

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 8-K/A

**AMENDMENT NO. 1 TO
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (date of earliest event reported): May 2, 2007

PDL BioPharma, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

000-19756
(Commission File No.)

94-3023969
(I.R.S. Employer
Identification No.)

**34801 Campus Drive
Fremont, California 94555**
(Address of principal executive offices)

Registrant's telephone number, including area code:
(510) 574-1400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- 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 2.02. Results of Operations and Financial Condition.

On May 2, 2007, PDL BioPharma, Inc. (the “Company” or “we”) issued a press release announcing our financial results for the quarter ended March 31, 2007 (the “Earnings Release”) and conducted a webcast conference call regarding these financial results (the “Earnings Call”). On May 8, 2007, we filed a Current Report on Form 8-K (the “Original 8-K”), which had attached to it as Exhibits 99.1 and 99.2, respectively, the Earnings Release and a transcript of the Earnings Call. The Original 8-K is amended by this Amendment No. 1 to Current Report to include the paragraphs below under the heading “Revision to Previously Announced First Quarter 2007 Results of Operations.”

Revision to Previously Announced First Quarter 2007 Results of Operations

During the preparation of our financial statements for the quarter ended March 31, 2007, and subsequent to the Earnings Release and Earnings Call, we recorded an adjustment to reclassify certain costs previously included in research and development expenses to selling, general and administrative expenses. Such amounts primarily relate to certain of our clinical affairs costs that are more appropriately classified as general and administrative costs within selling, general and administrative expenses. As compared to the financial information presented in the Earnings Release and Earnings Call, these reclassifications decreased research and development expenses and correspondingly increased selling, general and administrative expenses by approximately \$4.6 million and \$3.2 million for the three-month periods ended March 31, 2007 and March 31, 2006, respectively. These reclassifications had no impact on our total operating expenses or our net loss for either of these periods. On a non-GAAP basis, these reclassifications decreased research and development expenses and correspondingly increased selling, general and administrative expenses by approximately \$4.4 million and \$3.1 million for the three-month periods ended March 31, 2007 and March 31, 2006, respectively.

Attached as Exhibit 99.3 to this Amendment No. 1 to Current Report are the revised (a) Condensed Consolidated Statements of Operations, (b) Non-GAAP Condensed Consolidated Statements of Operations and (c) Reconciliation of Non-GAAP Condensed Consolidated Statements of Operations to GAAP, each for the three months ended March 31, 2007 and 2006.

To supplement the financial information that is presented in accordance with U.S. generally accepted accounting principles (“GAAP”) in our Earnings Release, our Earnings Call and the information set forth on Exhibit 99.3, we provide certain non-GAAP financial measures that exclude from the directly comparable GAAP measures certain non-cash and other charges. These non-GAAP financial measures exclude depreciation of property and equipment, stock-based compensation expense, amortization of intangible assets, interest income and other, net, interest expense, income taxes and certain other items. We believe that these non-GAAP measures presented in the Earnings Release, Earnings Call and Exhibit 99.3 are useful for investors because these measures provide added insight into our performance and enhance an investor’s overall understanding of our financial performance by reconciling more closely to the actual cash expenses of the Company in its operations as well as excluding expenses that in management’s view are unrelated to our ongoing operations, the inclusion of which may make it more difficult for investors and financial analysts reporting on the Company to compare our results from period to period. Non-GAAP financial measures should not be considered in isolation from, as a substitute for or superior to financial information presented in compliance with GAAP, and the non-GAAP financial measures we reported may not be comparable to similarly titled items reported by other companies.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.3	Revised statements of operations and non-GAAP reconciliation regarding the first quarter 2007 financial results of PDL BioPharma, Inc.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 14, 2007

PDL BioPharma, Inc.

By: /s/ Andrew Guggenime _____

Andrew Guggenime

Senior Vice President and Chief Financial Officer

PDL BIOPHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2007	2006
REVENUES:		
Product sales, net	49,127	37,547
Royalties	48,595	43,970
License, collaboration and other	10,261	9,695
Total revenues	<u>107,983</u>	<u>91,212</u>
COSTS AND EXPENSES:		
Cost of product sales	24,998	22,959
Research and development	55,625	58,586
Selling, general and administrative	37,941	35,344
Other acquisition-related charges	1,436	1,118
Total costs and expenses	<u>120,000</u>	<u>118,007</u>
Operating loss	(12,017)	(26,795)
Interest and other income, net	5,032	3,330
Interest expense	(3,557)	(2,650)
Loss before income taxes	<u>(10,542)</u>	<u>(26,115)</u>
Income tax expense	64	115
Net loss	<u>\$ (10,606)</u>	<u>\$ (26,230)</u>
NET LOSS PER SHARE:		
Basic and diluted	<u>\$ (0.09)</u>	<u>\$ (0.23)</u>
Weighted average shares — basic and diluted	<u>115,104</u>	<u>112,472</u>

In addition to the consolidated financial statements presented in accordance with GAAP, PDL uses non-GAAP measures of operating performance, which are adjusted from results based on GAAP to exclude amortization of intangible assets; depreciation of property and equipment; stock-based compensation expense; interest income and other, net; interest expense; income taxes and certain other miscellaneous items. PDL believes that the non-GAAP results provide added insight into its performance by focusing on results generated by its ongoing operations. PDL uses the non-GAAP results when assessing the performance of its ongoing operations, in making resource allocation decisions and for planning and forecasting. Additionally, PDL considers these non-GAAP results in awarding bonus and other incentive compensation to its employees, including management. The non-GAAP financial measures should be considered as a supplement to, not as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures.

PDL BIOPHARMA, INC.
NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS ⁽¹⁾
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended	
	March 31,	
	2007	2006
REVENUES:		
Product sales, net	\$ 49,127	\$ 37,547
Royalties	48,595	43,970
License, collaboration and other	10,261	9,695
Total revenues	<u>107,983</u>	<u>91,212</u>
COSTS AND EXPENSES:		
Cost of product sales	16,626	12,394
Research and development	47,432	47,609
Selling, general and administrative	33,135	27,961
Non-GAAP costs and expenses	97,193	87,964
Non-GAAP net income	<u>\$ 10,790</u>	<u>\$ 3,248</u>
NON-GAAP NET INCOME PER SHARE:		
Basic	<u>\$ 0.09</u>	<u>\$ 0.03</u>
Weighted average shares — basic	<u>115,104</u>	<u>112,472</u>
Diluted	<u>\$ 0.09</u>	<u>\$ 0.03</u>
Weighted average shares — diluted ⁽²⁾	<u>117,765</u>	<u>118,287</u>

(1) These non-GAAP condensed consolidated statements of operations exclude amortization of intangible assets; depreciation of property and equipment; stock-based compensation expense; interest income and other, net; interest expense; income taxes and certain other miscellaneous items that were not classified in the foregoing categories and are identified below.

During the three months ended March 31, 2007, the miscellaneous excluded items consisted of other acquisition-related charges of \$1.4 million related to the operations of ESP Pharma Holding Company, Inc. prior to the Company's acquisition of ESP Pharma on March 23, 2005, primarily product returns, as well as returns of Retavasefor sales made prior to the Company's acquisition of the rights to the product from Centocor, Inc. on the same date. During the three months ended March 31, 2006, the miscellaneous excluded items consisted of (a) other acquisition-related charges of \$1.1 million and (b) a \$4.1 million charge for payments to Wyeth in consideration of Wyeth's consent to the Company's transfer of the Company's rights to the off-patent branded products.

(2) These weighted average shares exclude the impact of 12.4 million shares and 10.6 million shares of common stock underlying the convertible notes the Company issued in July 2003 and February 2005, respectively.

PDL BIOPHARMA, INC.
RECONCILIATION OF NON-GAAP CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS TO GAAP
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31, 2007					GAAP Results As Reported
	Non-GAAP Results	Adjustments			Other Excluded Items	
	Amortization of Intangible Assets	Depreciation of Property and Equipment	Stock-Based Compensation Expenses			
REVENUES:						
Product sales, net	\$ 49,127	\$ —	\$ —	\$ —	\$ —	\$ 49,127
Royalties	48,595	—	—	—	—	48,595
License, collaboration and other	10,261	—	—	—	—	10,261
Total revenues	<u>107,983</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>107,983</u>
COSTS AND EXPENSES:						
Cost of product sales	16,626	8,372	—	—	—	24,998
Research and development	47,432	412	4,918	2,863	—	55,625
Selling, general and administrative	33,135	—	2,460	2,346	—	37,941
Other acquisition-related charges	—	—	—	—	1,436	1,436
Total costs and expenses	<u>97,193</u>	<u>8,784</u>	<u>7,378</u>	<u>5,209</u>	<u>1,436</u>	<u>120,000</u>
Operating income (loss)	10,790	(8,784)	(7,378)	(5,209)	(1,436)	(12,017)
Interest and other income, net	—	—	—	—	5,032	5,032
Interest expense	—	—	—	—	(3,557)	(3,557)
Income (loss) before income taxes	10,790	(8,784)	(7,378)	(5,209)	39	(10,542)
Income tax expense	—	—	—	—	64	64
Net income (loss)	<u>\$ 10,790</u>	<u>\$ (8,784)</u>	<u>\$ (7,378)</u>	<u>\$ (5,209)</u>	<u>\$ (25)</u>	<u>\$ (10,606)</u>
NET INCOME (LOSS) PER SHARE:						
Basic	<u>\$ 0.09</u>					<u>\$ (0.09)</u>
Weighted average shares — basic	<u>115,104</u>					<u>115,104</u>
Diluted	<u>\$ 0.09</u>					<u>\$ (0.09)</u>
Weighted average shares — diluted	<u>117,765</u>					<u>115,104</u>

	Three Months Ended March 31, 2006					GAAP Results As Reported
	Non-GAAP Results	Adjustments			Other Excluded Items	
	Amortization of Intangible Assets	Depreciation of Property and Equipment	Stock-Based Compensation Expenses			
REVENUES:						
Product sales, net	\$ 37,547	\$ —	\$ —	\$ —	\$ —	\$ 37,547
Royalties	43,970	—	—	—	—	43,970
License, collaboration and other	9,695	—	—	—	—	9,695
Total revenues	<u>91,212</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>91,212</u>
COSTS AND EXPENSES:						
Cost of product sales	12,394	10,565	—	—	—	22,959
Research and development	47,609	487	7,052	3,438	—	58,586
Selling, general and administrative	27,961	—	552	2,708	4,123	35,344
Other acquisition-related charges	—	—	—	—	1,118	1,118
Total costs and expenses	<u>87,964</u>	<u>11,052</u>	<u>7,604</u>	<u>6,146</u>	<u>5,241</u>	<u>118,007</u>
Operating income (loss)	3,248	(11,052)	(7,604)	(6,146)	(5,241)	(26,795)
Interest and other income, net	—	—	—	—	3,330	3,330
Interest expense	—	—	—	—	(2,650)	(2,650)
Income (loss) before income taxes	3,248	(11,052)	(7,604)	(6,146)	(4,561)	(26,115)
Income tax expense	—	—	—	—	115	115
Net income (loss)	<u>\$ 3,248</u>	<u>\$ (11,052)</u>	<u>\$ (7,604)</u>	<u>\$ (6,146)</u>	<u>\$ (4,676)</u>	<u>\$ (26,230)</u>
NET INCOME (LOSS) PER SHARE:						
Basic	<u>\$ 0.03</u>					<u>\$ (0.23)</u>
Weighted average shares — basic	<u>112,472</u>					<u>112,472</u>
Diluted	<u>\$ 0.03</u>					<u>\$ (0.23)</u>
Weighted average shares — diluted	<u>118,287</u>					<u>112,472</u>