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): May 9, 2019

PDL BioPharma, Inc.

(Exact name of Company as specified in its charter)

000-19756
(Commission File Number)

Delaware	94-3023969
(State or Other Jurisdiction of Incorporation)	(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Item 2.02 Results of Operations and Financial Condition.

On May 9, 2019, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the first quarter ended March 31, 2019. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on May 9, 2019, during which the Company will discuss its financial results for the first quarter ended March 31, 2019.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On May 9, 2019, the Company posted to its website a set of presentation materials that it will use during its earnings call and webcast to assist participants with understanding the Company's financial results for the quarter ended March 31, 2019. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On May 9, 2019, the Company distributed to analysts covering the Company's securities a summary of certain information regarding the Company's financial results and business (the Information Sheet) to assist those analysts in valuing the Company's securities. The Information Sheet and its associated tables are attached hereto as Exhibit 99.3.

Limitation of Incorporation by Reference

In accordance with General Instruction B.2. of Form 8-K, the information in Items 2.02, 7.01 and 9.01 of this report, including the exhibits, shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are furnished with this report:

Exhibit No.	Description
99.1	Press Release
99.2	Presentation
99.3	Information Sheet

Cautionary Statements

This filing and its exhibits include "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. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could impair the Company's assets or business are disclosed in the "Risk Factors" contained in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 15, 2019. 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.

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/ Peter S. Garcia
Peter S. Garcia
Vice President and Chief Financial Officer

Dated: May 9, 2019

Exhibit Index

Exhibit No.	Description
99.1	Press Release
99.2	Presentation
99.3	Information Sheet

Exhibit 99.1

Contacts:

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PDL BioPharma Reports 2019 First Quarter Financial Results

INCLINE VILLAGE, Nev. (May 9, 2019) – PDL BioPharma, Inc. ("PDL" or "the Company") (NASDAQ: PDLI) reports financial results for the three months ended March 31, 2019:

First Quarter and Recent Financial Highlights

- Total revenues of $38.9 million.
- GAAP net income of $6.7 million or $0.05 per diluted share.
- Non-GAAP net income attributable to PDL's shareholders of $11.9 million. A reconciliation of GAAP to non-GAAP financial results can be found in Table 3 at the end of this news release.
- Cash and cash equivalents of $366.3 million as of March 31, 2019.
- Repurchased 13.1 million shares of common stock in the open market during the first quarter of 2019 for $44.4 million, or an average price of $3.38 per share.
- Invested $30.0 million in Evofem Biosciences, Inc. in April 2019.

"This is a very exciting time at PDL as we report strong first quarter financial results while we consider expanding our strategic transaction with Evofem Biosciences, as announced on April 11," said Dominique Monnet, president and CEO of PDL. "The elements of this transaction fit with our commitment to creating shareholder value by entering into strategic collaborations with pharmaceutical companies with innovative products and technologies. Evofem Biosciences provides us with an attractive opportunity to make a contribution to women's healthcare, which presents many unmet medical needs that have been largely underserved by large pharmaceutical companies. Evofem's lead investigational drug product, Amphora®, offers a novel non-hormonal approach to contraception for women. Additionally, we are confident that Evofem's team has the talent, expertise and dedication to execute successfully its commercial plan for Amphora®.

"Should we make the second $30 million tranche of our proposed investment in Evofem, our team at PDL would bring significant value to the Amphora launch by contributing our capital and expertise in commercializing products in the U.S. and internationally," he added.

First Quarter Revenue Highlights

- Total revenues of $38.9 million included:
  - Product revenue of $26.7 million, which consisted of $20.0 million from the sales of our branded prescription medicine products Tekturna® and Tekturna HCT® in the U.S. and Rasilez® and Rasilez HCT® in the rest of the world and revenue generated from the sale of an authorized generic form of Tekturna in the United States (collectively, the Noden Products), and $6.7 million of product revenue from the LENSAR® Laser System.
    - Product revenue from the Noden Products was $12.2 million in the U.S. and $7.8 million in the rest of the world.

- Net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets of $12.3 million, primarily related to the Assertio royalty asset.

- Total revenues of $38.9 million, compared with $38.5 million for the first quarter of 2018.
  - Product revenue of $26.7 million, increased 14.4%, compared with $23.3 million for the prior-year period. The increase is primarily due to the initial inventory stocking related to the launch of an authorized generic form of Tekturna in the United States in March 2019.
  - PDL recognized $12.3 million in revenue from royalty rights - change in fair value, compared with $11.1 million in the prior-year period. The increase is related to higher royalties from the Assertio royalty asset.
    - PDL received $12.6 million in net cash royalties from its royalty rights in the first quarter of 2019.
  - Royalties from PDL's licensees to the Queen et al. patents were less than $0.1 million in the first quarter of 2019, compared with $2.8 million for the first quarter of 2018 as royalties on the sales of Tysabri® are nearing completion.
  - Interest revenue decreased by $0.7 million from the prior-year period due to CareView Communications not making its interest payment in the first quarter of 2019.

First Quarter Operating Expense Highlights

- Operating expenses were $28.4 million, a $5.8 million decrease from $34.2 million for the first quarter of 2018. The variance was primarily a result of:
  - a $4.7 million decline in amortization expense for the Noden intangible assets as a result of the impairment recorded for these intangible assets in the second quarter of 2018,
  - a $1.2 million, or 10%, decline in general and administrative expenses primarily due to lower professional fees,
  - a $2.8 million, or 50%, decline in sales and marketing expenses, reflecting the cost savings from the change in our marketing strategy for the Noden Products,
  - offset by a $2.2 million increase in Noden Products and LENSAR cost of product revenue, due to higher sales in both segments,
  - a $0.6 million favorable adjustment to the fair value of the contingent consideration recorded in the first quarter of 2018 with no corresponding adjustment in the first quarter of 2019, and
  - higher research and development expenses in our Medical Devices segment.

Stock Repurchase Programs

- In November 2018, PDL began repurchasing shares of its common stock pursuant to the $100.0 million share repurchase program. During the first quarter of 2019, the Company repurchased 13.1 million shares for an aggregate purchase price of $44.4 million, or an average cost of $3.38 per share, including trading commission.
- Subsequent to the close of the first quarter of 2019, the Company repurchased 2.8 million shares at an average price of $3.77 per share, for a total of $10.4 million.
- To date, the Company has repurchased 24.5 million shares for a total of $80.3 million in the $100.0 million program leaving $19.7 million available to be repurchased.
- Since initiating its first stock repurchase program in March 2017, the Company has used $135.3 million to repurchase a total of 46.6 million shares of its common stock.

Other Financial Highlights

- PDL had cash and cash equivalents of $366.3 million as of March 31, 2019, compared with cash and cash equivalents of $394.6 million as of December 31, 2018.
- The reduction in cash and cash equivalents was primarily the result of common stock repurchases of $44.4 million, partially offset by the proceeds from operations and royalty rights.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results and provide a business update at 4:30 p.m. Eastern time today. Slides to accompany the conference call will be available in the Investor Relations section of www.pdl.com.

To access the live conference call via phone, please dial 844-535-4071 from the U.S. and Canada or 706-679-2458 internationally. The conference ID is 1099595. A telephone replay will be available beginning approximately one hour after the call through one week following the call and may be accessed by dialing 855-859-2056 from the U.S. and Canada or 404-537-3406 internationally. The replay passcode is 1099595.

To access the live and subsequently archived webcast of the conference call, go to the Investor Relations section of www.pdl.com and select “Events & Presentations.”

About PDL BioPharma, Inc.

PDL BioPharma seeks to provide a significant return for its stockholders by entering into strategic transactions involving late clinical- or early commercial-stage pharmaceutical companies or products with attractive revenue growth potential. For more information please visit www.pdl.com

Forward-looking Statements

This press release contains “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. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important factors that could impair the value of the Company’s assets and business are disclosed in the risk factors contained in the Company’s Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 15, 2019 and subsequent filings. 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.

TABLE 1
PDL BIOPHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME DATA
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	**2018**
Revenues		
Product revenue, net	$ 26,686	$ 23,324
Royalty rights - change in fair value	12,257	11,091
Royalties from Queen et al. patents	3	2,783
Interest revenue	—	749
License and other	(33)	571
Total revenues	38,913	38,518
Operating Expenses		
Cost of product revenue (excluding intangible asset amortization)	12,810	10,566
Amortization of intangible assets	1,572	6,293
General and administrative	10,462	11,661
Sales and marketing	2,730	5,513
Research and development	869	793
Change in fair value of contingent consideration	—	(600)
Total operating expenses	28,443	34,226
Operating income	10,470	4,292
Non-operating expense, net		
Interest and other income, net	1,874	1,914
Interest expense	(2,955)	(3,585)
Total non-operating expense, net	(1,081)	(1,671)
Income before income taxes	9,389	2,621
Income tax expense	2,772	1,019
Net income	6,617	1,602
Less: Net loss attributable to noncontrolling interests	(63)	—
Net income attributable to PDL's shareholders	$ 6,680	$ 1,602
Net income per share		
Basic	$ 0.05	$ 0.01
Diluted	$ 0.05	$ 0.01
Shares used to compute income per basic share	128,799	151,473
Shares used to compute income per diluted share	129,390	152,579

TABLE 2
PDL BIOPHARMA, INC.
CONDENSED CONSOLIDATED BALANCE SHEET DATA
(Unaudited)
(In thousands)

	March 31, 2019	December 31, 2018
Cash and cash equivalents	$ 366,324	$ 394,590
Total notes receivable	$ 63,704	$ 63,813
Total royalty rights - at fair value	$ 376,147	$ 376,510
Total assets	$ 923,533	$ 963,736
Total convertible notes payable	$ 126,567	$ 124,644
Total stockholders’ equity	$ 693,784	$ 729,779

TABLE 3
PDL BIOPHARMA, INC.
GAAP to NON-GAAP RECONCILIATION:
NET INCOME
(Unaudited)
(In thousands)

A reconciliation between net income on a GAAP basis and on a non-GAAP basis is as follows:

	Three Months Ended March 31,	
	2019	**2018**
GAAP net income attributed to PDL's stockholders as reported	$ 6,680	$ 1,602
Adjustments to Non-GAAP net income (as detailed below)	5,175	12,507
Non-GAAP net income attributed to PDL's stockholders	$ 11,855	$ 14,109

An itemized reconciliation between net income on a GAAP basis and on a non-GAAP basis is as follows:

	Three Months Ended March 31,	
	2019	**2018**
GAAP net income attributed to PDL's stockholders, as reported	$ 6,680	$ 1,602
Adjustments:		
Mark-to-market adjustment to fair value assets	363	7,532
Non-cash interest revenues	—	(74)
Non-cash stock-based compensation expense	1,169	957
Non-cash debt offering costs	1,923	2,132
Non-cash depreciation and amortization expense	1,128	1,004
Mark-to-market adjustment on warrants held	33	(71)
Non-cash amortization of intangible assets	1,572	6,293
Mark-to-market adjustment of contingent consideration	—	(600)
Income tax effect related to above items	(1,013)	(4,666)
Total adjustments	5,175	12,507
Non-GAAP net income	$ 11,855	$ 14,109

Use of Non-GAAP Financial Measures

We supplement our consolidated financial statements presented on a GAAP basis by providing an additional measure which may be considered a "non-GAAP" financial measure under applicable rules of the Securities and Exchange Commission. We believe that the disclosure of this non-GAAP financial measures provides our investors with additional information that reflects the amounts and financial basis upon which our management assesses and operates our business. These non-GAAP financial measures are not in accordance with generally accepted accounting principles and should not be viewed in isolation or as a substitute for reported, or GAAP, net income, and is not a substitute for, or superior to, measures of financial performance performed in conformity with GAAP.

"Non-GAAP net income" is not based on any standardized methodology prescribed by GAAP and represents GAAP net income adjusted to exclude (1) mark-to-market adjustments related to the fair value election for our investments in royalty rights presented in our earnings, which include the fair value re-measurement of future discounted cash flows for each of the royalty rights assets we have acquired, (2) non-cash interest revenue from notes receivable (3) non-cash stock-based compensation expense, (4) non-cash interest expense related to PDL debt offering costs, (5) mark-to-market adjustments related to warrants held, (6) non-cash amortization of intangible assets, (7) mark-to-market adjustment related to acquisition-related

contingent consideration, (8) non-cash depreciation and amortization expense and (9) the related tax effect of all reconciling items within our reconciliation. Non-GAAP financial measures used by PDL may be calculated differently from, and therefore may not be comparable to, non-GAAP measures used by other companies.

# # #

Exhibit 99.2

2019 First Quarter Financial Results Conference Call

May 9, 2019

Forward-Looking Statements

This presentation contains forward-looking statements including PDL's expectations with respect to its future royalty revenues, expenses, net income and cash provided by operating activities. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Factors that may cause differences between current expectations and actual results include, but are not limited to, the following:

- Our ability to realize the benefits of our investments in Evofem Biosciences, Inc., Noden Pharma DAC and LENSAR, Inc. and our income generating assets;
- Risks related to the commercialization of our products or those of our counterparties, including but not limited to, competition from other products (including generic products), compliance with laws and regulatory requirements, pricing, intellectual property rights, reliance on a third party for commercialization of our authorized generic product, standards of care as they apply to the use of our products, unexpected changes to tax, import or export rules;
- Our reliance on third-party manufacturers who may not perform as expected;
- The productivity of acquired income generating assets may not fulfill our revenue forecasts and, if secured by collateral, we may be under-secured and unable to recuperate our capital expenditures in the transaction;
- Failure to obtain or maintain regulatory approvals relating to our products and those underlying certain of investments and income generating assets;
- Failure to acquire additional products or other sources of revenues sufficient to continue operations;
- Competitive or market pressures on our products, licensees, borrowers and royalty counterparties;
- Changes in any of the assumptions on which PDL's projected revenues are based;
- Changes in foreign currency exchange rates;
- Positive or negative results in PDL's attempt to license or acquire products or income generating assets;
- Our ability to utilize our net operating loss carryforwards and certain other tax attributes;
- The outcome of litigation or disputes, including potential product liability; and
- The failure of licensees to comply with existing license agreements, including any failure to pay royalties due.

Other factors that may cause PDL's actual results to differ materially from those expressed or implied in the forward-looking statements in this presentation are discussed in PDL's filings with the SEC, including the "Risk Factors" sections of its annual and quarterly reports filed with the SEC. Copies of PDL's filings with the SEC may be obtained at the "Investor Relations" section of PDL's website at www.pdl.com. PDL expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in PDL's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based for any reason, except as required by law, even as new information becomes available or other events occur in the future. All forward-looking statements in this presentation are qualified in their entirety by this cautionary statement.

PDL

Background on Evofem Biosciences

- Nasdaq listed: EVFM
- Developing innovative products to address unmet needs in women's sexual and reproductive health
- Lead investigational drug product, Amphora®
  - An on-demand, non-hormonal gel contraceptive
  - Initially filed for approval in 2015
    - CRL received due to disparity in efficacy results from clinical sites in Russia vs. other locations
  - New trial (AMPOWER study) completed and clinical results reported by Evofem in December 2018
    - Met primary endpoint of prevention of pregnancy
    - Amphora had a favorable safety profile and was well tolerated
  - Plans to resubmit NDA in Q4 of 2019
  - Preparing for commercial product launch in 1st half of 2020

PDL

Rationale for Our Investment in Evofem

- We like the therapeutic space
  - We identified women's health as an area of strategic interest
- We like the Evofem team
  - Positive assessment of the Evofem CEO and management team
- We like Amphora as a novel product that addresses a significant unmet need and fits PDL strategic focus:
  - Late stage product with attractive near term commercial potential
  - Large addressable market and favorable access
  - Opportunity for expanded use through label expansion
- We like the structure of the transaction
- Opportunity for PDL to take an active role and contribute our expertise to the successful development of Amphora and Evofem

PDL

PDL's Advantages in Evofem Transaction

- Strong and liquid balance sheet
  - Allowed quick deployment of first tranche of funds
- Commercialization experience
  - Enabled us to be credible in the negotiations with Evofem
- Flexibility in deal structure
  - Allowed entry to opportunity
  - Allows for further investment
  - Supports building a leading women's health company

PDL

Evofem: Terms of Transaction

- Potential total investment of $60 million by PDL
- $30 million 1st tranche closed on April 11
  - ~6.67 million shares of EVFM, plus
  - ~1.67 million common stock warrants of EVFM priced at $6.38 per share
- $50 million 2nd tranche decision on or before June 10
  - Same per share terms as 1st tranche
  - $30 million from PDL, should we exercise our right
  - $10 million from Woodford Investment Management
  - $10 million from Invesco Asset Management
  - Right to exercise is subject to Evofem shareholder approval

PDL

Share Repurchase Program Update

- To date we have used $80.3 million to repurchase approximately 24.5 million shares at an average price of $3.27 per share under the $100 million share repurchase plan announced in September 2018
  - Repurchased 8.7 million shares for $25.5 million in Q4 2018
  - Repurchased 13.1 million shares for $44.4 million in Q1 2019
  - Repurchased 2.8 million shares for $10.4 million to date in Q2 2019
  - We have $19.7 million remaining under that plan
- Previously completed $55 million in two prior stock repurchase programs
  - 22.1 million shares at an average repurchase share price of $2.49
- While our focus is on the strategic acquisition of pharma assets, given the significant discount of PDL's stock price to its book value, we have used share repurchase programs to return value to shareholders

PDL

LENSAR:
Robust Growth and Continued Innovation

- LENSAR reported revenues of $6.7 million in Q1 2019
  - 35 percent increase over Q1 2018
- Q1 2019 GAAP net loss of approximately $1.2 million
  - EBITDA net loss of approximately $600,000
- LENSAR technology helps surgeons increase their efficiency and patient outcomes in managing total astigmatism in their cataract procedures
- Committed to support LENSAR's talented team and its new R&D efforts to enhance technology and build value
- Substantial growth opportunities through continued innovation

LENSAR
CATARACT LASER WITH AUGMENTED REALITY

PDL

Noden: Continued Focus on Profitability

- Actions to increase the profitability of Tekturna® in the U.S. and mitigate the impact of generic competition include:
  - Launching authorized generic (AG) version of Tekturna (aliskiren) through Prasco Laboratories in anticipation of generic competition from Anchen Pharmaceuticals
    - Estimated that Prasco has captured 65% of the generic market
  - Discontinuing contract sales force in August 2018 resulting in savings of $3.5 to $4 million per quarter
  - Terminating all promotional efforts in the second half of 2019 and restructuring U.S. team
- Imminent launch of Rasilez in China through partner Lee's Pharmaceutical Holdings
- Noden GAAP net income of $5.6 million in Q1 2019

NODEN PHARMA

PDL

First Quarter 2019 Financials (unaudited)

(In thousands, except per share amounts)	Three Months Ended March 31, 2019	2018
Product revenue, net	$ 26,686	$ 23,324
Royalty rights - change in fair value	12,257	11,091
Royalties from Queen et al. patents	3	2,783
Interest revenue	-	749
License and other	(33)	571
Total revenues	38,913	38,518
Cost of product revenue	12,810	10,566
Amortization of intangible assets	1,572	6,293
General and administrative expenses	10,462	11,661
Sales and marketing	2,730	5,513
Research and development	869	793
Change in fair value of contingent consideration	-	(600)
Total operating expenses	28,443	34,226
Operating income	10,470	4,292
Interest and other income, net	1,874	1,914
Interest expense	(2,955)	(3,585)
Income before income taxes	9,389	2,621
Income tax expense	2,772	1,019
Net income	6,617	1,602
Less: Net loss attributable to noncontrolling interests	(63)	-
Net income attributable to PDL's shareholders	$ 6,680	$ 1,602
Net income per share - Basic	$ 0.05	$ 0.01
Net income per share - Diluted	$ 0.05	$ 0.01

PDL

First Quarter 2019 Financials (unaudited)

(in thousands)	Three Months Ended March 31, 2019	2018
GAAP net income attributed to PDL's shareholders as reported	$ 6,680	$ 1,602
Adjustments:		
Mark-to-market adjustment to fair value assets	363	7,532
Non-cash interest revenues	-	(74)
Non-cash stock-based compensation expense	1,169	957
Non-cash debt offering costs	1,923	2,132
Non-cash depreciation and amortization expense	1,128	1,004
Mark-to-market adjustment on warrants held	33	(71)
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Income tax effect related to above items	(1,013)	(4,666)
Total adjustments	5,175	12,507
Non-GAAP net income	$ 11,855	$ 14,109

PDL

First Quarter 2019 Financials (unaudited)

Consolidated balance sheet data *(in thousands)*	March 31, 2019	December 31, 2018
Cash and cash equivalents	$ 366,324	$ 394,590
Total notes receivable	$ 63,704	$ 63,813
Royalty rights - at fair value	$ 376,147	$ 376,510
Intangible assets, net	$ 49,746	$ 51,319
Total assets	$ 923,533	$ 963,736
Convertible notes payable	$ 126,567	$ 124,644
Total stockholders' equity	$ 693,784	$ 729,779

PDL

PDL BioPharma, Inc.
Q1 2019
May 9, 2019

Following are some of the key points regarding the first quarter 2019 financial and business results for PDL BioPharma, Inc. ("PDL" or "the Company").

First Quarter and Recent Financial Highlights

- Total revenues of $38.9 million.
- GAAP net income of $6.7 million or $0.05 per diluted share.
- Non-GAAP net income attributable to PDL's shareholders of $11.9 million.
- Cash and cash equivalents of $366.3 million as of March 31, 2019.
- Repurchased 13.1 million shares of the Company's common stock in the open market during the first quarter of 2019 for $44.4 million, or an average price of $3.38 per share.
- Invested $30.0 million in Evofem Biosciences, Inc. in April 2019.

Recent Developments

Stock Repurchase Programs

- On September 24, 2018, the Company announced a share repurchase program to repurchase issued and outstanding shares of the Company's common stock having an aggregate value of up to $100.0 million.
- As of March 31, 2019, the Company had repurchased 21.8 million shares of its common stock under this share repurchase program for an aggregate purchase price of $69.9 million, or an average cost of $3.21 per share, including trading commissions.
- To date, the Company has repurchased 24.5 million shares of its common stock under this share repurchase program for a total of $80.3 million leaving $19.7 million available to be repurchased.
- Since initiating its first stock repurchase program in March 2017, the Company has used $135.3 million to repurchase a total of 46.6 million shares of its common stock.

Noden Pharma

- Noden net revenue for the quarter ended March 31, 2019 was $20.0 million, with revenue of $12.2 million in the United States and $7.8 million in the rest of the world, compared with $18.3 million for the quarter ended March 31, 2018. The increase in U.S. revenues benefited by the initial inventory stocking associated with the launch of the Tekturna® authorized generic in the United States on March 4, 2019.
  - Noden product revenues increased 9 percent and accounted for approximately 51 percent of total revenues compared with approximately 48 percent in the first quarter of 2018.
  - Gross margins on revenue in the first quarter were 55 percent, 78 percent in the United States and 19 percent ex-U.S. on Rasilez® and Rasilez HCT®.
  - As of March 31, 2019, the remaining balance of Noden Products intangible assets is $36.4 million and is being amortized straight-line over an estimated useful life of 8 years.
- Noden and PDL are evaluating additional pharma products to acquire for Noden.

LENSAR

- LENSAR® Laser System revenue for the quarter ended March 31, 2019 was $6.7 million, compared with $5.0 million for the quarter ended March 31, 2018.
  - LENSAR Laser System revenue increased 35 percent over the prior-year peirod and accounted for approximately 17 percent of total revenues compared with approximately 13 percent in the first quarter of 2018.
- Gross margin on LENSAR revenue in the first quarter of 2019 was 44 percent.

Income Generating Assets

Royalty Rights Assets

PDL received $12.6 million in net cash royalties from its royalty rights in the first quarter of 2019, compared with $18.6 million for the prior year period.

Assertio (formerly Depomed, Inc.)

- Through March 31, 2019, we have received cash royalty payments of $391 million from the $240.5 million investment.
- Glumetza (and authorized generic version) royalty: 50 percent of net sales less COGS continue so long as the products are being commercialized.
- Low- to mid-single digit royalties to PDL on new product approvals expected to continue to 2023 for Invokamet XR® U.S., 2026 for Jentadueto XR® and Synjardy XR®, and 2027 for Invokamet XR® ex-US. Royalties on the sale of Janumet® ended in the third quarter of 2018.

The following table provides additional details with respect to the fair value of the PDL royalty rights assets as of March 31, 2019 and with changes from December 31, 2018 as reflected in our Balance Sheet:

(in thousands)	Fair Value as of December 31, 2018	Royalty Rights - Change in Fair Value	Fair Value as of March 31, 2019
Assertio	$ 264,371	$ (552)	$ 263,819
VB	14,108	128	14,236
U-M	25,595	(536)	25,059
AcelRx	70,380	2,088	72,468
KYBELLA	2,056	(1,491)	565
	$ 376,510	$ (363)	$ 376,147

The following table provides a summary of activity with respect to our royalty rights - change in fair value for the three ended March 31, 2019:

	Three Months Ended March 31, 2019		
(in thousands)	Cash Royalties	Change in Fair Value	Total
Assertio	$ 10,968	$ (552)	$ 10,416
VB	267	128	395
U-M	1,267	(536)	731
AcelRx	68	2,088	2,156
KYBELLA	50	(1,491)	(1,441)
	$ 12,620	$ (363)	$ 12,257

Notes Receivable

CareView Communications, Inc.

- In March 2019, the Company modified the loan by agreeing that (i) the first principal payment would be deferred until April 30, 2019, and (ii) the scheduled interest payment due December 31, 2018 would be deferred until April 30, 2019.
- The principal repayment and interest payment were subsequently deferred until May 15, 2019 under an additional amendment.

The following table presents the carrying value and the fair value of our notes receivable investments by level within the valuation hierarchy:

(In thousands)	March 31, 2019		December 31, 2018	
	Carrying Value	Fair Value Level 3	Carrying Value	Fair Value Level 3
Wellstat Diagnostics note receivable	$ 50,191	$ 58,779	$ 50,191	$ 57,322
Hyperion note receivable	1,200	1,200	1,200	1,200
CareView note receivable	11,458	11,458	11,458	11,458
	$ 62,849	$ 71,437	$ 62,849	$ 69,980

Royalty-bearing products relating to Queen et al. Patents

- The Queen et al. patents have expired, and we do not expect meaningful royalty revenue in 2019.

Forward-looking Statements

This document contains “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. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important risks and uncertainties with respect to the Company’s business are disclosed in the risk factors contained in the Company’s Annual Report on Form 10-K, as updated by subsequent reports filed with the Securities and Exchange Commission. 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.