirmed that this unnecessary move has already caused, and will continue to cause, PDLI to lose significant scientific talent.

In conclusion, we have rarely, if ever, received as much unsolicited and universally negative correspondence from past and current employees of one of our portfolio companies - much of it coming from the senior scientist level - than we have received with respect to PDLI. While Dr. Gage may attribute this to "disgruntled employees," as one of the scientists who contacted us said, "the dislike of McDade and his business decisions and favoritism definitely has a meaningful p-value; it's definitely statistically significant."

The Full Board Gets Half the Story

It appears from Dr. Gage's May 16 letter that he has decided merely to pay lip service to our demands - by doing just the bare minimum possible to "move the ball forward" - while continuing to string us along and further entrench an undeserving management. This cynical course of action was in full evidence when Dr. Gage disingenuously suggested in his letter that Third Point had "elected" not to make a presentation at your recent Board meeting.

Nothing could be more misleading. After a two hour meeting with Dr. Gage and Mr. McDade on May 7, it was mutually agreed that it would be unnecessary for us to present our views to the full Board later in the week because we were assured that Dr. Gage and Mr. McDade would do so. That joint decision followed correspondence in which Dr. Gage insisted that we follow his prescribed "agenda" for any Board presentation that we might make, which included questions that we, as outsiders, would have no means of adequately addressing. Given the constraints Dr. Gage and Mr. McDade sought to impose on our presentation to the Board, and given their assurances that our concerns would be adequately communicated to the Board, we agreed to forgo a Board presentation and to rely on those assurances.

Since receiving Dr. Gage's May 16 letter, we have come to doubt that Dr. Gage and Mr. McDade have fully and fairly presented our views to the Board. This lapse calls to mind our significant doubt that Mr. McDade ever properly disclosed to the Board what we understand to have been serious interest expressed by at least one pharmaceutical company in purchasing PDLI at a significant premium late last year. As we have said before, we are concerned that Mr. McDade kept those discussions from the Board, and unilaterally caused the discussions to end. We know for a fact that he now denies to investors that such discussions took place.

We have, unfortunately, encountered similar CEO / Chairman teams in the past. By this we mean an autocratic CEO and a Chairman who is the CEO's chief apologist and, therefore, unable to look at any set of critical facts objectively (which is why we argue that Mr. Gage must be removed from the Board as well). We know from experience that it is virtually impossible to have a constructive dialogue with such a twosome, and very difficult for other board members to break ranks with them - despite well-founded concerns that the CEO and Chairman are not acting in the best interests of shareholders.

In light of these doubts and the unhealthy dynamic of a CEO / Chairman team screening communications between shareholders and the rest of the Board, we now believe it is important for us to have a direct dialogue with all of PDLI's directors - not just Pat and Mark. Accordingly, we remain prepared to present our views to the Board at the earliest possible date, and to speak with each of you individually also.

Strengthening the Board and the Company
- - - - -

We have said repeatedly that the PDLI Board is filled with very impressive members of the scientific community, and that is why we suggested adding additional members to the Board, rather than replacing current members. While we are certainly highly knowledgeable about the scientific issues, our real expertise is in running businesses (which includes intelligently imposing financial discipline on corporate spending); making money for investors; understanding what is, and is not, in the best interests of shareholders (the owners of the Company); and understanding and communicating clearly with the financial markets (unlike Mr. McDade's chronic inability to tell PDLI's story to investors). These are all valuable traits that any board of directors, charged solely with promoting the best interests of shareholders, should embrace. We therefore remain certain that we can add substantial incremental value for PDLI's shareholders by serving on the Company's Board - an assessment that the directors, management teams and shareholders of Ligand Pharmaceuticals, Nabi BioPharmaceuticals, Ception Pharmaceuticals and many companies outside the biotechnology space can validate.

We would be pleased to provide any of you with multiple references at any of these companies (we provided them to Mr. McDade almost two months ago, but he never bothered to contact any of these references), who will attest to the significant contributions we have made to each of those companies. We are also confident that

virtually all Wall Street analysts who follow PDLI (as evidenced by their research reports covering our involvement in the Company), a vast majority of PDLI's shareholders (many of whom have telephoned us to express their support - including several of the largest long-only shareholders) and a large number of current and former PDLI employees (many of whom have also phoned to voice their support) believe that our active involvement in the Company would be of significant benefit for all constituencies.

Despite Dr. Gage's and Mr. McDade's repeated assertions, we do not believe that the Board is unanimous in its support of Mr. McDade. We understand that some Board members are, at least, privately questioning whether Mr. McDade is the right person to lead PDLI given the poor financial performance of the Company, the waning support of shareholders and the ethical and strategic concerns that have now surfaced. It is perhaps telling that in his May 16 letter to us, Dr. Gage retreated from purportedly speaking on behalf of the whole Board and instead offered only his personal support for Mr. McDade. While we understand, and have experienced first hand, how difficult it is for board members to break ranks with their CEO and Chairman, we hope that most members of the Board can draw the tough but necessary conclusion that continuing to support Mr. McDade is the wrong decision for PDLI's shareholders.

We trust that you, as the unconflicted members of the Board, will quickly take steps to do what is best for PDLI's shareholders. Any of you should feel free to call us at any time should you any questions regarding the substance of this letter or any of the other communications that we have had with the Company.

Sincerely,

/s/ Daniel S. Loeb

Daniel S. Loeb

cc: L. Patrick Gage, Ph.D.
Mark McDade