

**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): June 6, 2011

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))
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Item 8.01 Other Events.

On June 6, 2011, PDL BioPharma, Inc. (the “Company”) issued a press release specifying the adjustment of the conversion rates of its outstanding convertible notes related to the Company’s upcoming June 15, 2011, dividend payment. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Cautionary Statements

The Company’s statements herein and in the attached press release regarding its intentions with respect to the quarterly dividend payment constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Important factors that could impair the value of the Company’s royalty assets and limit the Company’s ability to pay dividends are disclosed in the risk factors contained in the Company’s 2010 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2011, and updated by subsequent Quarterly Reports on Form 10-Q. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit No.	Description
99.1	Press Release, dated June 6, 2011

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: June 6, 2011

EXHIBIT INDEX

Exhibit No.

Description

[99.1](#)

Press Release, dated June 6, 2011

**Contacts:**

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**PDL BioPharma Announces Conversion Rate Adjustments for
 its Convertible Notes**

INCLINE VILLAGE, NV, June 6, 2011 -- PDL BioPharma, Inc. (PDL) (NASDAQ: PDLI) today announced an adjustment to the conversion rate for:

- The 2.00% Convertible Senior Notes due February 15, 2012 (the 2012 Notes), effective June 9, 2011;
- The 2.875% Convertible Senior Notes due February 15, 2015 (the 2015 Notes), effective June 9, 2011; and
- The 3.75% Convertible Senior Notes due May 1, 2015 (the May 2015 Notes), effective June 6, 2011,

in connection with the regular dividend to be paid on June 15, 2011, to all stockholders who own shares of PDL on June 8, 2011, the record date.

The conversion rate for the 2012 Notes and the 2015 Notes, as adjusted, is 147.887 shares of common stock per \$1,000 principal amount or \$6.76 per share. The conversion rate for the 2012 Notes and the 2015 Notes was previously 144.474 shares of common stock per \$1,000 principal amount of the 2012 Notes and the 2015 Notes. In connection with a cash dividend, the conversion rate is increased by multiplying the previous conversion rate by a fraction, the numerator of which is the average closing price of PDL's common stock for the five consecutive trading days immediately preceding the ex-dividend date of June 6, 2011, for the cash dividend, and the denominator of which is the difference of such average closing price less the dividend amount.

The conversion rate for the May 2015 Notes, as adjusted, is 129.2740 shares of common stock per \$1,000 principal amount or \$7.74 per share. The conversion rate for the May 2015 Notes was previously 126.2985 shares of common stock per \$1,000 principal amount of the May 2015 Notes. In connection with a cash dividend, the conversion rate is increased by multiplying the previous conversion rate by a fraction, the numerator of which is the average closing price of PDL's common stock for the ten consecutive trading days immediately preceding the ex-dividend date of June 6, 2011, for the cash dividend, and the denominator of which is the difference of such average closing price less the dividend amount.

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 and also may receive royalty payments on additional humanized antibody products launched before patent expiry 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.

Forward-looking Statements

The foregoing statements regarding PDL's intentions with respect to the cash dividend payment described above are forward-looking statements under the Private Securities Litigation Reform Act of 1995 and actual results could vary materially from the statements made. PDL's ability to pay the dividend described above is subject to various risks, many of which are outside its control, including prevailing conditions in the capital markets, the continued strength of its royalty assets and other risks and uncertainties as detailed from time to time in the reports filed by PDL with the Securities and Exchange Commission.

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