

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D  
(Amendment No. 5)

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 31, 2007

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(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

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CUSIP No. 69329Y104  
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Page 2 of 8 Pages  
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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 SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 8 SHARED VOTING POWER

11,400,000

9 SOLE DISPOSITIVE POWER

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\*

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SCHEDULE 13D

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CUSIP No. 69329Y104  
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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  
EACH  
REPORTING  
PERSON WITH

8 SHARED VOTING POWER  
  
7,339,400  
-----

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\* [ ]  
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13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
  
6.3%  
-----

14 TYPE OF REPORTING PERSON\*  
  
00  
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SCHEDULE 13D

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CUSIP No. 69329Y104  
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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 SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 8 SHARED VOTING POWER

11,400,000

-----  
9 SOLE DISPOSITIVE POWER

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%

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14 TYPE OF REPORTING PERSON\*

IN  
-----

SCHEDULE 13D

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CUSIP No. 69329Y104  
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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

0

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON WITH

-----  
8 SHARED VOTING POWER

62,783

-----  
9 SOLE DISPOSITIVE POWER

0

-----  
10 SHARED DISPOSITIVE POWER

62,783

-----  
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%

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14 TYPE OF REPORTING PERSON\*

IN  
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This Amendment No. 5 to Schedule 13D ("Amendment No. 5") 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, Amendment No. 4 thereto filed on May 22, 2007 and this Amendment No. 5, 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. 5 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 4. Purpose of Transaction.

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

On May 31, 2007, Third Point sent a letter to the Board of Directors of the Company (the "Board") inviting each member of the Board to contact Third Point to discuss its serious concerns regarding Mark McDade, the Chief Executive Officer of the Company, L. Patrick Gage, the Chairman of the Board, and Jeanmarie Guenot, the Company's Vice President, Corporate & Business Development. The May 31 letter was prompted in part by the lack of response to the letter sent by Third Point on May 22 to the unconflicted members of the Board, consisting of all members of the Board other than Mr. McDade and Dr. Gage.

In the May 31 letter, Third Point once again urges the Board to act in the interest of shareholders by (i) terminating Mark McDade's employment as Chief Executive Officer, (ii) adding three shareholder representatives to the PDLI Board, and (iii) retaining an investment bank to explore strategic alternatives for the Company. Additionally, Third Point requests

that Jean-Jacques Bienaime, Chief Executive Officer of BioMarin Pharmaceutical Inc., be added to the Board along with two of the other four candidates whose names were previously provided by Third Point. Third Point urges the Board to pursue sources of information underlying Third Point's concern over what it sees as Mr. McDade's poor performance and unsuitability to lead the Company.

A copy of Third Point's May 31, 2007 letter is attached to this Schedule 13D as an exhibit and incorporated herein by reference in its entirety.

Item 7. Material to be Filed as Exhibits.

99.1. Letter, dated May 31, 2007, from Third Point to the 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 31, 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. 5 TO SCHEDULE 13D  
WITH RESPECT TO PDL BIOPHARMA, INC.]



## [Third Point Letterhead]

May 31, 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.  
L. Patrick Gage, Ph.D  
Mr. Mark McDade

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

Dear PDLI Board Members:

As you know, in our private letter to you three weeks ago we urged the Board to promptly act in the best interest of PDL BioPharma, Inc. ("PDLI" or the "Company") and its shareholders and toward that end;

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

Last week, in a follow-up letter, we reiterated these demands to the six unconflicted Board members, asking them to act expeditiously for the benefit of all PDLI shareholders. In addition, we called for the termination of L. Patrick Gage as Chairman and Jeanmarie Guenot as head of business development for the reasons spelled out in that letter. We have yet to hear back from you regarding any of these demands.

We trust that your silence is the result of an assiduous and expeditious effort on the part of the Board to conduct its own thorough investigation into the very serious concerns we and others have raised. As you know, these concerns are over potentially significant ethical breaches by Mr. McDade, and circumstances where Mr. McDade appears to have elevated his personal interests above the best interests of PDLI's shareholders. In doing so, he may have damaged shareholder interests and destroyed shareholder value. In our view, and in the view of many other PDLI shareholders, these issues render Mr. McDade unsuitable to continue to serve as PDLI's CEO.

Board of Directors  
PDL BioPharma, Inc.  
May 31, 2007  
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Equally concerning, despite repeated assurances from Mr. McDade and Dr. Gage over the past month that our four Board candidates would be contacted shortly by the Company's nominating committee or its representatives, not one of these candidates has yet heard from PDLI (nor have any of the references for these candidates, supplied to Mr. McDade two months ago, been contacted). Today, we would like to add a fifth candidate to our nominee list for the PDLI Board - Jean-Jacques Bienaime, Chief Executive Officer of BioMarin Pharmaceutical Inc., and request that he be one of the three shareholder nominees added to the PDLI Board (along with two of our other four candidates). Mr. Bienaime recently contacted Third Point to offer to join the PDLI Board and shared our concerns that company mismanagement is obscuring significant asset value. As you know, Mr. Bienaime is a highly-respected executive in the industry, and in sharp contrast to Mr. McDade, has a demonstrated track record of turning around underperforming companies, commercializing products, and, most importantly, creating significant value for shareholders at the companies that he has managed. Specifically, Mr. Bienaime sold Genencor International roughly 2 1/2 years after taking over as CEO of that company, resulting in an almost 100% return for shareholders during his tenure there, and BioMarin's stock has nearly tripled during his two years as CEO of that company. In sharp contrast, during this same period, Mr. McDade bankrupted Signature Bioscience and significantly harmed value for PDLI shareholders as we have well documented in our previous

correspondence. (Mr. Bienaime's competence and value creating abilities are well known to Dr. Gage; Flagship Ventures, where Dr. Gage is a venture partner, installed Mr. Bienaime as a director of one of its portfolio companies.) Given his impressive credentials, we trust you will support Mr. Bienaime's candidacy.

Again, we extend our invitation to all un-conflicted directors to contact us directly so we may share in an unfiltered fashion our concerns regarding Mr. McDade, Dr. Gage and Ms. Guenot. We cannot overstate the importance of your quickly pursuing all sources of information that can shed light on the serious concerns we and others have raised about Mr. McDade's lack of performance and his unsuitability to lead the Company at this critical time. Every day that Mr. McDade continues to run PDLI, critical drug research is compromised, employee morale deteriorates and shareholder value is impaired.

Sincerely,

/s/ Daniel S. Loeb

Daniel S. Loeb