**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): November 9, 2011

# 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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 2.02 Results of Operations and Financial Condition.**

On November 9, 2011, PDL BioPharma, Inc. (the Company) issued a press release announcing the financial results for the third quarter ended September 30, 2011. A copy of this earnings release is attached as Exhibit 99.1 hereto. The Company will host an earnings call and webcast on November 9, 2011, during which the Company will discuss its financial results for the third quarter ended September 30, 2011.

**Item 7.01 Regulation FD Disclosure.**

On November 9, 2011, the Company distributed to analysts covering the Company's securities a summary of certain information regarding the Company's 2011 dividends and licensed product development and regulatory updates (the Information Sheet) to assist those analysts in valuing the Company's securities. A copy of the Information Sheet and its associated tables are attached hereto as Exhibits 99.2 and 99.3.

*Limitation of Incorporation by Reference*

In accordance with General Instruction B.2. of Form 8-K, the information in this report, including the exhibits, is furnished pursuant to Items 2.02 and 7.01 and 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.

*Cautionary Statements*

This filing includes "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 royalty assets or business are disclosed in the "Risk Factors" contained in the Company's 2010 Annual Report on Form 10-K and other periodic 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.

**Item 9.01 Financial Statements and Exhibits.**

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release |
| 99.2 | Information Sheet |
| 99.3 | Tables to Information Sheet |

**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/ Christine R. Larson
Christine R. Larson
Vice President and Chief Financial Officer

Dated: November 9, 2011

**EXHIBIT INDEX**

| Exhibit No. | Description |
|---|---|
| 99.1 | Press Release |
| 99.2 | Information Sheet |
| 99.3 | Tables to Information Sheet |

**EXHIBIT 99.1**

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**PDL BioPharma Announces Third Quarter 2011 Financial Results**

INCLINE VILLAGE, NV – November 9, 2011 – PDL BioPharma, Inc. (PDL) (NASDAQ: PDLI) today reported financial results for the third quarter ended September 30, 2011.

**Revenues**

Total revenues for the third quarter of 2011 were $83.8 million, compared to $86.4 million for the same period of 2010, a three percent year-over-year decrease. Total revenues for the nine months ended September 30, 2011, were $289.2 million, compared to $268.8 million for the same period of 2010, an eight percent increase.

The third quarter 2011 revenue decline is driven primarily by reduced royalties from second quarter 2011 sales of Avastin® partially offset by increased royalties from second quarter 2011 sales of Herceptin®, Lucentis® and Tysabri®. Also contributing to the decline is a lower average royalty rate on sales of Avastin, Herceptin, Lucentis and Xolair® (the Genentech Products) that are either made or sold in the United States (U.S.-based Sales) due to higher year-to-date sales in 2011. Sales of the Genentech Products are subject to a tiered royalty rate for U.S.-based Sales and a flat royalty rate of three percent for product that is manufactured and sold outside of the United States. Due to the tiering, in the second quarter of 2011, only 15% of U.S.-based Sales were above the lowest royalty rate of one percent as compared with 45% of U.S.-based Sales for the second quarter 2010. The net sales thresholds and the applicable royalty rates for product that is either made or sold in the United States are outlined below:

| | Royalty Rate |
|---|---|
| Net sales up to $1.5 billion | 3.0% |
| Net sales between $1.5 billion and $2.5 billion | 2.5% |
| Net sales between $2.5 billion and $4.0 billion | 2.0% |
| Net sales exceeding $4.0 billion | 1.0% |

The third quarter 2011 royalty payment received from Genentech included royalties generated on all worldwide sales. Total revenue for the third quarter is net of the payment made pursuant to our February 2011 settlement agreement with Novartis, which is based on a portion of the royalties that the Company receives for Lucentis sales made by Novartis outside of the United States.

**General and Administrative Expenses**

Total general and administrative expenses for the third quarter of 2011 were $4.0 million, compared with $11.1 million for the same period of 2010. Total general and administrative expenses for the nine months ended September 30, 2011, were $13.5 million, compared to $29.3 million for the same period in 2010. The decrease in general and administrative expenses was driven primarily by a reduction in legal expenses for both the third quarter and first nine months of 2011 as a result of the conclusion of several legal matters in the first quarter of 2011.

**Other Income (Expense)**

Total other income (expense), for the three months ended September 30, 2011, was $(8.9) million, compared to $(12.1) million for the same period in 2010. Total other income (expense), for the nine months ended September 30, 2011, was $(28.2) million, compared to $(52.4) million for the same period of 2010. The decrease in other income (expense), for both the third quarter and first nine months of 2011 was driven primarily by reduced costs associated with the retirement or conversion of convertible notes and a reduction in interest expense. The reduction in interest expense for both the third quarter and first nine months of 2011 is primarily attributable to repayment and reduction in principal of PDL's Non-recourse Notes Payable, for which the current principal balance at September 30, 2011, was $115.3 million as compared with $225.0 million at September 30, 2010.

**Net Income**

Net income for the third quarter of 2011 was $45.9 million, or $0.28 per diluted share, as compared with net income of $40.2 million, or $0.24 per diluted share, for the same period of 2010. Net income for the nine months ended September 30, 2011, was $160.4 million, or $0.88 per diluted share compared to $116.3 million, or $0.67 per diluted share, for the same period in 2010.

**Non-GAAP Net Income**

Adjusting for convertible note retirement or conversion transactions and amortization of the non-cash debt discount accounting treatment for the 3.75% Convertible Senior Notes due May 1, 2015 (the May 2015 Notes), non-GAAP net income for the third quarter of 2011 was $46.6 million, or $0.28 per diluted share, compared with $42.5 million, or $0.25 per diluted share, in the third quarter of 2010. Non-GAAP net income for the nine months ended September 30, 2011, was $162.0 million, or $0.89 per diluted share, compared with $133.4 million, or $0.77 per diluted share in the nine months ended September 30, 2010. A description of the non-GAAP adjustments is provided below in the accompanying table entitled "Reconciliation of GAAP Financial Information to Non-GAAP."

**Cash, Cash Equivalents and Investments**

Net cash provided by operating activities in the nine months ended September 30, 2011, was $124.6 million, compared with $154.3 million for the nine months ended September 30, 2010. At September 30, 2011, PDL had cash, cash equivalents and investments of $225.3 million, compared with $248.2 million at December 31, 2010.

**RECENT DEVELOPMENTS**

**Dividend Payment**

PDL's board of directors declared a regular quarterly dividend on February 25, 2011, of $0.15 per share of common stock, payable March 15, June 15, September 15 and December 15 of 2011 to stockholders of record on March 8, June 8, September 8 and December 8 of 2011, the record dates of each of the dividend payment dates, respectively. The Company paid $21.0 million to PDL stockholders on each of March 15, June 15, and September 15, 2011, using current year earnings and cash on hand. As of September 30, 2011, the Company has accrued $21.0 million in dividends payable for the December 15, 2011, dividend.

**Adjustments to Convertible Note Conversion Ratios**

In connection with the September 15, 2011, dividend payment, the conversion ratios for PDL's convertible notes increased. The conversion ratio for the 2.875% Convertible Senior Notes due February 15, 2015 (February 2015 Notes), was adjusted to 151.713 shares of common stock per $1,000 principal amount, or approximately $6.59 per share, effective September 9, 2011. The conversion ratio for the May 2015 Notes was adjusted to 132.6682 shares of common stock per $1,000 principal amount, or approximately $7.54 per share, effective September 6, 2011. The conversion ratio for the February 2015 Notes was previously 147.887 shares of common stock per $1,000 principal amount, or a conversion price of approximately $6.76 per share. The conversion ratio for the May 2015 Notes was previously 129.2740 shares of common stock per $1,000 principal amount, or a conversion price of approximately $7.74 per share.

**Genentech and Roche Dispute**

PDL received a letter from Genentech, Inc. (Genentech) in August 2010 sent on behalf of F. Hoffman-La Roche Ltd. (Roche) and Novartis AG (Novartis), asserting that Avastin, Herceptin, Lucentis and Xolair (the Genentech Products) do not infringe PDL's supplementary protection certificates (SPCs) granted to the Company by various countries in Europe for each of the Genentech Products and seeking a response to these assertions. The SPCs covering the Genentech Products effectively extend the patent protection for PDL's European Patent No. 0 451 216B (the '216B Patent) until December 2014, except that the SPCs for Herceptin will generally expire in July 2014. PDL responded to Genentech, stating that the Company believes its assertions of non-infringement are without merit and that it disagreed fundamentally with the assertions of non-infringement with respect to the Genentech Products. In August 2010, PDL filed a complaint in the Second Judicial District of Nevada, Washoe County, against Genentech and, Roche seeking to enforce the Company's rights under the 2003 settlement agreement with Genentech and an order from the court declaring that Genentech is obligated to pay royalties to PDL on sales of the Genentech Products that are manufactured and sold outside of the United States.

The Second Judicial District Court of Nevada ruled in favor of PDL on July 7, 2011, on two motions to dismiss filed by Genentech and Roche in PDL's lawsuit related to the 2003 settlement agreement with Genentech. The court denied Genentech and Roche's motion to dismiss four of PDL's five claims for relief and, further, denied Roche's separate motion to dismiss for lack of personal jurisdiction. The court dismissed one of PDL's claims that Genentech committed a bad-faith breach of the covenant of good faith and fair dealing stating that, based on the current state of the pleadings, no "special relationship" had been established between Genentech and PDL, as required under Nevada law.

The effect of the Court's ruling is that PDL is permitted to continue to pursue its claims that (i) Genentech is obligated to pay royalties to PDL on international sales of the Genentech Products; (ii) Genentech, by challenging, at the behest of Roche and Novartis, whether PDL's SPCs cover the Genentech Products breached its contractual obligations to PDL under the 2003 settlement agreement; (iii) Genentech breached the implied covenant of good faith and fair dealing with respect to the 2003 settlement agreement and (iv) Roche intentionally and knowingly interfered with PDL's contractual relationship with Genentech in conscious disregard of PDL's rights.

PDL seeks compensatory damages, including liquidated damages and other monetary remedies set forth in the 2003 settlement agreement, punitive damages and attorney's fees as a result of Genentech and Roche's conduct. The ultimate outcome of this litigation is uncertain and PDL may not be successful in its allegations.

**Revenue Guidance for 2011**

As previously announced, PDL will continue to provide revenue guidance for each quarter in the third month of that quarter. Fourth quarter and full year 2011 revenue guidance will be provided in early December.

**Conference Call Details**

Please dial (877) 677-9122 in the United States and Canada and (708) 290-1401 internationally to access the live conference today call via phone,. The conference ID is 19555218. Please dial in approximately 10 minutes prior to the start of the call. A telephone replay will be available beginning approximately one hour after the call through November 16, 2011, and may be accessed by dialing (855) 859-2056 in the United States and Canada or (404) 537-3406 internationally. The replay passcode is 19555218.

Go to the Company's website at http://www.pdl.com and go to "Company Presentations & Events" to access the live and subsequently archived webcast of the conference call, Please connect to the website at least 15 minutes prior to the call to allow for any software download that may be necessary.

**About PDL BioPharma**

PDL pioneered the humanization of monoclonal antibodies and, by doing so, enabled the discovery of a new generation of targeted treatments for cancer and immunologic diseases. Today, PDL is focused on intellectual property asset management, investing in new royalty bearing assets and maximizing the value of its patent portfolio and related assets. For more information, please visit www.pdl.com.



**Forward-Looking Statements**

This press release contains forward-looking statements. 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:

- The expected rate of growth in royalty-bearing product sales by PDL's existing licensees;
- The relative mix of royalty-bearing Genentech products manufactured and sold outside the U.S. versus manufactured or sold in the U.S.;
- The ability of PDL's licensees to receive regulatory approvals to market and launch new royalty-bearing products and whether such products, if launched, will be commercially successful;
- Changes in any of the other assumptions on which PDL's projected royalty revenues are based;
- The outcome of pending litigation or disputes;
- The change in foreign currency exchange rates; 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 press release are discussed in PDL's filings with the SEC, including the "Risk Factors" section of its annual and quarterly reports filed with the SEC. Copies of PDL's filings with the SEC may be obtained at the "Investors" 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 press release are qualified in their entirety by this cautionary statement.

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**PDL BIOPHARMA, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS DATA**
**(Unaudited)**
**(In thousands, except per share amounts)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| **Revenues:** | | | | |
| Royalties | $ 83,370 | $ 86,442 | $ 278,833 | $ 268,846 |
| License and other | 400 | - | 10,400 | - |
| Total revenues | 83,770 | 86,442 | 289,233 | 268,846 |
| General and administrative expenses | 3,960 | 11,110 | 13,516 | 29,340 |
| Operating income | 79,810 | 75,332 | 275,717 | 239,506 |
| **Other income (expense)** | | | | |
| Loss on retirement or conversion of convertible notes | - | (2,354) | (766) | (18,681) |
| Interest and other income | 130 | 167 | 463 | 337 |
| Interest and other expense | (9,007) | (9,928) | (27,941) | (34,015) |
| Total other income (expense) | (8,877) | (12,115) | (28,244) | (52,359) |
| Income before income taxes | 70,933 | 63,217 | 247,473 | 187,147 |
| Income tax expense | 25,017 | 23,028 | 87,026 | 70,813 |
| **Net income** | $ 45,916 | $ 40,189 | $ 160,447 | $ 116,334 |
| **Net income per share** | | | | |
| Basic | $ 0.33 | $ 0.32 | $ 1.15 | $ 0.95 |
| Diluted | $ 0.28 | $ 0.24 | $ 0.88 | $ 0.67 |
| **Cash dividends declared and paid per common share** | $ 0.15 | $ 0.50 | $ 0.45 | $ 0.50 |
| **Weighted average shares outstanding** | | | | |
| Basic | 139,680 | 127,479 | 139,665 | 122,209 |
| Diluted | 167,019 | 172,217 | 186,756 | 178,448 |

**PDL BIOPHARMA, INC.**
**RECONCILIATION OF GAAP FINANCIAL INFORMATION TO NON-GAAP**
**(Unaudited)**
**(In thousands)**

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| Net income | $ 45,916 | $ 40,189 | $ 160,447 | $ 116,334 |
| Add Back: | | | | |
| Loss on retirement or conversion of convertible notes, net of estimated taxes | - | 2,354 | 498 | 17,091 |
| Amortization of debt discount for May 2015 Notes, net of estimated taxes | 683 | - | 1,020 | - |
| Non-GAAP net income | 46,599 | 42,543 | 161,965 | 133,425 |
| Add back interest expense for implied conversion of convertible notes included in determination of fully diluted shares, net of estimated taxes | 841 | 987 | 3,391 | 3,982 |
| Non-GAAP income used to compute non-GAAP net income per diluted share | $ 47,440 | $ 43,530 | $ 165,356 | $ 137,407 |
| Shares used to compute net income per diluted share | 167,019 | 172,217 | 186,756 | 178,448 |
| Delete shares issued to induce note conversion to common stock [(1)] | - | (104) | - | (35) |
| Shares used to compute non-GAAP net income per diluted share | 167,019 | 172,113 | 186,756 | 178,413 |
| Non-GAAP net income per diluted share | $ 0.28 | $ 0.25 | $ 0.89 | $ 0.77 |

1) The shares used to compute non-GAAP net income per diluted share amounts are the same as the shares used to calculate GAAP net income per diluted share amounts, except the shares used for the three and nine months ended September 30, 2010, exclude the weighted average effect of the shares issued as an incentive to induce conversion of the 2.75% convertible subordinated notes due 2023.

PDL management uses these non-GAAP financial measures to monitor and evaluate our net income and trends on an on-going basis and internally for operating, budgeting and financial planning purposes. PDL management believes the non-GAAP information is useful for investors by offering them the ability to better identify trends in our business and better understand how management evaluates the business. These non-GAAP measures have limitations, however, because they do not include all expense items that affect PDL. These non-GAAP financial measures that management uses are not prepared in accordance with, and should not be considered in isolation of, or as an alternative to, measurements required by GAAP.

These non-GAAP financial measures exclude the following items from GAAP net income:

**Loss on Retirement or Conversion of Convertible Notes, Net of Estimated Taxes**

The effects of retirement or conversion of convertible notes, net of estimated taxes, are excluded because these capital restructuring charges are transaction specific and result from changes made to a capital structure established when PDL was a commercial, manufacturing, and research and development biotechnology company. For the three months ended September 30, 2010, the loss on retirement or conversion of convertible notes was $2.4 million which was not deductible for income tax purposes. During the nine months ended September 30, 2011 and 2010, the losses on retirement or conversion of convertible notes were $0.8 million, or $0.5 million net of estimated tax, and $18.7 million, or $17.1 million net of estimated tax, respectively.

**Imputed Interest on May 2015 Notes, Net of Estimated Taxes**

The effects of imputed interest on the May 2015 Notes, net of estimated taxes, are excluded because this expense is non-cash; such exclusion facilitates comparisons of PDL's cash operating results. For the three months and nine months ended September 30, 2011, the additional interest expense attributable to using an imputed borrowing rate of 7.5% rather than the stated coupon rate of 3.75% was $1.1 million, or $0.7 million net of estimated tax, and $1.6 million, or $1.0 million net of tax, respectively.

**PDL BIOPHARMA, INC.**
**GENERAL AND ADMINISTRATIVE EXPENSE DATA**
**(Unaudited)**
**(In thousands)**

| (Dollars in thousands) | Three Months Ended September 30, 2011 | Three Months Ended September 30, 2010 | Nine Months Ended September 30, 2011 | Nine Months Ended September 30, 2010 |
|---|---|---|---|---|
| Compensation and benefits | $ 1,045 | $ 965 | $ 2,958 | $ 2,962 |
| Legal expense | 1,263 | 8,660 | 6,162 | 20,821 |
| Other professional services | 810 | 535 | 2,001 | 2,618 |
| Insurance | 176 | 185 | 556 | 608 |
| Depreciation | 14 | 14 | 43 | 76 |
| Stock-based compensation | 132 | 166 | 256 | 525 |
| Other | 520 | 585 | 1,540 | 1,730 |
| Total general and administrative expenses | $ 3,960 | $ 11,110 | $ 13,516 | $ 29,340 |

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

| | September 30, 2011 | December 31, 2010 |
|---|---|---|
| Cash, cash equivalents and investments | $ 225,335 | $ 248,229 |
| Total assets | $ 270,525 | $ 316,666 |
| Convertible notes payable | $ 315,368 | $ 310,428 |
| Non-recourse notes payable | $ 115,268 | $ 204,270 |
| Total stockholders' deficit | $ (243,239) | $ (324,182) |

**PDL BIOPHARMA, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW DATA**
**(Unaudited)**
**(In thousands)**

| | Nine Months Ended September 30, 2011 | Nine Months Ended September 30, 2010 |
|---|---|---|
| Net income | $ 160,447 | $ 116,334 |
| Adjustments to reconcile net income to net cash provided by operating activities | 34,393 | 20,199 |
| Changes in assets and liabilities | (70,204) | 17,780 |
| Net cash provided by operating activities | $ 124,636 | $ 154,313 |

**PDL BIOPHARMA, INC.**
**MIX OF EX-U.S. SALES AND EX-U.S.-BASED MANUFACTURING AND SALES OF GENENTECH PRODUCTS**
**(Unaudited)**

| | | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | | 2011 | 2010 | 2011 | 2010 |
| Avastin | | | | | |
| | % Ex-U.S. Sold | 56% | 49% | 56% | 49% |
| | % Ex-U.S.-based Manufactured and Sold | 19% | 27% | 19% | 20% |
| Herceptin | | | | | |
| | % Ex-U.S. Sold | 73% | 68% | 72% | 70% |
| | % Ex-U.S.-based Manufactured and Sold | 43% | 45% | 38% | 45% |
| Lucentis | | | | | |
| | % Ex-U.S. Sold | 60% | 56% | 58% | 57% |
| | % Ex-U.S.-based Manufactured and Sold | 0% | 0% | 0% | 0% |
| Xolair | | | | | |
| | % Ex-U.S. Sold | 41% | 34% | 40% | 35% |
| | % Ex-U.S.-based Manufactured and Sold | 41% | 34% | 40% | 35% |

**EXHIBIT 99.2**

**PDL BioPharma, Inc.**
**Q3-2011**
**November 9, 2011**

Following are some of the key points from PDL's press release today regarding its third quarter 2011 financial and business results.

**Net Income**

- Net income for the third quarter of 2011 was $45.9 million, or $0.28 per diluted share, as compared with net income of $40.2 million, or $0.24 per diluted share, for the same period of 2010.
- Net income for the nine months ended September 30, 2011, was $160.4 million, or $0.88 per diluted share compared to $116.3 million, or $0.67 per diluted share, for the same period in 2010.

**Non-GAAP Net Income**

- Non-GAAP net income for the third quarter of 2011 was $46.6 million, or $0.28 per diluted share, compared with $42.5 million, or $0.25 per diluted share, in the third quarter of 2010.
- Non-GAAP net income for the nine months ended September 30, 2011, was $162.0 million, or $0.89 per diluted share, compared with $133.4 million, or $0.77 per diluted share in the nine months ended September 30, 2010.

PDL management believes the non-GAAP information is useful for investors by offering them the ability to better identify trends in our business and better understand how management evaluates the business. These non-GAAP measures have limitations, however, because they do not include all expense items that affect PDL. These non-GAAP financial measures exclude the following items from GAAP net income:

- The effects of retirement or conversion of convertible notes, net of estimated taxes, are excluded because these capital restructuring charges are transaction specific and result from changes made to a capital structure established when PDL was a commercial, manufacturing, and research and development biotechnology company.
- The effects of imputed interest on our 3.75% Convertible Senior Notes due May 1, 2015 (May 2015 Notes), net of estimated taxes, are excluded because this expense is non-cash; such exclusion facilitates comparisons of PDL's cash operating results.

**Dividend Payment**

- We paid $0.15 per share of common stock or $21.0 million to our stockholders on September 15, 2011, to stockholders of record on September 8, 2011, as part of our regular, quarterly dividend policy for 2011.

**Adjustments to Convertible Notes Conversion Ratios**

In connection with the September 15, 2011, dividend payment:

- The conversion ratio for our 2.875% Convertible Senior Notes due February 15, 2015, was adjusted to 151.713 shares of common stock per $1,000 principal amount, or approximately $6.59 per share, effective September 9, 2011.
- The conversion ratio for the May 2015 Notes was adjusted to 132.6682 shares of common stock per $1,000 principal amount, or approximately $7.54 per share, effective September 6, 2011. However, we entered into purchased call options and warrants to synthetically increase the conversion ratio on the May 2015 Notes. The strike price on the warrants is approximately $8.87 per share.

**Updates On Approved Royalty Bearing Products**

*ACTEMRA®/RoACTEMRA (tocilizumab)*:

- On August 3, 2011, Roche announced that the European Commission has approved the use of RoACTEMRA for the treatment of active Systemic Juvenile Idiopathic Arthritis (sJIA) in patients two years of age or older who have responded inadequately to previous therapy with NSAIDs and systemic corticosteroids. RoACTEMRA can be used alone or in combination with methotrexate in patients with sJIA.

*AVASTIN® (bevacizumab)*:

- On September 23, 2011, Roche announced that the Committee for Medicinal Products for Human Use (CHMP) has adopted a positive opinion for the use of Avastin in combination with standard chemotherapy (carboplatin and paclitaxel) as a front-line therapy for women with advanced ovarian cancer.
- On September 26, 2011, Chugai announced that Avastin in combination with paclitaxel has been approved by the Japanese Ministry of Health, Labour and Welfare to treat inoperable or recurrent breast cancer.

*HERCEPTIN® (trastuzumab):*

- On October 18, 2011, Roche announced positive results from a Phase 3 study demonstrating that a subcutaneous formulation showed comparable efficacy to the standard intravenous infusion of Herceptin in women with HER2+ early breast cancer.

*LUCENTIS® (ranibizumab)*:

- On August 30, 2011, FDA issued a health warning alert after at least 16 AMD patients suffered eye infections after being treated with repackaged Avastin.

*TYSABRI® (natalizumab):*

- On October 28, 2011, Biogen Idec announced that at the end of September 2011, they estimated that approximately 63,500 patients were on commercial and clinical TYSABRI therapy worldwide as compared with 61,500 at the end of June 2011.

**Updates on Selected Development Stage Potential Royalty Bearing Products**

*OCRELIZUMAB:*

- On October 20, 2011, Roche announced results from a Phase 2 study of ocrelizumab in patients with relapsing-remitting multiple sclerosis that showed the significant reduction in the total number of active brain lesions and relapses previously reported for 24 weeks was maintained through 96 weeks.

*PERTUZUMAB (Unlicensed Product)*:

- In July 2011, Roche announced positive results from a Phase 3 clinical trial using pertuzumab combined with Herceptin (trastuzumab) and docetaxel chemotherapy to treat patients with HER2-positive metastatic breast cancer. Based on this data, Roche plans to seek approval with US and EU regulatory authorities in 2011.

*T-DM1 (trastuzumabemtansine):*

- On September 23, 2011, Roche/Genentech announced results from a Phase 2 trial in first line HER2+ breast cancer patients which showed a progression free survival of 14.2 months in the T-DM1 treated patients compared to 9.2 months in the women treated with combination of Herceptin and docetaxel.
- Overall response rate was 64.2% in the T-DM1 treated patients and 58% in the Herceptin and docetaxel treated patients.
- Roche/Genentech expect to file for second line approval in 2012 and first line approval in 2014.

**Forward-Looking Statements**

This press release contains forward-looking statements. 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:

- The expected rate of growth in royalty-bearing product sales by PDL's existing licensees;
- The relative mix of royalty-bearing Genentech products manufactured and sold outside the U.S. versus manufactured or sold in the U.S.;
- The ability of PDL's licensees to receive regulatory approvals to market and launch new royalty-bearing products and whether such products, if launched, will be commercially successful;
- Changes in any of the other assumptions on which PDL's projected royalty revenues are based;
- The outcome of pending litigation or disputes;
- The change in foreign currency exchange rates; 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 press release are discussed in PDL's filings with the SEC, including the "Risk Factors" section of its annual and quarterly reports filed with the SEC. Copies of PDL's filings with the SEC may be obtained at the "Investors" 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 press release are qualified in their entirety by this cautionary statement.

###

**EXHIBIT 99.3**

**Royalty Revenue by Product ($ in 000's) ***

| Avastin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 22,283 | 41,967 | 23,870 | - | 88,120 |
| 2010 | 16,870 | 44,765 | 29,989 | 24,922 | 116,547 |
| 2009 | 13,605 | 35,161 | 21,060 | 15,141 | 84,966 |
| 2008 | 9,957 | 30,480 | 19,574 | 12,394 | 72,405 |
| 2007 | 8,990 | 21,842 | 17,478 | 9,549 | 57,859 |
| 2006 | 10,438 | 15,572 | 15,405 | 12,536 | 53,952 |

| Herceptin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 25,089 | 42,209 | 31,933 | - | 99,231 |
| 2010 | 23,402 | 38,555 | 27,952 | 25,441 | 115,350 |
| 2009 | 16,003 | 32,331 | 26,830 | 18,615 | 93,779 |
| 2008 | 14,092 | 34,383 | 28,122 | 20,282 | 96,880 |
| 2007 | 19,035 | 28,188 | 22,582 | 14,802 | 84,608 |
| 2006 | 15,142 | 19,716 | 21,557 | 20,354 | 76,769 |

| Lucentis | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 8,878 | 24,313 | 12,157 | - | 45,348 |
| 2010 | 7,220 | 19,091 | 10,841 | 8,047 | 45,198 |
| 2009 | 4,621 | 12,863 | 8,123 | 6,152 | 31,759 |
| 2008 | 3,636 | 11,060 | 7,631 | 4,549 | 26,876 |
| 2007 | 2,931 | 6,543 | 6,579 | 3,517 | 19,570 |
| 2006 | - | - | 289 | 3,335 | 3,624 |

| Xolair | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 4,590 | 7,621 | 5,916 | - | 18,126 |
| 2010 | 3,723 | 6,386 | 4,980 | 4,652 | 19,741 |
| 2009 | 2,665 | 5,082 | 4,085 | 3,722 | 15,553 |
| 2008 | 1,488 | 4,866 | 3,569 | 2,927 | 12,850 |
| 2007 | 1,684 | 3,942 | 3,332 | 2,184 | 11,142 |
| 2006 | 2,263 | 2,969 | 3,041 | 2,495 | 10,768 |

| Tysabri | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 9,891 | 10,796 | 11,588 | - | 32,275 |
| 2010 | 8,791 | 8,788 | 8,735 | 9,440 | 35,754 |
| 2009 | 6,656 | 7,050 | 7,642 | 8,564 | 29,912 |
| 2008 | 3,883 | 5,042 | 5,949 | 6,992 | 21,866 |
| 2007 | 839 | 1,611 | 2,084 | 2,836 | 7,370 |
| 2006 | - | - | - | 237 | 237 |

| Actemra | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 913 | 1,136 | 1,401 | - | 3,450 |
| 2010 | 1,587 | 237 | 315 | 688 | 2,827 |
| 2009 | 585 | 537 | 909 | 1,197 | 3,228 |
| 2008 | 44 | - | 146 | 369 | 559 |
| 2007 | 32 | - | - | 17 | 49 |
| 2006 | - | - | - | - | - |

*** As reported to PDL by its licensees**

**Reported Net Sales Revenue by Product ($ in 000's) ***

| Avastin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 1,597,461 | 1,582,705 | 1,581,095 | - | 4,761,261 |
| 2010 | 1,506,788 | 1,596,892 | 1,594,707 | 1,646,218 | 6,344,605 |
| 2009 | 1,345,487 | 1,295,536 | 1,439,730 | 1,514,053 | 5,594,806 |
| 2008 | 980,715 | 1,084,930 | 1,180,427 | 1,239,382 | 4,485,454 |
| 2007 | 678,068 | 746,587 | 797,013 | 875,084 | 3,096,752 |
| 2006 | 439,318 | 516,052 | 570,551 | 592,897 | 2,118,817 |

| Herceptin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 1,391,568 | 1,559,975 | 1,642,898 | - | 4,594,441 |
| 2010 | 1,270,846 | 1,349,512 | 1,300,934 | 1,409,310 | 5,330,602 |
| 2009 | 1,210,268 | 1,133,993 | 1,226,435 | 1,278,626 | 4,849,323 |
| 2008 | 1,105,426 | 1,195,215 | 1,211,982 | 1,186,806 | 4,699,428 |
| 2007 | 891,761 | 949,556 | 979,602 | 1,015,033 | 3,835,952 |
| 2006 | 529,585 | 659,719 | 761,099 | 803,576 | 2,753,979 |

| Lucentis | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 887,757 | 943,418 | 1,052,809 | - | 2,883,984 |
| 2010 | 721,967 | 698,890 | 745,376 | 804,684 | 2,970,917 |
| 2009 | 462,103 | 469,736 | 555,296 | 615,212 | 2,102,347 |
| 2008 | 363,615 | 393,682 | 460,167 | 454,922 | 1,672,386 |
| 2007 | 224,820 | 219,579 | 299,995 | 322,300 | 1,066,695 |
| 2006 | - | - | 10,689 | 157,742 | 168,431 |

| Xolair | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 267,754 | 277,642 | 310,874 | - | 856,270 |
| 2010 | 228,859 | 225,878 | 251,055 | 263,389 | 969,179 |
| 2009 | 184,669 | 181,086 | 211,006 | 219,693 | 796,454 |
| 2008 | 137,875 | 169,521 | 177,179 | 183,753 | 668,329 |
| 2007 | 129,172 | 130,700 | 144,250 | 147,754 | 551,876 |
| 2006 | 95,241 | 99,354 | 112,608 | 118,002 | 425,204 |

| Tysabri | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 329,696 | 356,876 | 388,758 | - | 1,075,330 |
| 2010 | 293,047 | 287,925 | 293,664 | 316,657 | 1,191,292 |
| 2009 | 221,854 | 229,993 | 257,240 | 285,481 | 994,569 |
| 2008 | 129,430 | 163,076 | 200,783 | 233,070 | 726,359 |
| 2007 | 30,468 | 48,715 | 71,972 | 94,521 | 245,675 |
| 2006 | - | - | - | 7,890 | 7,890 |

| Actemra | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2011 | 30,433 | 35,370 | 46,709 | - | 112,512 |
| 2010 | 52,908 | 5,405 | 10,493 | 22,919 | 91,725 |
| 2009 | 19,504 | 17,920 | 30,313 | 39,888 | 107,625 |
| 2008 | 1,452 | 1,377 | 5,981 | 12,305 | 21,115 |
| 2007 | - | - | - | 1,137 | 1,137 |
| 2006 | - | - | - | - | - |

*** As reported to PDL by its licensees**

**Manufacturing Location & Sales - Genentech / Roche & Novartis ($ in 000's) ***

| Avastin Sales | 2010 - Q2 | 2010 - Q3 | 2010 - Q4 | 2011 - Q1 | 2011 - Q2 | 2011 - Q3 |
|---|---|---|---|---|---|---|
| US Made & Sold | 814,872 | 820,453 | 800,139 | 708,539 | 719,967 | 688,966 |
| US Made & ex-US Sold | 355,742 | 338,929 | 415,576 | 580,981 | 548,710 | 587,975 |
| ex-US Made & Sold | 426,277 | 435,325 | 430,503 | 307,941 | 314,028 | 304,155 |
| Total | 1,596,892 | 1,594,707 | 1,646,218 | 1,597,461 | 1,582,705 | 1,581,095 |
| US Made & Sold | 51% | 51% | 49% | 44% | 45% | 44% |
| US Made & ex-US Sold | 22% | 21% | 25% | 36% | 35% | 37% |
| ex-US Made & Sold | 27% | 27% | 26% | 19% | 20% | 19% |

| Herceptin Sales | 2010 - Q2 | 2010 - Q3 | 2010 - Q4 | 2011 - Q1 | 2011 - Q2 | 2011 - Q3 |
|---|---|---|---|---|---|---|
| US Made & Sold | 406,222 | 410,563 | 416,611 | 409,854 | 442,903 | 445,395 |
| US Made & ex-US Sold | 312,792 | 306,085 | 425,303 | 423,053 | 642,670 | 495,086 |
| ex-US Made & Sold | 630,498 | 584,286 | 567,396 | 558,661 | 474,402 | 702,416 |
| Total | 1,349,512 | 1,300,934 | 1,409,310 | 1,391,568 | 1,559,975 | 1,642,898 |
| US Made & Sold | 30% | 32% | 30% | 29% | 28% | 27% |
| US Made & ex-US Sold | 23% | 24% | 30% | 30% | 41% | 30% |
| ex-US Made & Sold | 47% | 45% | 40% | 40% | 30% | 43% |

| Lucentis Sales | 2010 - Q2 | 2010 - Q3 | 2010 - Q4 | 2011 - Q1 | 2011 - Q2 | 2011 - Q3 |
|---|---|---|---|---|---|---|
| US Made & Sold | 300,501 | 326,840 | 360,911 | 378,451 | 409,674 | 422,335 |
| US Made & ex-US Sold | 398,389 | 418,536 | 443,773 | 509,307 | 533,745 | 630,474 |
| ex-US Made & Sold | - | - | - | - | - | - |
| Total | 698,890 | 745,376 | 804,684 | 887,757 | 943,418 | 1,052,809 |
| US Made & Sold | 43% | 44% | 45% | 43% | 43% | 40% |
| US Made & ex-US Sold | 57% | 56% | 55% | 57% | 57% | 60% |
| ex-US Made & Sold | 0% | 0% | 0% | 0% | 0% | 0% |

| Xolair Sales | 2010 - Q2 | 2010 - Q3 | 2010 - Q4 | 2011 - Q1 | 2011 - Q2 | 2011 - Q3 |
|---|---|---|---|---|---|---|
| US Made & Sold | 145,245 | 165,109 | 170,001 | 164,621 | 167,608 | 184,837 |
| US Made & ex-US Sold | - | - | - | - | - | - |
| ex-US Made & Sold | 80,632 | 85,945 | 93,388 | 103,133 | 110,034 | 126,037 |
| Total | 225,878 | 251,055 | 263,389 | 267,754 | 277,642 | 310,874 |
| US Made & Sold | 64% | 66% | 65% | 61% | 60% | 59% |
| US Made & ex-US Sold | 0% | 0% | 0% | 0% | 0% | 0% |
| ex-US Made & Sold | 36% | 34% | 35% | 39% | 40% | 41% |

| Total Sales | 2010 - Q2 | 2010 - Q3 | 2010 - Q4 | 2011 - Q1 | 2011 - Q2 | 2011 - Q3 |
|---|---|---|---|---|---|---|
| US Made & Sold | 1,666,840 | 1,722,965 | 1,747,662 | 1,661,465 | 1,740,152 | 1,741,534 |
| US Made & ex-US Sold | 1,081,147 | 1,063,551 | 1,284,652 | 1,513,340 | 1,725,125 | 1,713,535 |
| ex-US Made & Sold | 1,137,407 | 1,105,556 | 1,091,287 | 969,735 | 898,464 | 1,132,608 |
| Total | 3,885,394 | 3,892,072 | 4,123,601 | 4,144,540 | 4,363,741 | 4,587,677 |
| US Made & Sold | 43% | 44% | 42% | 40% | 40% | 38% |
| US Made & ex-US Sold | 28% | 27% | 31% | 37% | 40% | 37% |
| ex-US Made & Sold | 29% | 28% | 26% | 23% | 21% | 25% |

*** As reported to PDL by its licensees**