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 3, 2016

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))

Item 2.02 Results of Operations and Financial Condition.

On November 3, 2016, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the third quarter ended September 30, 2016. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on November 3, 2016, during which the Company will discuss its financial results for the third quarter ended September 30, 2016.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On November 3, 2016, 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 September 30, 2016. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On November 3, 2016, the Company distributed to analysts covering the Company's securities a summary of certain information regarding the Company's net income, dividends, recent transactions and licensed product development and sales (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 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 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.

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 royalty 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 February 23, 2016, as updated by subsequent periodic 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.

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

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: November 3, 2016

Exhibit Index

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

Exhibit 99.1

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PDL BioPharma Announces Third Quarter 2016 Financial Results

INCLINE VILLAGE, NV, November 3, 2016 – PDL BioPharma, Inc. (PDL or the Company) (NASDAQ: PDLI) today reported financial results for the third quarter ended September 30, 2016 including:

- Total revenues of $53.6 million and $177.8 million for the three and nine months ended September 30, 2016, respectively.
- GAAP diluted EPS of $0.08 and $0.45 for the three and nine months ended September 30, 2016, respectively.
- GAAP net income attributable to PDL's shareholders of $13.9 million and $73.9 million for the three and nine months ended September 30, 2016, respectively.
- Non-GAAP net income of $18.9 million and $118.2 million for the three and nine months ended September 30, 2016, respectively.

The largest component of the difference in non-GAAP net income compared to GAAP net income is the exclusion of (i) the mark-to-market reduction in fair value of our investments in royalty rights and (ii) the amortization of intangible assets. A full reconciliation of all components of the GAAP to non-GAAP quarterly financial results can be found in Table 4 at the end of this release.

Revenue Highlights

- Total revenues of $53.6 million for the three months ended September 30, 2016 included:
  - Royalties from PDL's licensees to the Queen et al. patents of $15.0 million, which consisted of royalties earned on sales of Tysabri® under a license agreement;
  - Net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets of $16.1 million, which consisted of the change in estimated fair value of our royalty right assets, primarily related to the Depomed, Inc., University of Michigan and AcelRx Pharmaceuticals, Inc. royalty rights acquisitions;
  - Interest revenue from notes receivable financings to late-stage healthcare companies of $8.6 million; and
  - Product revenues from sales of Tekturna® and Tekturna HCT® in the United States and Rasilez® and Rasilez HCT® in the rest of the world of $14.1 million.
- Total revenues decreased by 57 percent for the three months ended September 30, 2016, when compared to the same period in 2015.
  - The decrease in royalties from PDL's licensees to the Queen et al. patents is due to the expiration of the patent license agreement with Genentech, Inc. PDL continues to receive royalties on sales of Tysabri. The duration of this royalty payment is based on the sales of product manufactured prior to patent expiry, the amount of which is uncertain.
  - The increase in royalty rights - change in fair value was driven by the $9.6 million increase in the fair value of the Depomed royalty rights assets primarily due to a $5.0 million milestone payment based on FDA

approval of Invokamet® XR, a Type 2 diabetes drug in our Depomed portfolio, an adjustment to the timing of its estimated cashflows and a reduction in discount rate.

- PDL received $15.3 million in net cash royalty and milestone payments from its royalty rights in the third quarter of 2016, compared to $6.9 million for the same period of 2015.
- The decrease in interest revenues was primarily due to ceasing to recognize interest from Direct Flow Medical, Inc. notes receivable.
- Product revenues were derived from sales of Tekturna and Tekturna HCT in the United States and Rasilez and Rasilez HCT in the rest of the world (collectively, the Noden Products). Pursuant to the purchase agreement, when Noden Pharma DAC (Noden) acquired the exclusive worldwide rights to manufacture, market, and sell the Noden Products from Novartis. Novartis continued distributing the Noden Products during the third quarter of 2016 and transferred profits with Noden on a net basis (i.e. net of cost of manufacturing and a fee to Novartis). Noden is commercializing the products in the U.S. as of the fourth quarter of 2016.

- Total revenues decreased by 57 percent for the nine months ended September 30, 2016, when compared to the same period in 2015.
  - The decrease in royalties from PDL's licensees to the Queen et al. patents is due to the expiration of the patent license agreement with Genentech, Inc.
  - The decrease in royalty rights - change in fair value was driven by the $19.2 million decrease in the fair value of the Depomed royalty rights asset, and a $3.4 million decrease in the fair value of the University of Michigan royalty right asset.
  - PDL received $47.2 million in net cash royalty payments and milestone payments from its acquired royalty rights in the nine months ended September 30, 2016, compared to $9.0 million for the same period of 2015.
  - Product revenues and interest revenue variances were the same as the three months ended September 30, 2016.

Operating Expense Highlights

- Operating expenses were $21.0 million for the three months ended September 30, 2016, compared to $8.5 million for the same period of 2015. The increase in operating expenses for the three months ended September 30, 2016, as compared to the same period in 2015, was primarily a result of the product sales segment acquisition, contributing an additional $6.0 million of acquisition intangible amortization, $2.1 million in a change in fair value in acquisition-related contingent consideration, $1.9 million in research and development costs for the completion of a pediatric trial for the acquired branded prescription medicines Tekturna by Noden and acquisition related costs of $0.5 million. General and administrative expenses increased by $1.9 million, of which $1.1 million relates to an increased headcount and expenses due to the Noden related product acquisitions and $0.3 million relates to additional stock-based compensation expenses and an increase in legal services mostly related to ongoing legal proceedings.
- Operating expenses were $40.7 million for the nine months ended September 30, 2016, compared to $23.5 million for the same period of 2015. The increase in operating expenses for the nine months ended September 30, 2016, as compared to the same period in 2015, was the result of the expenses related to the acquisition of the Noden Products.

Other Financial Highlights

- PDL had cash, cash equivalents, and investments of $114.6 million at September 30, 2016, compared to $220.4 million at December 31, 2015.
  - The decrease was primarily attributable to the acquisition of a business, net of cash of $109.9 million, the purchase of a certificate of deposit for $75.0 million, the purchase of additional royalty rights for $59.5 million, repayment of the March 2015 Term Loan for $25.0 million, payment of dividends of $16.4 million, an additional note receivable purchase of $8.0 million, the purchase of short-term investments of $8.0 million, and the payment of debt issuance costs of $0.3 million, partially offset by the repayment of a note receivable balance of $54.7 million, proceeds from royalty right payments of $47.2 million, proceeds from the sale of available-for-sale securities of $1.7 million, cash received from a noncontrolling investor of $0.3 million and cash generated by operating activities of $86.1 million.
- Net cash provided by operating activities in the nine months ended September 30, 2016 was $86.1 million, compared with $231.4 million in the same period in 2015.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results at 4:30 p.m. Eastern Time today, November 3, 2016.

To access the live conference call via phone, please dial (800) 668-4132 from the United States and Canada or (224) 357-2196 internationally. The conference ID is 6554182. 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 10, 2016, and may be accessed by dialing (855) 859-2056 from the United States and Canada or (404) 537-3406 internationally. The replay passcode is 6554182.

To access the live and subsequently archived webcast of the conference call, go to the Company's website at http://www.pdl.com and go to "Events & Presentations." 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, Inc.

PDL seeks to optimize its return on investments so as to provide a significant return for its shareholders by acquiring and managing a portfolio of companies, products, royalty agreements and debt facilities in the biotech, pharmaceutical and medical device industries. In late 2012, PDL began providing alternative sources of capital through royalty monetizations and debt facilities and in 2016, began making equity investments in commercial stage companies, the first being Noden Pharma DAC. PDL has committed over $1.4 billion and funded approximately $1.1 billion in these investments to date.

The Company was formerly known as Protein Design Labs, Inc. and changed its name to PDL BioPharma, Inc. in 2006. PDL was founded in 1986 and is headquartered in Incline Village, Nevada. 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 for which it has received significant royalty revenue.

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 royalty assets, restrict or impede the ability of the Company to invest in new royalty bearing assets and limit the Company's ability to pay dividends 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 February 23, 2016, as updated by subsequent periodic 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
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Revenues				
Royalties from Queen et al. patents	$ 14,958	$ 119,222	$ 150,645	$ 363,916
Royalty rights - change in fair value	16,085	(4,280)	(11,872)	19,298
Interest revenue	8,594	9,096	24,901	28,596
Product revenue, net	14,128	—	14,128	—
License and other	(127)	580	7	580
Total revenues	53,638	124,618	177,809	412,390
Operating Expenses				
Amortization of intangible assets	6,014	—	6,014	—
General and administrative expenses	10,396	8,450	27,193	23,545
Sales and marketing	11	—	11	—
Research and development	1,933	—	1,933	—
Change in fair value of anniversary payment and contingent consideration	2,083	—	2,083	—
Acquisition-related costs	546	—	3,505	—
Total operating expenses	20,983	8,450	40,739	23,545
Operating income	32,655	116,168	137,070	388,845
Non-operating expense, net				
Interest and other income, net	162	87	404	294
Interest expense	(4,513)	(5,901)	(13,524)	(21,710)
Total non-operating expense, net	(4,351)	(5,814)	(13,120)	(21,416)
Income before income taxes	28,304	110,354	123,950	367,429
Income tax expense	14,400	40,895	50,011	135,208
Net income	13,904	69,459	73,939	232,221
Net loss attributable to noncontrolling interests	3	—	3	—
Net income attributable to PDL's shareholders	$ 13,907	$ 69,459	$ 73,942	$ 232,221
Net income per share				
Basic	$ 0.08	$ 0.42	$ 0.45	$ 1.42
Diluted	$ 0.08	$ 0.42	$ 0.45	$ 1.42
Shares used to compute income per basic share	163,856	163,560	163,771	163,314
Shares used to compute income per diluted share	164,285	163,742	164,075	163,899
Cash dividends declared per common share	$ —	$ —	$ 0.10	$ 0.60

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

	September 30, 2016	December 31, 2015
Cash, cash equivalents and investments	$ 114,575	$ 220,352
Total notes receivable	$ 320,997	$ 364,905
Total royalty rights - at fair value	$ 399,592	$ 399,204
Total assets	$ 1,216,066	$ 1,012,205
Total term loan payable	$ —	$ 24,966
Total convertible notes payable	$ 234,895	$ 228,862
Total stockholders' equity	$ 753,856	$ 695,952

TABLE 3
PDL BIOPHARMA, INC.
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW DATA
(Unaudited)
(In thousands)

	Nine Months Ended September 30,	
	2016	2015
Net income	$ 73,939	$ 232,221
Adjustments to reconcile net income to net cash provided by operating activities	22,682	386
Changes in assets and liabilities	(10,556)	(1,221)
Net cash provided by operating activities	$ 86,065	$ 231,386

TABLE 4
PDL BIOPHARMA, INC.
GAAP to NON-GAAP RECONCILIATION:
NET INCOME AND DILUTED EARNINGS PER SHARE
(Unaudited)
(In thousands, except per share amount)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
GAAP net income attributed to PDL's shareholders as reported	$ 13,907	$ 69,459	$ 73,942	$ 232,221
Adjustments to Non-GAAP net income (as detailed below)	4,960	10,122	44,211	(2,535)
Non-GAAP net income attributed to PDL's shareholders	$ 18,867	$ 79,581	$ 118,153	$ 229,686

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
GAAP net income attributed to PDL's shareholders as reported	$ 13,907	$ 69,459	$ 73,942	$ 232,221
Adjustments:				
Mark-to-market adjustment to fair value assets	(754)	11,159	59,112	(10,328)
Non-cash interest revenues	(468)	(1,366)	(2,744)	(4,775)
Non-cash stock-based compensation expense	1,050	621	2,649	1,348
Non-cash debt offering costs	2,048	5,678	6,067	9,744
Mark-to-market adjustment on warrants held	128	—	875	—
Amortization of the intangible assets	6,014	—	6,014	—
Mark-to-market adjustment of anniversary payment and contingent consideration	2,083	—	2,083	—
Income tax effect related to above items	(5,141)	(5,970)	(29,845)	1,476
Total adjustments	4,960	10,122	44,211	(2,535)
Non-GAAP net income	$ 18,867	$ 79,581	$ 118,153	$ 229,686

Use of Non-GAAP Financial Measures

We supplement our consolidated financial statements presented on a GAAP basis by providing additional measures which may be considered “non-GAAP” financial measures under applicable SEC rules. We believe that the disclosure of these 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 diluted earnings per share, and are 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 represent 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) 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) mark-to-market adjustment related to acquisition-related contingent considerations, (7) amortization of intangible assets, and to

adjust (7) the related tax effect of all reconciling items within our reconciliation of our GAAP to Non-GAAP net income. 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.

PDL

Third Quarter 2016
Financial Results
Conference Call

November 3, 2016

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:

- The expected rate of growth in royalty-bearing product sales by PDL's existing licensees;
- Our ability to realize the benefits from our investment in Noden Pharma DAC;
- Failure to acquire additional sources of revenues sufficient to continue operations;
- Competitive or market pressures on our licensees, borrowers and royalty counterparties;
- The productivity of acquired income generating assets may not fulfill our revenue forecasts and, if secured by collateral, we may be undersecured and unable to recuperate our capital expenditures in the transaction;
- Changes in any of the assumptions on which PDL's projected revenues are based;
- Changes in foreign currency rates;
- Positive or negative results in PDL's attempt to acquire income generating assets;
- The outcome of litigation or disputes; 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 "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 presentation are qualified in their entirety by this cautionary statement.

PDL

Evolution in Strategy

- **Primary focus remains to increase long term value for our shareholders.**
- **Have committed over $1.4 billion and deployed over $1.1 billion since embarking on this strategy in 2012.**
- **Shift in strategy provides platform for value creation.**
  - Shift prompted by first equity transaction with Noden Pharma DAC
  - Noden provides vehicle for additional spec pharma product acquisitions
  - Building strong management team at Noden
  - PDL and Noden are in a strong position to evaluate products being divested by pharma

PDL

Noden Background

❑ Noden Pharma

- Formed for the purpose of acquiring specialty pharma products.
- Domiciled in Ireland but is an operating company with US and EU operations.
- Recruiting strong and seasoned management team:
  - **CEO of Noden, Elie Farah:** Was CEO for Merus Labs in acquisition and successful commercialization of several specialty pharma products.
  - **Head of Sales and Marketing US: Michael McCann:** Previously head of US Cardiovascular at Sanofi Genzyme, VP of global Strategic Marketing for Cardiovascular.
  - **Head of Manufacturing / Logistics: Maria Sanchez:** Previously Global Product Supply New Product Development Project Lead at Bayer.

Tekturna, Noden's Flagship Product

- **Tekturna, for the treatment of hypertension**
  - Tekturna and Tekturna HCT (known as Rasilez® in EU) consist of the direct renin inhibitor, aliskiren, as a monotherapy and as a fixed-dose combination with the diuretic hydrochlorothiazide, respectively.
  - Tekturna is indicated for the treatment of hypertension. Product has not been actively marketed for several years.
  - We believe that additional targeted promotion efforts, especially in the US, will increase revenues.
  - Worldwide sales of $154 million in 2015.
    - ~0.1% US market share.
  - Q3 2016 Net Sales to Noden based upon profit transfer from Novartis.

PDL

16 Royalty & Debt Investments

Royalty Acquisition kybella $9,500,000 July 2016	**11 Current Deals**	Royalty Acquisition AcelRx Pharmaceuticals, Inc. $65,000,000 September 2015
Royalty Acquisition ARIAD Up to $140,000,000 July 2015	Senior Secured Financing CAREVIEW COMMUNICATIONS $40,000,000 June 2015	Royalty Acquisition University of Michigan $65,600,000 November 2014
Royalty Acquisition VB Vitaeon Bros., LLC $15,500,000 June 2014	Senior Secured Note Purchase kaléo $150,000,000 April 2014	Senior Secured Financing DIRECT FLOW MEDICAL, INC. $58,000,000 November 2013
Royalty Acquisition Depomed $240,500,000 October 2013	Senior Secured Financing LENSAR $60,000,000 October 2013	Royalty Transaction/ Senior Secured Financing Wellstat Diagnostics, LLC $44,000,000 November 2012

Senior Secured Financing PARADIGM SPINE $75,000,000 February 2014	**5 Concluded Deals**	Royalty Transaction/ Senior Secured Financing AVINGER $40,000,000 April 2013
Senior Secured Financing DURATA THERAPEUTICS $70,000,000 October 2013	Royalty Transaction/ Senior Secured Financing AxoGen $20,800,000 October 2012	Senior Secured Financing MERUS LABS $55,000,000 July 2012

Concluded deals have yielded an average IRR of 18.4%

PDL

PDL Strategy

Specialty Pharma	✓Acquiring additional specialty pharma products for Noden Pharma DAC. ✓Significant focus. ✓Using proceeds from completed deals to fund new product acquisitions.
Royalty & Debt Deals	✓Fewer royalty transactions and still fewer debt transactions.
Solanezumab	✓Data from Eli Lilly's Phase 3 trial in patients with mild Alzheimer's Disease expected at end of 2016. ✓If approved, 2% royalty to PDL for 12.5 years after first commercial launch.

Third Quarter Ended September 30, 2016 Overview

(In thousands, except per share amounts)	Three Months Ended September 30. 2016	2015	Nine Months Ended September 30. 2016	2015
Royalties from Queen et al. patents	$ 14,958	$ 119,222	$ 150,645	$ 363,916
Royalty rights - change in fair value	16,085	(4,280)	(11,872)	19,298
Interest revenue	8,594	9,096	24,901	28,596
Product revenue, net	14,128	-	14,128	-
License and other	(127)	580	7	580
Total revenues	53,638	124,618	177,809	412,390
Amortization of intangible assets	6,014	-	6,014	-
General and administrative expenses	10,396	8,450	27,193	23,545
Sales and marketing	11	-	11	-
Researach and development	1,933	-	1,933	-
Change in fair value of anniversary payment and contingent consideration	2,083	-	2,083	-
Acquisition-related costs	546	-	3,505	-
Total operating expenses	20,983	8,450	40,739	23,545
Operating income	32,655	116,168	137,070	388,845
Interest and other income, net	162	87	404	294
Interest expense	(4,513)	(5,901)	(13,524)	(21,710)
Income before income taxes	28,304	110,354	123,950	367,429
Income tax expense	14,400	40,895	50,011	135,208
Net income	13,904	69,459	73,939	232,221
Net loss attributable to noncontrolling interests	3	-	3	-
Net income attributable to PDL's shareholders	$ 13,907	$ 69,459	$ 73,942	$ 232,221
Net income per share - Basic	$ 0.08	$ 0.42	$ 0.45	$ 1.42
Net income per share - Diluted	$ 0.08	$ 0.42	$ 0.45	$ 1.42

	September 30, 2016	December 31, 2015
Cash, cash equivalents and investments	$ 114,575	$ 220,352
Total notes receivable	$ 320,997	$ 364,905
Total royalty rights - at fair value	$ 399,592	$ 399,204
Total assets	$ 1,216,066	$ 1,012,205
Total term loan payable	$ -	$ 24,966
Convertible notes payable	$ 234,895	$ 228,862
Total stockholders's equity	$ 753,856	$ 695,952

PDL

Investment Highlights

- Tekturna and Tekturna HCT are important unique products for treatment of hypertension with potential upside in revenues if promoted appropriately.
- Noden is a tax efficient vehicle and additional spec pharma products will be added.
- 16 royalty and debt deals with 11 on-going and 5 completed with an average annualized return of 18.4%.
- Team with demonstrated ability to identify assets and conclude transactions on reasonable terms that will support efforts to add products to Noden.

PDL

Question and Answer Session

PDL BioPharma, Inc.
Q3 2016
November 3, 2016

Following are some of the key points regarding PDL's third quarter 2016 financial and business results.

Highlighted Financial Results from Q3 2016

- Total revenues of $53.6 million and $177.8 million for the three and nine months ended September 30, 2016, respectively.
- GAAP diluted EPS of $0.08 and $0.45 for the three and nine months ended September 30, 2016, respectively.
- GAAP net income attributable to PDL's shareholders of $13.9 million and $73.9 million for the three and nine months ended September 30, 2016, respectively.
- Non-GAAP net income of $18.9 million and $118.2 million for the three and nine months ended September 30, 2016, respectively.

The largest component of the difference in non-GAAP net income compared to GAAP net income is the exclusion of (i) the mark-to-market reduction in fair value of our investments in royalty rights and (ii) the amortization of intangible assets. A full reconciliation of all components of the GAAP to non-GAAP quarterly financial results can be found in Table 4 at the end of our press release.

Updates on royalty-bearing products relating to Queen et al. Patents

Tysabri® *(Approved royalty-bearing product relating to Queen et al. patents)*

- Continue to receive royalties on Tysabri from Biogen with respect to sales of the licensed product manufactured prior to patent expiry in jurisdictions providing patent protection licenses.
- Q3 2016 PDL royalty revenue was $15.0 million based upon Biogen's sales from Q2 2016.
- Historical royalty and sales data is listed [in the table below.]

Solanezumab (Unapproved royalty-bearing product relating to Queen et al. patents)

- Lilly reported that completed enrollment and continuing patient follow up on Phase 3 clinical trial.
- Top line data from Phase 3 trial in mild Alzheimer's disease expected in December 2016. Lilly expected to file for product approval in 1H17 if data are positive.
- PDL has a 2% know-how royalty on solanezumab which runs for 12.5 years from the date of its first sale.

Noden Pharma

- On July 1, 2016, Noden Pharma DAC, a newly-formed company organized under the laws of Ireland purchased from Novartis the exclusive worldwide rights to manufacture, market, and sell the branded prescription medicine product sold under the name Tekturna® and Tekturna HCT® in the United States and Rasilez® and Rasilez HCT® in the rest of the world (collectively the "Noden Products") and certain related assets and will assume certain related liabilities in exchange for the following cash commitments: $110.0 million paid on July 1, 2016, the closing date of the acquisition, $89.0 million payable on the first anniversary of the closing date and up to $95.0 million of additional cash consideration contingent on achievement of sales targets and the date of the launch of a generic drug containing the pharmaceutical ingredient aliskiren.
- On July 1, 2016, PDL entered into an investment and stockholders' agreement with Noden Pharma DAC and an affiliate and certain members of Noden's management. PDL acquired an approximately 99% equity stake and obtained the majority voting power of Noden, for a total cash consideration of $75.0 million. It is expected that PDL's equity ownership stake will ultimately be reduced to 88% upon the vesting of shares granted to Noden's noncontrolling interest holders.

- In July 2016, Noden began earning profits on the sale of Tekturna, Tekturna HCT, Rasilez and Rasilez HCT. During the transitional service period, we expect to receive monthly reporting from Novartis, that is, generally after Novartis has sold the Noden Products. We recognize revenue when we can reliably estimate such amounts and collectability is reasonably assured.
- Product revenues were derived from sales of the Noden Products. Pursuant to the purchase agreement, when Noden Pharma DAC (Noden) acquired the exclusive worldwide rights to manufacture, market, and sell the Noden Products from Novartis. Novartis was required to continue distributing the Noden Products during the third quarter of 2016 and transferred profits with Noden on a net basis (i.e. net of cost of manufacturing and a fee to Novartis). Noden is commercializing the products in the U.S. as of the fourth quarter of 2016.

Updates on Income Generating Assets

Royalty Rights Assets

The following table provides additional details with respect the fair value of the PDL royalty rights assets as of December 31, 2015 and with changes to September 30, 2016 as reflected in our Balance Sheet:

	Fair Value as of Dec. 31, 2015	New Royalty Assets	Royalty Rights - Change in Fair Value	Fair Value as of Sept. 30, 2016
Depomed	$ 191,865	$ 0	$ (57,559)	$ 134,306
VB	17,133	0	(2,328)	14,805
U-M	70,186	0	(5,549)	64,637
ARIAD	50,041	50,000	103	100,144
AcelRx	67,437	0	6,612	74,049
Avinger	2,542	0	(667)	1,875
KYBELLA	0	9,500	276	9,776
	$ 399,204	$ 59,500	$ (59,112)	$ 399,592

The following table provides additional details with respect PDL royalty rights - change in fair value for the nine months ended September 30, 2016 and reflected in our Income Statement:

	Cash Royalties	Change in Fair Value	Royalty Rights - Change in Fair Value
Depomed	$ 38,383	$ (57,559)	$ (19,176)
VB	1,142	(2,328)	(1,186)
U-M	2,199	(5,549)	(3,350)
ARIAD	4,575	103	4,678
AcelRx	3	6,612	6,615
Avinger	915	(667)	248
KYBELLA	23	276	299
	$ 47,240	$ (59,112)	$ (11,872)

Updates on Royalty Rights Assets

Depomed, Inc.

- We have reduced the fair value of the Depomed royalty rights year to date 2016 by $57.6 million, primarily due to a reduction in Glumetza royalties received and a reduction in future cash flows due to lower projected demand data, greater erosion of market share due to the launch of a generic, and higher gross-to-net adjustments for Glumetza. As you will recall, Glumetza was marketed by Salix until its acquisition by Valeant. Because we have limited information from Valeant, we employ an independent third party consulting group to assist us in our quarterly evaluation of Glumetza and the other Depomed products on which we receive or will receive royalties. In February and August 2016, generic competitors to Glumetza launched as expected. The impact of the generic on pricing and gross-to-net has been greater than typical generic models would predict.

- PDL received a $6 million milestone payment for FDA approval of Jentadueto® XR in the second quarter of 2016. Jentadueto XR is the third approved product for which we will receive royalties from our Depomed royalty rights assets. We expect to begin receiving royalties on Jentadueto XR in the fourth quarter of 2016.

- On September 21, 2016, the Company obtained a notification indicating that the FDA approved Invokamet XR for use in patients with Type 2 diabetes. The product approval triggered a $5.0 million approval milestone payment to the Company. Based on the FDA approval and expected product launch, the Company adjusted the timing of future cash flows and discount rate used in the discounted cash flow model at September 30, 2016.

- Since PDL's acquisition of the Depomed royalty rights in October 2013, PDL has received $185.6 million in net cash payments.

- PDL and Depomed are in the process of conducting a royalty audit on Glumetza royalties owed by Valeant.

- Glumetza royalty payment for October 2016 is $8 million, which will be included in PDL's fourth quarter results.

ARIAD Pharmaceuticals, Inc.

- On July 28, 2016, PDL funded the second tranche of $50 million to ARIAD. This agreement was entered into in July 2015, in exchange for royalties on the net revenues of Iclusig. As a result of the second tranche payment, under the terms of the ARIAD Royalty Agreement, PDL's royalty percentage increased to 5.0% of the U.S. and European net revenues of Iclusig and 5.0% of the payments ARIAD receives elsewhere in the world until December 31, 2018. Beginning January 1, 2019 and thereafter, the royalty rate will increase to 6.5% in all jurisdictions and continue until December 31, 2033, subject to a put option of PDL upon the occurrence of specified events and a call option of ARIAD.

- On October 31, 2016, Ariad reported that its application for approval for brigatinib had been accepted for filing by the FDA and was granted Priority Review. Brigatinib is a backup source of repayment to PDL in the Ariad transaction.

KYBELLA Royalty Agreement

- On July 8, 2016, PDL entered into a royalty purchase agreement with an individual, whereby the Company acquired that individual's rights to receive certain royalties on sales of KYBELLA® by Allergan, in exchange for a $9.5 million cash payment and up to $1.0 million in future milestone payments based upon product sales targets. The first revenues on this transaction were recognized in Q3 2016.

Notes Receivable

The following tables present the carrying value and fair value of notes receivevable held by PDL:

	September 30, 2016			December 31, 2015		
	Carrying Value	Fair Value Level 2	Fair Value Level 3	Carrying Value	Fair Value Level 2	Fair Value Level 3
(In thousands)						
Assets:						
Wellstat Diagnostics note receivable	$ 50,191	$ —	$ 52,688	$ 50,191	$ —	$ 55,970
Hyperion note receivable	1,200	—	1,200	1,200	—	1,200
LENSAR note receivable	43,909	—	43,909	42,271	—	42,618
Direct Flow Medical note receivable	60,111	—	62,484	51,852	—	51,992
Paradigm Spine note receivable	—	—	0	53,973	—	54,250
kaléo note receivable	146,707	—	143,884	146,778	—	146,789
CareView note receivable	18,879	—	20,168	18,640	—	19,495
Total	$ 320,997	$ —	$ 324,333	$ 364,905	$ —	$ 372,314

Updates on Notes Receivable

Wellstat Diagnostics, LLC

- On July 29, 2016, the Supreme Court of New York issued its Memorandum of Decision granting the Company's motion for summary judgment and denying the Wellstat Diagnostics Guarantors' cross-motion for summary judgment. The Supreme Court of New York held that the Wellstat Diagnostics Guarantors are liable for all "Obligations" owed by Wellstat Diagnostics to PDL. It did not set a specific dollar amount due, but ordered that a judicial hearing officer or special referee be designated to determine the amount of the Obligations owing, and awarded PDL its attorneys' fees and costs in an amount to be determined. The Supreme Court of New York has also set a hearing on August 23, 2016 to consider the implication of the *status quo ante* instruction on certain actions of the Wellstat Diagnostics Guarantors and whether to issue a writ of attachment.

- On September 1, 2016, the Company filed a motion for relief pursuant to New York law (i) restraining the Wellstat Diagnostics Guarantors from making any sale, assignment, transfer or interference in any of their property, or from paying over or otherwise disposing of any debt, and (ii) authorizing the Company to examine the assets of each of the Wellstat Diagnostics Guarantors.

- On October 5, 2016, the Wellstat Diagnostics Guarantors filed a motion for leave of the court to assert counterclaims against the Company, and certain officers and consultants of the Company, for (i) breach of fiduciary duty, (ii) intentional interference with prospective economic advantage, (iii) breach of the duty of good faith and fair dealing, and negligent misrepresentation. A hearing has been scheduled by the court regarding such motions and counterclaims for November 14, 2016.

- On October 24, 2016, in response to a request from the Wellstat Guarantors' to stay the damages hearing pending resolution of the Wellstat Guarantors' appeal of the Supreme Court's summary judgment against them by the Appellate Division, a single justice of the Appellate Division granted a temporary stay of all proceedings before the Supreme Court until the Wellstat Guarantors' motion to stay can be addressed by a three judge panel of the Appellate Division. The motion for a stay will be fully briefed and submitted for decision by the motions panel on November 9, 2016.

Direct Flow Medical, Inc.

- On July 15, 2016, PDL and Direct Flow Medical entered into the fifth Amendment and Limited Waiver to the Credit Agreement. PDL funded an additional $1.5 million to Direct Flow Medical in the form of a note with substantially the same interest and payment terms as the existing loans and a conversion feature whereby the $1.5 million loan would convert into equity of Direct Flow Medical upon the occurrence of certain events.

- On September 12, 2016, the Company and Direct Flow Medical entered into the sixth amendment and limited waiver to the credit agreement under which the Company funded an additional $1.5 million to Direct Flow Medical in the form of a note with substantially the same interest and payment terms as the existing loans. In addition, Direct Flow Medical agreed to issue to the Company a specified amount of warrants to purchase shares of convertible preferred stock at an exercise price of $0.01 per share.

- On September 30, 2016, the Company and Direct Flow Medical entered into the tenth limited waiver to the credit agreement where the parties agreed, among other things, to (i) delay payment on all overdue interest payments until October 31, 2016, (ii) waive the initial principal repayment until October 31, 2016 and (iii) continue to waive the liquidity requirements until October 31, 2016. Further, Direct Flow Medical agreed to issue to the Company a specified amount of warrants to purchase shares of convertible preferred stock at an exercise price of $0.01 per share.

- On October 31, 2016 the Company agreed to extend the waivers described above until November 30, 2016 and is exploring its options while Direct Flow Medical continues to seek additional financing.

Paradigm Spine Credit Agreement

- On August 26, 2016, the Company received $57.5 million in connection with the prepayment of the loans under the Paradigm Spine Credit Agreement, which included a repayment of the full principal amount outstanding of $54.7 million, plus accrued interest and a prepayment fee.

kaleo, Inc.

- PDL entered into a secured note purchase agreement with Accel 300, a wholly-owned subsidiary of kaléo, which as of June 30, 2016, had a principal balance of $144.8 million due to PDL. Interest payments due have been paid on time and in full through the second quarter of 2016, and kaléo has indicated that it intends to make payments due to PDL under the note agreement until Auvi-Q is returned to the market.
- In October 2016, kaleo announced that Auvi-Q will be reintroduced to the market in the first half of 2017. kaleo indicated that the manufacturing problems experienced when Sanofi was making the product have been resolved by kaleo's investment in an extensive new, automated manufacturing process that uses a production line composed entirely of robots with more than one hundred quality checks.

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 factors that could impair the value of the Company's royalty assets, restrict or impede the ability of the Company to invest in new income generating assets and limit the Company's ability to pay dividends are disclosed in the risk factors contained in the Company's Annual Report on Form 10-K, as updated by subsequent quarterly reports filed with the Securities and Exchange Commission, as updated by 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.

Queen et al. Royalties

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

Tysabri	Q1	Q2	Q3	Q4	Total
2016	13,970	14,232	14,958	—	43,160
2015	14,385	13,614	13,557	14,031	55,587
2014	12,857	13,350	16,048	15,015	57,270
2013	12,965	13,616	11,622	12,100	50,304
2012	11,233	12,202	11,749	12,255	47,439
2011	9,891	10,796	11,588	11,450	43,725
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

*** As reported to PDL by its licensees. Totals may not sum due to rounding.**

Queen et al. Sales Revenue

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

Tysabri	Q1	Q2	Q3	Q4	Total
2016	465,647	474,379	498,618	—	1,438,644
2015	479,526	453,786	451,898	467,735	1,852,945
2014	428,561	442,492	534,946	500,511	1,906,510
2013	434,677	451,358	387,407	403,334	1,676,776
2012	374,430	401,743	391,623	408,711	1,576,508
2011	329,696	356,876	388,758	381,618	1,456,948
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

*** As reported to PDL by its licensee. Dates in above charts reflect when PDL receives royalties on sales. Sales occurred in the quarter prior to the dates in the above charts.**

Totals may not sum due to rounding.