

SCHEDULE 13D

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

February 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)

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*

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

8,600,000

NUMBER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

8,600,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

8,600,000

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

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

7.5%

14 TYPE OF REPORTING PERSON*

00

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)

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

NUMBKER OF SHARES
BENEFICIALLY OWNED
BY EACH REPORTING
PERSON WITH

8 SHARED VOTING POWER

8,600,000

9 SOLE DISPOSITIVE POWER

0

10 SHARED DISPOSITIVE POWER

8,600,000

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON

8,600,000

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SHARES* []

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

7.5%

14 TYPE OF REPORTING PERSON*

IN

This Schedule 13D is being filed on behalf of Third Point LLC, a Delaware limited liability company (the "Management Company"), and Daniel S. Loeb, an individual ("Mr. Loeb", and together with the Management Company, the "Reporting Persons"). This Schedule 13D relates to the Common Stock, par value \$0.01 per share, of PDL BioPharma, Inc., a Delaware corporation (the "Company"). Unless the context otherwise requires, references herein to the "Common Stock" are to such Common Stock of the Company. The Management Company is the investment manager or advisor to a variety of hedge funds and managed accounts (such funds and accounts, collectively, the "Funds"). The Funds directly own the Common Stock to which this Schedule 13D relates, and the Reporting Persons 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.

Item 1. Security and Issuer.

This statement on Schedule 13D relates to the Common Stock of the Company and is being filed pursuant to Rule 13d-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The address of the principal executive offices of the Company is 34801 Campus Drive, Fremont, California 94555.

Item 2. Identity and Background.

(a) This statement is filed by the Reporting Persons. Daniel S. Loeb is the chief executive officer of the Management Company and controls the Management Company's business activities. The Management Company is organized as a limited liability company under the laws of the State of Delaware.

(b) The address of the principal business and principal office of the Management Company and Mr. Loeb is 390 Park Avenue, 18th floor, New York, New York 10022.

(c) The principal business of the Management Company is to serve as investment manager or advisor to the Funds, and to control the investing and trading in securities of the Funds. The principal business of Mr. Loeb is to act as the chief executive officer of the Management Company.

(d) None of the Reporting Persons, nor, to the best of their knowledge, any of their directors, executive officers, general partners or members has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) None of the Reporting Persons, nor, to the best of their knowledge, any of their directors, executive officers, general partners or members has, during the last five years, been a party

to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Loeb is a United States citizen.

Item 3. Source and Amount of Funds or Other Consideration.

The Funds expended an aggregate of approximately \$157,188,600 of their own investment capital to acquire the 8,600,000 shares of Common Stock held by them. The Funds effect purchases of securities primarily through margin accounts maintained for them with Bear, Stearns Securities Corp. and Goldman, Sachs & Co., which may extend margin credit to the Funds as and when required to open or carry positions in the margin accounts, subject to applicable Federal margin regulations, stock exchange rules and the firm's credit policies. In such instances, the positions held in the margin accounts are pledged as collateral security for the repayment of debit balances in the accounts.

Item 4. Purpose of Transaction.

On March 5, 2007, the Management Company sent a letter to Mark McDade, Chief Executive Officer of the Company, and to the Board of Directors of the Company, expressing disappointment and concern over the Company's high rate of spending and, in the view of the Management Company, the Company's significant underperformance. In the letter, the Management Company urges that the Company cut costs and not pursue additional acquisitions. The Management Company communicated its belief that pipeline development and cash flow generation are not mutually exclusive and that, accordingly, the Company should reduce its spending to focus on essential product development and research. The Management Company has offered to work with management to streamline the Company's cost structure and asset base as soon as possible, in an effort to allow the cash generating ability and value of the Company to be developed and made apparent to shareholders.

A copy of the 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.

(a) As of the date of this Schedule 13D, the Management Company beneficially owns 8,600,000 shares of Common Stock, consisting of 8,000,000 shares of Common Stock held by the Funds (the "Shares") and 600,000 shares of Common Stock acquirable upon

exercise of options held by the Funds (the "Options"). The Management Company shares voting and dispositive power over such holdings with Mr. Loeb and with the Funds. The Shares and shares of Common Stock acquirable upon exercise of the Options together represent 7.5% of the 115,265,960 shares of Common Stock outstanding as of February 22, 2007, as reported in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2006. The percentages used herein and in the rest of this statement are calculated based upon this number of outstanding shares. None of the 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 8,600,000 shares of Common Stock beneficially owned by the Funds.

(c) Schedule A hereto sets forth certain information with respect to transactions by the Funds, at the direction of the Reporting Persons, in Common Stock during the past 60 days.

Schedule B hereto sets forth certain information with respect to transactions during the past 60 days by the Funds, at the direction of the Reporting Persons, in options to purchase Common Stock.

All of the transactions set forth on Schedule A and Schedule B were effected in open market transactions. Except as set forth above and on Schedule A and Schedule B, during the last 60 days there were no transactions in the Common Stock effected by the Reporting Persons nor, to the best of their knowledge, any of their directors, executive officers, general partners or members.

(d) Other than the Funds which directly hold the Shares, and except as set forth in this Item 5, no person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Shares.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Pursuant to Rule 13d-1(k) promulgated under the Exchange Act, the Reporting Persons have entered into an agreement with respect to the joint filing of this statement and any amendment or amendments hereto.

The Funds have acquired, in open market transactions, standardized Options to purchase an aggregate of 600,000 shares of Common Stock of the Company. Such shares of Common Stock can be acquired for prices of \$17.50 per share or \$20.00 per share pursuant to the exercise of the Options. For further information relating to the Options, see Item 5 and Schedule B hereto.

Except as set forth herein, there are no contracts, arrangements, understandings or relationships among the persons named in Item 2 or between such persons and any other person with respect to any securities of the Company.

Item 7. Material to be Filed as Exhibits.

- 99.1. Letter, dated March 5, 2007, from the Management Company to Mr. Mark McDade, Chief Executive Officer of the Company, and the Board of Directors of the Company.
- 99.2. Joint Filing Agreement, dated as of March 5, 2007, by and between the Reporting Persons.
- 99.3. Power of Attorney granted by Mr. Daniel S. Loeb in favor of James Kelly, Justin Nadler, Zachary Snow and Keith Waller, dated December 1, 2006.

[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: March 5, 2007

THIRD POINT LLC

By: Daniel S. Loeb,
Chief Executive Officer

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

[SIGNATURE PAGE TO SCHEDULE 13D WITH RESPECT TO
PDL BIOPHARMA, INC.]

Schedule A

(Transactions by the Funds in Common Stock
during the past 60 days)

Date	Transaction	Shares	Price Per Share(\$)
1/5/07	SELL	(20,500)	20.22
1/5/07	BUY	20,500	20.22
1/17/07	BUY	100,000	21.50
1/17/07	BUY	150,000	21.48
1/17/07	BUY	100,000	21.53
1/18/07	BUY	70,000	21.71
1/18/07	BUY	50,000	21.92
1/31/07	SELL	(27,400)	20.51
1/31/07	BUY	27,400	20.51
2/8/07	BUY	250,000	19.69
2/12/07	BUY	100,000	19.45
2/13/07	BUY	200,000	19.35
2/14/07	BUY	100,000	18.97
2/22/07	BUY	300,000	19.37
2/22/07	BUY	100,000	19.43
2/22/07	BUY	150,000	19.59
2/22/07	BUY	300,000	19.58
2/22/07	BUY	100,000	19.82
2/23/07	BUY	150,000	19.49
2/23/07	BUY	250,000	19.43

2/23/07	BUY	450,000	19.42
2/23/07	BUY	100,000	19.50
2/26/07	BUY	100,000	19.95
2/26/07	BUY	50,000	19.90
2/26/07	BUY	200,000	19.74
2/26/07	BUY	150,000	19.86
2/26/07	BUY	100,000	19.89
2/27/07	BUY	100,000	19.36
2/28/07	SELL	(27,900)	19.09
2/28/07	BUY	27,900	19.09
2/28/07	BUY	300,000	19.21
2/28/07	BUY	200,000	19.01
2/28/07	BUY	50,000	19.03
2/28/07	BUY	200,000	19.05
3/1/07	BUY	100,000	18.76
3/1/07	BUY	150,000	18.70

Schedule B

(Transactions by the Funds during the past 60 days
in options to purchase Common Stock)

Date	Transaction	Strike Price Per Share(\$)	Shares Acquirable Upon Exercise	Option Price Per Share(\$)
2/7/07	BUY	20.00	200,000	1.45
2/8/07	BUY	20.00	200,000	0.75
2/13/07	BUY	17.50	200,000	2.18
3/2/07	SELL	20.00	(200,000)	0.80
3/2/07	BUY	17.50	200,000	2.20

[Third Point Letterhead]

VIA FAX AND OVERNIGHT MAIL

March 5, 2007

Mr. Mark McDade
 Chief Executive Officer
 PDL BioPharma, Inc.
 34801 Campus Drive
 Fremont, California 94555

CC: Max Link, Ph.D.
 Samuel Broder, M.D.
 Karen A. Dawes
 L. Patrick Gage, Ph.D.
 Bradford S. Goodwin
 Laurence Jay Korn, Ph.D.
 Jon S. Saxe, Esq.

Dear Mr. McDade and PDLI Directors:

Funds advised by Third Point LLC ("Third Point") hold 8,000,000 shares of the common stock of PDL BioPharma, Inc. ("PDLI" or the "Company"), as well as options to purchase an additional 600,000 shares, collectively representing 7.5% of the common shares outstanding. We believe that the significant value inherent in the Company's product line, royalty revenues and R&D pipeline has been obscured by excessive overhead and apparently undisciplined research spending. We at Third Point have had substantial experience working strategically with healthcare companies to enhance value⁽¹⁾ and we would welcome the opportunity to share our views and work constructively with you to help put the Company on the right track. We believe that, with our timely input, the Company should be able to reverse its significant underperformance.

I am certain that you and the Board share our consternation that since January 1, 2004, the Company's share price has remained flat versus a 50% increase in the biotech index (BTK). This is particularly troubling given that the Company has received approximately \$400M of royalty revenues over this time period, largely attributable to several of biotech's fastest-growing products, including Genentech's Avastin and Herceptin. By comparison, Genentech shares have doubled over this time period.

- - - - -
 (1) Third Point was a founding investor and is represented on the board of Ception Therapeutics. We led a proxy contest and ultimately were granted three seats on the board of Ligand Pharmaceuticals, where we worked diligently with the board over the past year to sell divisions and replace management. This past November, two directors nominated by Third Point were added to the board of Nabi Biopharmaceuticals, leading to positive changes at that company as well.

The past three years should have been a golden era for PDLI's shareholders: Genentech's successful development of both Avastin and Herceptin, from which PDLI earns royalties based on its antibody humanization patents, enabled royalty revenues to grow from \$52.7M in FY'03 to \$184M in FY'06. To review the facts, in February 2004 Avastin was approved for first-line metastatic colorectal cancer. Subsequently, in March and April 2005 respectively, Avastin was shown to extend survival in first-line non-small cell lung cancer and to improve progression-free survival in first-line metastatic breast cancer. Then, on April 25, 2005, Genentech announced that Herceptin had demonstrated an improvement in disease-free survival in the adjuvant setting for early-stage breast cancer patients. Unfortunately, instead of channeling this royalty stream into earnings generation and expeditious product development, you made what we consider to be an ill-conceived purchase of ESP Pharma for \$500M to gain access to products Cardene IV, Retavase and Busulfex.

I am sure that both you and the Board share our disappointment that, contrary to your guidance, these products have generated little net cash flow since this purchase. Moreover, Cardene, which represents close to 60% of the combined \$165M revenue stream from the three products, will go generic in 2009. With the benefit of hindsight, it is apparent that your purchase of ESP Pharma has squandered \$500M of your shareholder's money. It is easy to see how some in the biotech industry have accused you, in this instance, of engaging in a classic case of biotech empire building. Based on the failure of this acquisition and the significant discount to fair value at which the Company's shares trade, we urge you not to pursue any such further acquisitions. Additionally, given your disappointing efforts with ESP Pharma's products, we believe that you should NOT partner Ularitide in exchange for yet another specialty pharmaceutical product. Instead, to enhance shareholder value you should accept an upfront cash payment. Indeed, we believe that you should sell your ESP Pharma assets to a specialty pharmaceutical company and focus PDLI on its core strength of biotechnology product development. We welcome the opportunity to discuss with you and the Board these initiatives in person.

Compounding our concerns, PDLI shareholders have had little to show to date for

the roughly \$400M spent on research and development between 2004 and 2006. There has been only one new investigational new drug ("IND") application since 2004. While we believe that the pipeline prospects will become apparent to investors in 2007, we find it hard to comprehend - either historically or prospectively - the enormity of that level of spending. We remain extremely concerned that this apparently "run-away spending" will continue, especially since a significant portion of PDLI's royalty stream ends in 2014. Pipeline development and cash flow generation are not mutually exclusive. Cash flow generation and retention, or monetization, should be as high a priority as pipeline development. We encourage the Company to reduce its spending to essential product development and research which can be justified by satisfactory rate of return expectations.

Underlying our approach is our strongly held belief that PDLI's shares are significantly undervalued due to the market's worry that the Company is squandering valuable cash flow on undisciplined R&D spending as well as its concern that the Company will make another acquisition. We estimate that between now and the end of 2014, PDLI will

generate close to \$2.2B in revenues from its royalty stream. Discounting this back at the current cost of capital, we calculate that this revenue stream is worth \$1.8B today, just slightly below PDLI's current market capitalization. In addition to these royalties, specialty pharmaceutical revenues should approximate \$200M in 2007 and the Company has other valuable assets: an exciting, albeit slowly-progressing, product pipeline; undisclosed royalties that extend beyond 2014; approximately \$430M in net operating loss carry-forwards; real estate and other assets that can be monetized; and a valuable antibody technology platform that should continue to generate new compounds over time.

We believe that, with our assistance, the Company could significantly close the value gap by taking several simple steps. We would like to work with management in developing a plan to streamline the cost structure and asset base at PDLI as soon as practicable. To that end, we would be willing to sign an appropriate NDA or other documents to work through this budgeting process and to share our views with management and the Board.

Our preliminary analysis shows that PDLI should, with some cost-cutting, be able to earn \$1.00 per share in 2008 and to increase that to \$1.50 per share in 2009. To be clear, we believe that PDLI can produce these results while it also does the following: conducts PIII trials for Nuvion, develops Daclizumab with BIIB for multiple sclerosis, develops M200 with BIIB for numerous cancers, partners Ularitide, partners Daclizumab for asthma, develops HuLuc63 for multiple myeloma and advances the early stage pipeline.

We understand that certain exasperated shareholders (those who haven't sold their shares) have suggested that PDLI either undergo a change of management or sell the Company to the highest bidder. We do not recommend such a course at this time so long as you and the Board agree to take immediate and decisive action and implement the sort of plan discussed above.

We at Third Point can only imagine the frustration that you and the Board must feel given the 40% plunge in PDLI stock price over the past 12 months and the series of operational disappointments that led to this decline. In light of this, we understand the sense of vulnerability that led you to recently implement the shareholder-unfriendly poison pill. We believe that a better course than "circling the wagons" would be to cease money losing initiatives and wasteful practices so that the underlying cash generating ability and value of the Company can be fully developed and made visible to shareholders. We look forward to meeting with you to discuss how we can be of assistance.

Sincerely,

/s/ Daniel S. Loeb
Chief Executive Officer

JOINT FILING AGREEMENT
PURSUANT TO RULE 13d-1(k)(1)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning it contained therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that it knows or has reason to believe that such information is inaccurate. This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall constitute one and the same instrument.

Dated: March 5, 2007

THIRD POINT LLC

By: Daniel S. Loeb,
Chief Executive Officer

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

[JOINT FILING AGREEMENT FOR SCHEDULE 13D WITH
RESPECT TO PDL BIOPHARMA, INC.]

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS THAT the undersigned hereby constitute and appoint JAMES KELLY, JUSTIN NADLER, ZACHARY SNOW and KEITH WALLER and each of them severally, as the true and lawful attorneys and agents of each of the undersigned, with power to act with or without the others and with full power of substitution and resubstitution, to execute in the name, place and stead of each of the undersigned any statement or report, including any amendment to any statement or report, required to be filed with respect to the undersigned (whether such filing includes one or more or all of the undersigned) under Section 13 or Section 16 of the United States Securities Exchange Act of 1934, as amended, and any rules, regulations and requirements thereunder, including any forms or statements required to be submitted in connection with any electronic filing, or any statement or report, including any amendment to any statement or report, required to be filed with respect to any of the undersigned under any comparable laws, rules, regulations and requirements of any foreign jurisdiction, and to file any of the same with the Securities and Exchange Commission and any other appropriate U.S. and foreign regulatory authorities, said attorneys and agents having full power and authority to do and perform in the name and on behalf of any of the undersigned every act necessary to be done in the premises as fully and as effectually as the undersigned might or could do in person; and each of the undersigned hereby ratifies and confirms all that said attorneys and agents shall do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned has subscribed these presents as of December 1, 2006.

/s/ Daniel S. Loeb

Daniel S. Loeb

THIRD POINT LLC

By: /s/ Daniel S. Loeb

Name: Daniel S. Loeb
Title: Chief Executive Officer

THIRD POINT OFFSHORE FUND, LTD.

By: /s/ Daniel S. Loeb

Name: Daniel S. Loeb
Title: Director

[Additional signatures on following page]

THIRD POINT PARTNERS LP

By: Third Point Advisors LLC, its General Partner

By: /s/ Daniel S. Loeb

Name: Daniel S. Loeb
Title: Managing Member

THIRD POINT PARTNERS QUALIFIED LP

By: Third Point Advisors LLC, its General Partner

By: /s/ Daniel S. Loeb

Name: Daniel S. Loeb
Title: Managing Member

THIRD POINT ULTRA LTD.

By: Third Point LLC, its Investment Manager

By: /s/ Daniel S. Loeb

Name: Daniel S. Loeb
Title: Chief Executive Officer

LYXOR/THIRD POINT FUND LIMITED

By: Third Point LLC, its Investment Manager

By: /s/ Daniel S. Loeb

Name: Daniel S. Loeb
Title: Chief Executive Officer

[Signatures to Power of Attorney]