**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): September 12, 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))

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common stock, par value $0.01 per share | PDLI | The NASDAQ Stock Market LLC |

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 1.01 Entry into a Material Definitive Agreement**

***Exchange Agreements***

On September 12, 2019, PDL BioPharma, Inc. (the "Company") announced that it has entered into separate, privately negotiated agreements (the "Exchange Agreements") with a limited number of holders of the Company's 2.75% Convertible Senior Notes due 2021 (the "Existing Notes") to exchange an aggregate of approximately $86.1 million principal amount of Existing Notes for (i) an aggregate of approximately $86.1 million original principal amount of new 2.75% Exchange Convertible Senior Notes due 2024 (the "Exchange Notes"); and (ii) an aggregate of $6.0 million in cash (such transactions, collectively, the "Exchange").

Each $1,000 principal amount of Existing Notes subject to Exchange Agreements will be exchanged for $1,000 principal amount of Exchange Notes and a cash payment of $70. Following the closing of the Exchange, approximately $63.9 million aggregate principal amount of the Existing Notes will remain outstanding with terms unchanged. The Exchange is subject to customary closing conditions and is expected to close on September 17, 2019. The Exchange Notes will be issued in private placements exempt from registration in reliance on Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"). The Company will not receive any cash proceeds from the issuance of the Exchange Notes.

A copy of the Form of Exchange Agreement is attached hereto as Exhibit 10.1 and is incorporated by reference herein.

***Indenture and Supplemental Indenture Relating to the Exchange Notes***

The Exchange Notes will be governed by a supplemental indenture, expected to be dated as of September 17, 2019 (the "Supplemental Indenture"), to the Indenture, expected to be dated September 17, 2019, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee (the "Base Indenture" and, together with the Supplemental Indenture, the "Indenture"), relating to the issuance by the Company of the Exchange Notes.

The Exchange Notes will accrue interest at a rate of 2.75% per year, payable in cash semi-annually in arrears on June 1 and December 1 of each year, beginning December 1, 2019, and will mature on December 1, 2024, unless earlier repurchased, redeemed or converted. Interest on the Exchange Notes will accrue from June 1, 2019.

The original principal amount of the Exchange Notes will accrete at a rate of 2.375% per year commencing September 17, 2019 through the maturity date of the Exchange Notes. The accreted principal amount of the Exchange Notes is payable in cash upon maturity. However, regular cash interest payments on the Exchange Notes, and the composition of the consideration due upon their conversion, will be determined based on their original principal amount and not their accreted principal amount.

The Exchange Notes will have an initial conversion rate of 262.2951 shares of the Company's common stock, par value $0.01 per share ("Common Stock"), per $1,000 original principal amount, subject to adjustment, and will be convertible into cash, shares of Common Stock or any combination of cash and shares of Common Stock, at the Company's election. The Exchange Notes will be convertible at the option of the holders in certain circumstances and during certain periods prior to the close of business on the business day immediately preceding June 1, 2024 or at any time beginning on June 1, 2024 until the close of business on the second scheduled trading day immediately preceding the stated maturity.

In the event of a "fundamental change" (as defined in the Indenture), holders of the Exchange Notes may require the Company to repurchase all or any portion of their Exchange Notes for cash at a repurchase price equal to 100% of the accreted principal amount of such Exchange Notes on the fundamental change repurchase date, plus accrued and unpaid interest, if any, to, but excluding, such repurchase date. If a "make-whole fundamental change" (as defined in the Indenture) occurs, then, under certain circumstances, the Company will increase the conversion rate applicable to Exchange Notes converted in connection with that make-whole fundamental change.

On or after December 1, 2021 and on or before the 60th trading day before the stated maturity, the Company may redeem all or any portion of the Exchange Notes for cash at a redemption price equal to 100% of their accreted principal amount on the redemption date, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, but only if the last reported sale price of the Common Stock equals or exceeds 128% of the conversion price of the Exchange Notes in effect on (i) each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately preceding the date on which we provide notice of the redemption and (ii) the trading day immediately before the date on which we provide notice of the redemption.

The Exchange Notes will be senior unsecured obligations of the Company and will rank equal in right of payment to all of

the Company's existing and future senior unsecured indebtedness, including the Existing Notes that remain outstanding after the Exchange. The Exchange Notes will rank senior in right of payment to any existing or future indebtedness of the Company which is subordinated by its terms.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth in Item 1.01 of this Current Report on Form 8-K regarding the Exchange is incorporated herein by reference.

**Item 3.02 Unregistered Sales of Equity Securities.**

On September 12, 2019, in connection with the Exchange, the Company entered into a capped call transaction with Royal Bank of Canada (the "Counterparty" or "RBC"). The capped call transaction covers, subject to customary anti-dilution adjustments, the number of shares of the Company's common stock that will initially underlie the Exchange Notes. The capped call transaction is intended to reduce the dilutive impact of the conversion feature of the Exchange Notes on the Company's outstanding shares of common stock and/or offset any cash payments the Company will be required to make in excess of the original principal amount upon any conversion of the Exchange Notes, with such offset subject to a cap. In connection with the Exchange, the Company also entered into an unwind agreement with the Counterparty in order to partially unwind the previous capped call transaction entered into by the Company related to the Existing Notes.

The information set forth in Item 1.01 of this Current Report on Form 8-K regarding Exchange is incorporated herein by reference.

**Item 7.01 Regulation FD Disclosure.**

The information set forth in Item 1.01 of this Current Report on Form 8-K regarding the Exchange is incorporated herein by reference.

A copy of the Company's press release is attached hereto as Exhibit 99.1 and is incorporated by reference in this Item 7.01. Exhibit 99.1 to this Current Report on Form 8-K is furnished only under this Item 7.01 and not any other Item of this Current Report.

This Current Report on Form 8-K does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall it constitute an offer to sell, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful. These offer and sale of the securities have not been registered under the Securities Act or any state securities laws and, unless so registered, they may not be offered or sold in the United States or to U.S. persons except pursuant to an exemption from the registration requirements of the Securities Act and applicable state laws.

*This Current Report on Form 8-K contains certain forward-looking statements within the meaning of the federal securities laws that involve material risks, assumptions and uncertainties. Many possible events or factors could affect our future results and performance, such that our actual results and performance may differ materially from those that may be described or implied in the forward-looking statements. As such, no forward-looking statement can be guaranteed. The factors that could cause actual results to differ from what is described herein, include any failure of the Exchange to close due to failure of conditions to closing, financial market conditions or otherwise. The Company is subject to additional risks and uncertainties described in the Company's annual report on Form 10-K and subsequent quarterly reports on Form 10-Q. You are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis and expectations only as of the date of this Form 8-K. Except as required by law, the Company undertakes no obligation to publicly release the results of any revision or update of these forward-looking statements, whether as a result of new information, future events or otherwise.*

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

| Exhibit No. | Description |
|---|---|
| 10.1 | Form of Exchange Agreement |
| 99.1 | PDL BioPharma, Inc. Press Release, issued on September 12, 2019 |

**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/ Dominique Monnet
Dominique Monnet
President and Chief Executive Officer

Dated: September 12, 2019

**Exhibit Index**

| Exhibit No. | Description |
| --- | --- |
| 10.1 | Form of Exchange Agreement |
| 99.1 | PDL BioPharma, Inc. Press Release, issued on September 12, 2019 |

**Exhibit 10.1**

**PDL BIOPHARMA, INC.**
**CONVERTIBLE NOTES EXCHANGE AGREEMENT**

**September 12, 2019**

_____ (the "**Undersigned**"), for itself and on behalf of the beneficial owners listed on Exhibit A hereto ("**Accounts**") for whom the Undersigned holds contractual and investment authority (each Account, as well as the Undersigned if it is exchanging Outstanding Notes (as defined below) hereunder, a "**Holder**"), enters into this Exchange Agreement (this "**Agreement**") with PDL BioPharma, Inc., a Delaware corporation (the "**Company**"), as of the date first written above whereby the Holders will exchange for each $1,000 principal amount of the Company's 2.75% Convertible Senior Notes due 2021 (the "**Outstanding Notes**"), (a) $1,000 principal amount of the Company's new 2.75% Convertible Senior Notes due 2024 (the "**New Notes**") that will be issued pursuant to the provisions of a base indenture (the "**Base Indenture**") dated as of the Closing Date, as supplemented by a supplemental indenture to be dated as of the Closing Date (the "**Supplemental Indenture**" and together with the Base Indenture, the "**Indenture**") between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee (the "**Trustee**"), and (b) a cash payment equal to $70 for each $1,000 principal amount of the Outstanding Notes.

On and subject to the terms hereof, the parties hereto agree as follows:

## Article I

### Exchange of Notes

**Section 1.1 Exchange**. Subject to the terms and conditions set forth in this Agreement, at the Closing (as defined herein), the Undersigned hereby agrees to deliver to the Company and to cause each Holder to deliver to the Company the aggregate principal amount of the Company's Outstanding Notes specified on Exhibit A under the heading "Exchanged Notes" in exchange for, and the Company hereby agrees to issue to each Holder, the principal amount of New Notes specified on Exhibit A under the heading "Holder New Notes," and the aggregate cash payment specified on Exhibit A under the heading "Holder Cash Payment." The terms "**Exchanged Notes**," "**Holder New Notes**," and "**Holder Cash Payment**" as used herein with respect to each Holder mean the amounts specified on Exhibit A for such Holder. The transactions contemplated by this Agreement, including the issuance, delivery and acceptance of the Holder New Notes, the Holder Cash Payment and the exchange and sale of the Exchanged Notes are collectively referred to herein as the "**Transactions**."

**Section 1.2 Closing**. Subject to the satisfaction (or waiver by the applicable parties) of the conditions set forth in Section 4.1, the closing of the Transactions (the "**Closing**") shall occur on September 17, 2019 or such other date as the parties may agree (the "**Closing Date**"). At the Closing, (a) each Holder shall deliver or cause to be delivered to the Company all right, title and interest in and to its Exchanged Notes as specified on Exhibit A hereto, free and clear of any mortgage, lien, pledge, charge, security interest, encumbrance, title retention agreement, option, equity or other adverse claim thereto (collectively, "**Liens**"), together with any documents of conveyance or transfer that the Company may deem necessary or desirable to transfer to and confirm in the Company all right, title and interest in and to the Exchanged Notes, free and clear of any Liens and (b) the Company shall deliver to each Holder principal amount of the Holder New Notes and the Holder Cash Payment, as specified on Exhibit A hereto (or, if there are no Accounts, the Company shall deliver to the Undersigned, as the sole Holder, the Holder New Notes specified above); provided, that the parties acknowledge that the delivery of the Holder New Notes may be delayed due to procedures and mechanics within the system of The Depository Trust Company or the NASDAQ Global Select Market (the "**NASDAQ**") (including the procedures and mechanics regarding the listing of the Conversion Shares (as defined below) on such exchange) or other events beyond the Company's control and that such delay will not be a default under this Agreement so long as (i) the Company is using its reasonable best efforts to effect the issuance of one or more global notes representing the New Notes and (ii) such delay is no longer than five business days. For the avoidance of doubt, in the event of any delay in the Closing pursuant to the prior sentence the Holders shall not be required to deliver the Exchanged Notes until the Closing occurs. The cancellation of the Exchanged Notes and the delivery of the Holder New Notes shall be effected via DWAC and the Holder Cash Payment will be made by wire transfer, in each case pursuant to the instructions provided by the Undersigned set forth in Exhibit C hereto, which the Undersigned agrees to provide no later than the business day immediately following the date of this Agreement.

## Article II

### Covenants, Representations and Warranties of the Holders

Each Holder (and where specified below, the Undersigned) hereby covenants as follows, and makes the following representations and warranties (severally and not jointly), each of which is and shall be true and correct on the date hereof and at the Closing, to the Company and Piper Jaffray & Co. ("**Piper Jaffray**"), and all such covenants, representations and warranties shall survive the Closing; *provided*, *however*, that any

representation and warranty in this Article II that speaks of a specified date shall be true and correct as of that date only.

**Section 2.1 Power and Authorization**. Each of the Undersigned and each Holder is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation, and the Undersigned has the power, authority and capacity to execute and deliver this Agreement, to perform its obligations hereunder, and to consummate the Transactions, in each case on behalf of itself and each Account. If the Undersigned is executing this Agreement on behalf of Accounts, (a) the Undersigned has all requisite discretionary and contractual authority to enter into this Agreement on behalf of, and bind, each Account, (b) Exhibit A hereto is a true, correct and complete list of (i) the name of each Account and (ii) the principal amount of such Account's Exchanged Notes and (c) the Undersigned agrees with the amount of the principal amount of Holder New Notes to be issued, and the amount of the Holder Cash Payment to be paid, to such Account in respect of its Exchanged Notes.

**Section 2.2 Valid and Enforceable Agreement; No Violations**. This Agreement has been duly executed and delivered by the Undersigned and constitutes a legal, valid and binding obligation of the Undersigned and each Holder, enforceable against the Undersigned and each Holder in accordance with its terms, except that such enforcement may be subject to (a) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws affecting or relating to enforcement of creditors' rights generally, and (b) general principles of equity, whether such enforceability is considered in a proceeding at law or in equity (the "**Enforceability Exceptions**"). The execution and delivery of this Agreement and consummation of the Transactions will not violate, conflict with or result in a breach of or default under (i) the Undersigned's or the applicable Holder's organizational documents (or any similar documents governing each Account), (ii) any agreement or instrument to which the Undersigned or the applicable Holder is a party or by which the Undersigned or the applicable Holder or any of their respective assets are bound, or (iii) any laws, regulations or governmental or judicial decrees, injunctions or orders applicable to the Undersigned or the applicable Holder.

**Section 2.3 Title to the Exchanged Notes**. Each Holder is the sole legal and beneficial owner of the Exchanged Notes set forth opposite its name on Exhibit A hereto (or, if there are no Accounts, the Undersigned is the sole legal and beneficial owner of the Exchanged Notes). Each Holder has good, valid and marketable title to its Exchanged Notes, free and clear of any Liens (other than pledges or security interests that the Holder may have created in favor of a prime broker under and in accordance with its prime brokerage agreement with such broker). No Holder has, in whole or in part, except as described in the preceding sentence, (a) assigned, transferred, hypothecated, pledged, exchanged or otherwise disposed of any of its Exchanged Notes or its rights, title or interest in and to its Exchanged Notes or (b) given any person or entity (other than the Undersigned) any transfer order, power of attorney or other authority of any nature whatsoever with respect to its Exchanged Notes. Upon the Holder's delivery of its Exchanged Notes to the Company pursuant to the Transactions, such Exchanged Notes shall be free and clear of all Liens created by the Holder or any other person acting for the Holder.

**Section 2.4 Qualified Institutional Buyer**. Each Holder is a "qualified institutional buyer" within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "**Securities Act**"). Each Holder is acquiring the Holder New Notes solely for its own account, for investment purposes, and not with a view to, or for resale in connection with, any distribution of the Holder New Notes in a manner that would violate the registration requirements of the Securities Act.

**Section 2.5 No Affiliates**. No Holder is, or has been at any time during the consecutive three-month period preceding the date hereof, a director, officer or other "affiliate" within the meaning of Rule 144

promulgated under the Securities Act (an "**Affiliate**") of the Company. To each Holder's knowledge, such Holder did not acquire the Exchanged Notes, directly or indirectly, from an Affiliate of the Company.

**Section 2.6 No Illegal Transactions**. Each of the Undersigned and each Holder has not, directly or indirectly, and no person acting on behalf of or pursuant to any understanding with it has, disclosed to a third party any information regarding the Transactions or the Anticipated Disclosure (as defined in Section 2.7), nor engaged in any transactions in the securities of the Company (including, without limitation, any Short Sales (as defined below) involving any of the Company's securities) since the time that the Undersigned was first contacted by any of the Company, Piper Jaffray or any other person regarding the Transactions, this Agreement or an investment in the New Notes or the Company. Each of the Undersigned and the Holder covenants that neither it nor any person acting on its behalf or pursuant to any understanding with it will disclose to a third party any information regarding the Transactions or the Anticipated Disclosure or engage, directly or indirectly, in any transactions in the securities of the Company (including Short Sales) prior to the time the Anticipated Disclosure is publicly disclosed by the Company. "**Short Sales**" include, without limitation, all "short sales" as defined in Rule 200 of Regulation SHO promulgated under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and all types of direct and indirect stock pledges, forward sale contracts, options, puts, calls, short sales, swaps, derivatives and similar arrangements (including on a total return basis), and sales and other transactions through non-U.S. broker-dealers or foreign regulated brokers. Solely for purposes of this Section 2.6, subject to the Undersigned's and each Holder's compliance with their respective obligations under the U.S. federal securities laws and the Undersigned's and the Holder's respective internal policies, (a) the terms "Undersigned" and "Holder" shall not be deemed to include any employees, subsidiaries, desks, groups or Affiliates of the Undersigned or the applicable Holder that are effectively walled off by appropriate "Fire Wall" information barriers approved by the Undersigned's or such Holder's respective legal or compliance department (and thus such walled off parties have not been privy to any information concerning the Transactions or the Anticipated Disclosure), and (b) the foregoing representations and covenants of this Section 2.6 shall not apply to any transaction by or on behalf of an Account that was effected without the advice or participation of, or such Account's receipt of information regarding the Transactions or the Anticipated Disclosure provided by, the Undersigned or the applicable Holder.

**Section 2.7 Adequate Information; No Reliance**. The Undersigned is a registered investment adviser with the Securities and Exchange Commission (the "**SEC**") acting on behalf of itself and the Accounts that are Holders who are its investment advisory clients. The Undersigned acknowledges and agrees on behalf of itself and each Holder that (a) the Undersigned has been furnished with all materials it considers relevant to making an investment decision to enter into the Transactions and has had the opportunity to review (i) the Company's filings and submissions with the SEC, including, without limitation, all information filed or furnished pursuant to the Exchange Act, and (ii) a draft press release or form of Current Report on Form 8-K disclosing material terms of the Transactions and certain information concerning the Company (the "**Anticipated Disclosure**"), the substance of which will be publicly issued or filed or furnished with the SEC in accordance with Section 3.6, (b) the Undersigned has had a full opportunity to ask questions of the Company concerning the Company, its business, operations, financial performance, financial condition and prospects and the terms and conditions of the Transactions, (c) the Undersigned and each Holder have had the opportunity to consult with their respective accounting, tax, financial and legal advisors to be able to evaluate the risks and consequences involved in the Transactions and to make an informed investment decision with respect to such Transactions, including, if applicable, the consequences to the Holder of the issuance of the New Notes with significant original issue discount for U.S. federal income tax purposes, (d) neither the Company nor Piper Jaffray is acting as a fiduciary or financial or investment advisor to the Undersigned or any Holder and (e) neither the Undersigned nor any Holder is relying, and none of them have relied, upon any statement, advice (whether accounting, tax, financial, legal or other), representation or warranty made

by the Company, Piper Jaffray or any of their respective Affiliates or representatives, except for (i) the publicly available filings and submissions made by the Company with the SEC under the Exchange Act, (ii) the Anticipated Disclosure and (iii) the representations and warranties made by the Company in this Agreement. Each of the Undersigned and each Holder is able to fend for itself in the Transactions; has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the New Notes; has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment; and acknowledges that investment in the New Notes involves a high degree of risk. Each of the Undersigned and each Holder has had a sufficient amount of time to consider whether to participate in the Transactions, and neither the Company nor Piper Jaffray, nor any of their respective affiliates or agents, has placed any pressure on the Undersigned of and Holder to respond to the opportunity to participate in the Transactions.

**Section 2.8 No Public Market**. The Undersigned acknowledges and agrees on behalf of itself and each Holder that no public market exists for the New Notes, and that there is no assurance that a public market will ever develop for the New Notes.

**Section 2.9 Taxpayer Information**. The Undersigned agrees that it will obtain from each Holder and deliver to the Company a complete and accurate IRS Form W-9 or IRS Form W-8BEN, W-8BEN E or W-8ECI, as appropriate.

**Section 2.10 Further Action**. Each of the Undersigned and each Holder agrees that it will, upon request, execute and deliver any additional documents deemed by the Company or Trustee to be necessary or desirable to complete the Transactions.

**Section 2.11**. **Financial Advisor**. The Undersigned acknowledges that it and each Holder understands that the Company intends to pay Piper Jaffray a fee in respect of the Transactions.

## Article III

### Covenants, Representations and Warranties of the Company

The Company hereby covenants as follows, and makes the following representations and warranties, each of which is and shall be true and correct on the date hereof and at the Closing, to the Holders and Piper Jaffray, and all such covenants, representations and warranties shall survive the Closing; *provided*, *however*, that any representation and warranty in this Article III that speaks of a specified date shall be true and correct as of that date only.

**Section 3.1 Power and Authorization**. The Company has been duly incorporated and is validly existing and in good standing under the laws of its state of incorporation, and has the power, authority and capacity to execute and deliver this Agreement and the Indenture, to perform its obligations hereunder and thereunder, and to consummate the Transactions. Assuming the accuracy of each Holder's representations and warranties hereunder, no consent, approval, order or authorization of, or registration, declaration or filing with any governmental entity is required on the part of the Company in connection with the execution, delivery and performance by it of this Agreement and the consummation by the Company of the Transactions, except as may be required under any state or federal securities laws or that may be obtained, and the Company covenants to obtain, after the Closing or such that would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect on (i) the financial position or results of operations of the Company and its subsidiaries, taken as a whole or (ii) the Company's ability to consummate the Transactions.

**Section 3.2 Valid and Enforceable Agreements; No Violations**. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforcement may be subject to the Enforceability Exceptions. At the Closing, each of the Base Indenture and the Supplemental Indenture substantially in the form attached hereto as Exhibit B will have been duly executed and delivered by the Company. The Indenture will govern the terms of the New Notes (including the terms under which the Conversion Shares will be issued), and the Indenture, upon execution and delivery of the Base Indenture and the Supplemental Indenture by each of the parties thereto, will constitute a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforcement may be subject to the Enforceability Exceptions. This Agreement, the Indenture and consummation of the Transactions will not violate, conflict with or result in a breach of or default under (a) the charter, bylaws or other organizational documents of the Company, (b) any agreement or instrument to which the Company is a party or by which the Company or any of its assets are bound, or (c) any laws, regulations or governmental or judicial decrees, injunctions or orders applicable to the Company, except in the case of clauses (b) or (c), where such violations, conflicts, breaches or defaults would not, individually or in the aggregate, reasonably be expected to be adverse in any material respect on (i) the financial position or results of operations of the Company and its subsidiaries, taken as a whole or (ii) the Company's ability to consummate the Transactions.

**Section 3.3 Validity of the Holder New Notes**. The Holder New Notes have been duly authorized by the Company and, when executed and authenticated in accordance with the provisions of the Indenture and delivered to the applicable Holder pursuant to the Transactions against delivery of the Exchanged Notes therefor in accordance with the terms of this Agreement, the Holder New Notes will be legal, valid and binding obligations of the Company, enforceable in accordance with their terms, except that such enforcement may be subject to the Enforceability Exceptions, and the Holder New Notes will not be subject to any preemptive, participation, rights of first refusal or other similar rights. Assuming the accuracy of the Undersigned and each Holder's representations and warranties hereunder, the Holder New Notes (a) will be issued in the Transactions exempt from the registration requirements of the Securities Act pursuant to Section 4(a)(2) of the Securities Act, (b) will, at the Closing, be free of any restrictions on resale by such Holder pursuant to Rule 144 promulgated under the Securities Act, and (c) will be issued in compliance with all applicable state and federal laws concerning the issuance of the Holder New Notes.

**Section 3.4 Validity of Conversion Shares**. The Holder New Notes will at the Closing be convertible into cash, shares of the Company's common stock, par value $0.01 per share (the "**Common Stock**"), or a combination of cash and shares of Common Stock, at the Company's election (any such shares issuable upon conversion of the New Notes, the "**Conversion Shares**"), in accordance with, and subject to, the terms of the Indenture. Upon execution and delivery of the Base Indenture and the Supplemental Indenture by the Company and the Trustee, any Conversion Shares initially issuable upon conversion of the New Notes (assuming the Company elects to physically settle the New Notes upon conversion and the maximum conversion rate under any make-whole adjustment applies) shall have been duly authorized and reserved by the Company for issuance upon conversion of the Holder New Notes. When issued upon conversion of the Holder New Notes in accordance with the terms of the Holder New Notes and the Indenture, the Conversion Shares will be validly issued, fully paid and non-assessable, and the issuance of any such Conversion Shares will not be subject to any preemptive, participation, rights of first refusal or other similar rights.

**Section 3.5 Listing Approval**. At the Closing, the Conversion Shares shall be approved for listing on the NASDAQ.

**Section 3.6 Disclosure**. On or before the first business day following the date of this Agreement, the Company shall issue a publicly available press release or file with the SEC a Current Report on Form 8-

K disclosing the Anticipated Disclosure (to the extent not previously publicly disclosed). Without the prior written consent of the Undersigned, the Company shall not disclose the name of the Undersigned or any Holder in any filing or announcement, unless such disclosure is required by applicable law, rule, regulation or legal process based on advice of counsel.

**Section 3.7 No Litigation**. There is no action, lawsuit, arbitration, claim or proceeding pending or, to the knowledge of the Company, threatened, against the Company that would reasonably be expected to impede the consummation of the Transactions contemplated hereby.

## Article IV

## Closing Conditions & Notification

**Section 4.1 Conditions to Obligations of the Undersigned, each Holder and the Company**. The obligations of the Undersigned to cause each Holder to deliver the Exchanged Notes and of the Company to deliver the Holder New Notes and the Holder Cash Payment are subject to the satisfaction at or prior to the Closing of the conditions precedent that (a) the representations and warranties of the Undersigned, the Holders and the Company contained in Articles II and III, respectively, shall be true and correct as of the Closing in all material respects with the same effect as though such representations and warranties had been made as of the Closing and unless notice is given pursuant to Section 4.2, each of the representations and warranties contained therein shall be deemed to have been reaffirmed and confirmed as of the Closing Date and (b) solely as to the obligations of the Undersigned, the Base Indenture and the Supplemental Indenture shall have been duly executed and delivered by the Company and the Trustee.

**Section 4.2 Notification**. The Undersigned hereby covenants and agrees to notify the Company and Piper Jaffray upon the occurrence of any event prior to the Closing that would cause any representation, warranty, or covenant contained in Article II to be false or incorrect in any material respect. The Company hereby covenants and agrees to notify the Undersigned, the Holders and Piper Jaffray upon the occurrence of any event prior to the Closing that would cause any representation, warranty, or covenant contained in Article III to be false or incorrect in any material respect.

## Article V

## Miscellaneous

**Section 5.1 Entire Agreement**. This Agreement and any documents and agreements executed in connection with the Transactions embody the entire agreement and understanding of the parties hereto with respect to the subject matter hereof and supersede all prior and contemporaneous oral or written agreements, representations, warranties, contracts, correspondence, conversations, memoranda and understandings between or among the parties or any of their agents, representatives or Affiliates relative to such subject matter, including, without limitation, any term sheets, emails or draft documents.

**Section 5.2 Construction**. References in the singular shall include the plural, and vice versa, unless the context otherwise requires. References in the masculine shall include the feminine and neuter, and vice versa, unless the context otherwise requires. Headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meanings of the provisions hereof. Neither party, nor its respective counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions of this Agreement, and all language in all parts of this Agreement shall be construed in accordance with its fair meaning, and not strictly for or against either party.

**Section 5.3 Governing Law; Waiver of Jury Trial**. This Agreement shall in all respects be construed in accordance with and governed by the substantive laws of the State of New York, without reference to its choice of law rules that would result in the application of the laws of another jurisdiction. Each of the Company and the Undersigned, on behalf of itself and on behalf of each Holder, irrevocably waives any and all right to trial by jury with respect to any legal proceeding arising out of the Transactions.

**Section 5.4 Counterparts**. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. Any counterpart or other signature hereon delivered by facsimile or any standard form of telecommunication or e-mail shall be deemed for all purposes as constituting good and valid execution and delivery of this Agreement by such party.

**Section 5.5 Third Party Beneficiaries**. This Agreement is also intended for the immediate benefit of Piper Jaffray. Piper Jaffray may rely on the provisions of this Agreement, including, but not limited to, the respective covenants, representations and warranties of the Undersigned, each Holder and the Company.

[*Signature Page Follows*]

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

**PDL BIOPHARMA, INC.**

By: _____

Name: _____

Title: _____

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed as of the date first above written.

**"UNDERSIGNED":**

_____

(in its capacities described in the first paragraph hereof)

By: _____

Name: _____

Title: _____

**EXHIBIT A**

**Holders**

| **Holder Name and Address*** | **Exchanged Notes** (*principal amount of Outstanding Notes to be exchanged for New Notes*) | **Holder New Notes** (*principal amount of New Notes to be issued in exchange for Exchanged Notes*) | **Holder Cash Payment** (*cash payment payable in exchange for Exchanged Notes of $70 per $1,000 of Exchanged Notes*) |
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* Address to be provided no later than the date of settlement.

**EXHIBIT B**

**BASE AND SUPPLEMENTAL INDENTURES**

# Exhibit C

**Holder Information**
(Complete the Following Form for Each Holder)

Legal Name of Holder: _____

Aggregate principal amount of Outstanding Notes to be exchanged (**must be a multiple of $1,000**): _____

Holder's Address: _____

Telephone: _____

Country (and, if applicable, State) of Residence: _____

Taxpayer Identification Number: _____

| Account for Outstanding Notes | Account for New Notes | Wire Instructions for Holder Cash Payment |
|---|---|---|
| DTC Participant Number: | DTC Participant Number: | Bank Routing #: |
| DTC Participant Name: | DTC Participant Name: | SWIFT Code: |
| DTC Participant Phone Number: | DTC Participant Phone Number: | Bank Address: |
| DTC Participant Contact Email: | DTC Participant Contact Email: | Account Number: |
| | Account # at DTC Participant: | Account Name: |

The Holder hereby instructs the Company to effect the Transactions in accordance with the instructions provided above.

Date: _____ By: _____
Name:
Title:

**Exhibit 99.1**

# PDL BioPharma Announces Private Exchange of Approximately $86.1 Million of Convertible Notes Due 2024

**INCLINE VILLAGE, Nev. (September 12, 2019**) - PDL BioPharma, Inc. (“PDL” or the “Company”) (Nasdaq: PDLI) today announced that it has entered into separate privately negotiated transactions to exchange approximately $86.1 million in aggregate principal amount of its 2.75% Convertible Senior Notes due 2021 (the “Existing Notes”) for approximately $86.1 million in aggregate original principal amount of new 2.75% Convertible Senior Notes due 2024 (the “Exchange Notes” and such transaction, the “Exchange”) together with an aggregate of approximately $6.0 million of cash. Following the closing of the Exchange, approximately $63.9 million aggregate principal amount of Existing Notes will remain outstanding with terms unchanged. The Existing Notes and Exchange Notes hereafter referred to herein as the “Notes.”

“We are capitalizing on the strength of the convertible notes market to extend the maturity of our debt under favorable terms," said Dominique Monnet, president and CEO of PDL. "This transaction will further strengthen our balance sheet as we execute on our strategy to build a focused portfolio of actively managed operating companies with significant revenue potential.”

Each $1,000 principal amount of Existing Notes will be exchanged for $1,000 original principal amount of Exchange Notes and a cash payment of $70.

The Exchange Notes will be senior, unsecured obligations of PDL and will bear interest at a rate of 2.75% per year. Interest will be payable semi-annually in arrears on June 1 and December 1 of each year, beginning on December 1, 2019. The Exchange Notes will mature on December 1, 2024, unless earlier converted, redeemed or repurchased in accordance with the terms of the Exchange Notes.

The original principal amount of the Exchange Notes will accrete at a rate of 2.375% per year commencing September 17, 2019 through the maturity date of the Exchange Notes. The accreted principal amount of the Exchange Notes is payable in cash upon maturity. However, regular cash interest payments on the Exchange Notes, and the composition of the consideration due upon their conversion, will be determined based on their original principal amount and not their accreted principal amount.

The initial conversion rate of the Exchange Notes is 262.2951 share of PDL’s common stock per $1,000 original principal amount, which is equivalent to an initial conversion price of approximately $3.81 per share of PDL’s common stock. The initial conversion price of the Exchange Notes represents a premium of approximately 61% over the last reported sale price of PDL’s common stock on the Nasdaq Global Select Market on September 12, 2019. The Exchange Notes will be convertible at the option of the holders in certain circumstances and during certain periods prior to the close of business on the business day immediately preceding June 1, 2024 or at any time beginning on June 1, 2024, until the close of business on the second scheduled trading day immediately preceding the stated maturity. Upon conversion of the Exchange Notes, holders will receive cash, shares of PDL’s common stock or a combination of cash and shares of PDL’s common stock, at PDL’s election.

Holders of the Exchange Notes will have the right, at their option, to require PDL to purchase their notes for cash if PDL undergoes a fundamental change (as defined in the indenture for the Exchange Notes), at a repurchase price equal to 100% of the accreted principal amount of the Exchange Notes on the fundamental change repurchase date, plus accrued and unpaid interest, if any, to, but excluding, such repurchase date. If a “make-whole fundamental change” (as defined in the indenture for the Exchange Notes) occurs, then, under certain circumstances, PDL will increase the conversion rate applicable to Exchange Notes converted in connection with that make-whole fundamental change.

On or after December 1, 2021 and on or before the 60th trading day before the stated maturity, PDL may redeem all or any portion of the Exchange Notes for cash, but only if the last reported sale price per share of PDL’s common stock exceeds 128% of the conversion price of the Exchange Notes for a specified period of time. The redemption price for any Exchange Notes to be redeemed will equal 100% of the accreted principal amount of such Exchange Notes on the redemption date, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

PDL will not receive any cash proceeds from the Exchange. In return for issuing the Exchange Notes pursuant to the Exchange, PDL will receive and cancel the exchanged Existing Notes.

Piper Jaffray & Co. acted as financial advisor to PDL in connection with the Exchange.

In connection with the Exchange, PDL entered into a capped call transaction with Royal Bank of Canada (the “Counterparty” or “RBC”) on similar terms and conditions as the capped call transaction entered into by PDL and Counterparty in connection with the Existing Notes (the “Existing Capped Call”). The capped call transaction is expected generally to offset potential dilution to PDL's common stock and/or any cash payments PDL will be required to make in excess of the original principal amount upon any conversion of the Exchange Notes, with such offset subject to a cap initially equal to $4.88 per share (which represents a premium of approximately 106% over the last reported sale price of PDL’s common stock on the Nasdaq Global Select Market on September 12, 2019), subject to certain adjustments under the terms of the capped call transaction. In addition, PDL and the Counterparty entered into an agreement to terminate a portion of the Existing Capped Call, in a notional amount corresponding to the amount of Existing Notes exchanged.

PDL has been advised that, in connection with the entry into the capped call transaction, the termination of the Existing Capped Call, the partial unwinding of its hedge position with respect to the Existing Capped Call and establishing its initial hedge position with respect to the capped call transaction for the Exchange Notes, the Counterparty (and or its affiliates) expects to purchase and/or sell shares of PDL’s common stock and/or enter into various derivative transactions with respect to PDL's common stock concurrently with or shortly after the entry into the Exchange and during any valuation period related thereto, which PDL expects to commence on the trading day immediately following the entry into the Exchange. This activity could cause or avoid an increase or decrease in the market price of PDL's common stock or the Notes at that time. In connection with the unwinding of the Existing Capped Call, the Company expects to receive separately a payment from Counterparty in an amount that depends on the market price of the Company's common shares over a valuation period as agreed with Counterparty.

In addition, the Counterparty may modify its hedge positions by entering into or unwinding derivatives with respect to PDL's common stock and/or by purchasing or selling PDL's common stock in secondary market transactions following the entry into the Exchange and any valuation period related to the establishment of its initial hedge position with respect to the capped call transaction or partial unwinding of its hedge position with respect to the Existing Capped Call (and is likely to do so during any observation period related to a conversion of Notes). This activity could also cause or avoid an increase or a decrease in the market price of PDL's common stock or the Notes, which could affect a holder's ability to convert the Notes and, to the extent the activity occurs during any observation period related to a conversion of Notes, could affect the amount and value of the consideration that a holder will receive upon conversion of the Notes.

**About PDL BioPharma, Inc.**

PDL's mission is to improve the lives of patients and create value for our shareholders and our people by applying our capital and expertise for the successful development and commercialization of innovative therapeutics by our partner companies. We deliver on our mission by entering into strategic transactions involving innovative late clinical-stage or early commercial-stage therapeutics with attractive revenue growth potential.



**Contacts:**

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