

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

| OMB APPROVAL | |
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|---|--|--|
| 1. Name and Address of Reporting Person* <u>KLEIN JOSEPH III</u> (Last) (First) (Middle) C/O PDL BIOPHARMA, INC. 1400 SEAPORT BLVD (Street) REDWOOD CA 94063 CITY CA 94063 (City) (State) (Zip) | 2. Issuer Name and Ticker or Trading Symbol <u>PDL BIOPHARMA, INC. [PDLI]</u> | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) <input checked="" type="checkbox"/> Director 10% Owner Officer (give title below) Other (specify below) |
| | 3. Date of Earliest Transaction (Month/Day/Year) 05/28/2008 | |
| 4. If Amendment, Date of Original Filed (Month/Day/Year) | | |

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed Of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|------------|-------|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|--|-----------------|---|--|--|---|--|-------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | | | | | | Title |
| Stock Option (Right to Buy) | \$9.79 | 05/28/2008 | | A | | 2,500 | | (1) | 05/28/2015 | Common Stock | 2,500 | \$0 | 2,500 | D | |
| Stock Option (Right to Buy) (Common Stock) | \$9.79 | 05/28/2008 | | A | | 1,500 | | (2) | 05/28/2015 | Common Stock | 1,500 | \$0 | 1,500 | D | |
| Stock Option (Right to Buy) (Common Stock) | \$9.79 | 05/28/2008 | | A | | 667 | | (3) | 05/28/2015 | Common Stock | 667 | \$0 | 667 | D | |
| Stock Option (Right to Buy) (Commo Stock) | \$9.79 | 05/28/2008 | | A | | 1,000 | | (4) | 05/28/2015 | Common Stock | 1,000 | \$0 | 1,000 | D | |
| Stock Option (Right to Buy) (Common Stock) | \$9.79 | 05/28/2008 | | A | | 4,583 | | (5) | 05/28/2015 | Common Stock | 4,583 | \$0 | 4,583 | D | |
| Stock Option (Right to Buy) (Common Stock) | \$9.79 | 05/28/2008 | | A | | 13,750 | | (6) | 05/28/2015 | Common Stock | 13,750 | \$0 | 13,750 | D | |

Explanation of Responses:

- This option will vest with respect to approximately 208 shares on June 28, 2008 and with respect to approximately 208 of the shares monthly thereafter.
- This option will vest with respect to approximately 125 shares on June 28, 2008 and with respect to approximately 125 of the shares monthly thereafter.
- This option will vest with respect to approximately 83 shares on October 28, 2008 and with respect to approximately 83 of the shares monthly thereafter.
- This option will vest with respect to approximately 83 shares on June 28, 2008 and with respect to approximately 83 of the shares monthly thereafter.
- This option will vest with respect to approximately 417 shares on August 28, 2008 and with respect to approximately 417 of the shares monthly thereafter.
- This option will vest with respect to 1,250 shares on August 28, 2008 and with respect to 1,250 of the shares monthly thereafter.

Remarks:

/s/ Francis Sarena by Francis
Sarena, Attorney-In-Fact for 05/30/2008
Joseph Klein III

** Signature of Reporting Person Date

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

* If the form is filed by more than one reporting person, see Instruction 4 (b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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