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): August 8, 2018

PDL BioPharma, Inc.

(Exact name of Company as specified in its charter)

000-19756
(Commission File Number)

Delaware	94-3023969
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

932 Southwood Boulevard
Incline Village, Nevada 89451
(Address of principal executive offices, with zip code)

(775) 832-8500
(Company's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company ☐

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

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2018, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the second quarter ended June 30, 2018. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on August 8, 2018, during which the Company will discuss its financial results for the second quarter ended June 30, 2018.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On August 8, 2018, 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 June 30, 2018. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On August 8, 2018, the Company distributed to analysts covering the Company's securities a summary of certain information regarding the Company's financial results and business (the Information Sheet) to assist those analysts in valuing the Company's securities. The Information Sheet and its associated tables are attached hereto as Exhibit 99.3.

Limitation of Incorporation by Reference

In accordance with General Instruction B.2. of Form 8-K, the information in 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.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are furnished with this report:

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

Cautionary Statements

This filing and its exhibits include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could impair the Company's assets or business are disclosed in the "Risk Factors" contained in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission on March 16, 2018 and subsequent filings. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

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: August 8, 2018

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 Reports Second Quarter 2018 Financial Results

INCLINE VILLAGE, NV, (August 8, 2018) – PDL BioPharma, Inc. ("PDL" or the "Company") (NASDAQ: PDLI) reports financial results for the three and six months ended June 30, 2018 including:

Second Quarter Financial Highlights

- Total revenues of $46.6 million.
- GAAP net loss attributable to PDL's shareholders of $112.3 million or $(0.76) per share.
- GAAP net loss includes a one-time $133.3 million, net of tax, non-cash accounting charge related to the impairment of an intangible asset from Noden Pharma DAC, due to the increased probability of a generic version of aliskiren being launched in the United States by Anchen, offset by a $19.7 million, net of tax, non-cash decrease in the fair value of the contingent liability related to a reduced estimate of the probability in paying milestones to Novartis for Tekturna®.
- Non-GAAP net income attributable to PDL's shareholders of $14.7 million. A reconciliation of GAAP to non-GAAP financial results can be found in Table 3 at the end of this news release.
- Cash, cash equivalents, short-term investments and other investments of $395.7 million as of June 30, 2018.
- Repurchased 6.8 million shares of common stock in the open market during the quarter for $19.4 million.

"Our financial results for the second quarter reflect higher product sales resulting from our change in strategy to equity and product investments, and we continue to have a strong cash balance to pursue acquisitions. While we are disappointed with the write down of the Noden asset, the impairment is not an indication of the performance of the business this quarter, but rather is based upon uncertainty in the future generic aliskiren competition in the United States," said John P. McLaughlin, CEO of PDL.

"Last week we announced an amended agreement with Depomed to purchase Depomed's remaining interests in future royalties for $20 million in a transaction we view as highly attractive to our shareholders," he added. "While we are shifting our strategy away from royalty agreements, our familiarity with the Depomed assets and our past success with them supported this investment decision. We expect to begin realizing a return on this investment by late 2020 with meaningful cash returns expected through 2026."

Revenue Highlights

- Total revenues of $46.6 million for the three months ended June 30, 2018 included:
  - Product revenues of $31.8 million, which consisted of $25.9 million 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), and $5.9 million for product sales of the LENSAR® Laser System;
  - Net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets of $12.8 million, which consisted of the change in estimated fair value of our royalty right assets, primarily related to the Depomed royalty asset;

- Royalties from PDL's licensees to the Queen et al. patents of $1.2 million, which consisted of royalties earned on sales of Tysabri®; and
- Interest revenue from note receivable investment to CareView Communications of $0.8 million.

- Total revenues for the second quarter of 2018 were $46.6 million, compared with $143.8 million for the second quarter of 2017, reflecting PDL's strategic shift to a pharmaceutical business model and the decline in royalty income from the expired Queen et al. patents.
  - Product revenues were $31.8 million, a 69% increase from $18.8 million for the prior year due to sales of the Noden Products and the LENSAR Laser System, the latter of which PDL did not begin to recognize until May 2017. Product revenues accounted for 68% of total revenues compared with 13% in the second quarter of 2017;
  - Product revenues from Noden Products were $10.4 million in the U.S. and $15.5 million in the rest of the world.
  - PDL recognized $12.8 million in revenue from royalty rights - change in fair value, compared with $83.7 million in the prior-year period. The decrease was primarily due to a higher prior year royalty rights - change in fair value as a result of the increase in fair value of the Depomed, Inc. royalty asset in the second quarter of 2017 based upon revised future cash flows;
  - PDL received $19.4 million in net cash royalties from its royalty rights for the second quarter of 2018, compared with $34.6 million for the prior-year period. The decrease is mainly due to the launch of the authorized generic for Glumetza® in February 2017 sold by a subsidiary of Bausch Health Companies Inc. (formerly Valeant Pharmaceuticals International, Inc.) and included a retroactive payment in the second quarter of 2017;
  - Royalties from PDL's licensees to the Queen et al. patents of $1.2 million, compared with $16.3 million for the second quarter of 2017 as product supply of Tysabri® manufactured prior to patent expiry in the U.S. have been extinguished and ex-U.S. product supplies are rapidly being depleted; and
  - Interest revenues decreased primarily due to the sale of the kaléo, Inc. note receivable in September 2017.

Total revenues for the six months ended June 30, 2018, were $85.1 million, compared with $189.3 million for the prior-year period:

- Product revenues were $55.1 million, a 75% increase from $31.4 million for the prior-year period. Product revenues for 2018 consisted of $44.2 million from sales of the Noden Products and $10.9 million for product sales of the LENSAR® Laser System;
- PDL recognized $23.9 million in net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets, compared with $96.9 million for the prior-year period;
- PDL received $38.0 million in net cash royalties from its royalty rights year-to-date 2018, compared with $48.1 million for the prior-year period;
- Royalties from PDL's licensees to the Queen et al. patents of $4.0 million, compared with $30.4 million for the prior-year period; and
- Interest revenue from note receivable investment to CareView Communications of $1.5 million.

Operating Expense Highlights

- Operating expenses for the three months ended June 30, 2018 of $171.7 million increased $140.6 million from $31.1 million for the three months ended June 30, 2017. The increase was a result of the impairment of the Noden intangible asset of $152.3 million due to the increased probability of a generic version of aliskiren being launched in the United States, partially offset by the $22.5 million decrease in fair value of the contingent liability related to reduced estimate in the probabilities in paying milestones to Novartis for Tekturna.
- Cost of product revenue for the three months ended June 30, 2018 increased as a result of the Noden Products and LENSAR contributing additional cost of product revenue of $8.4 million and $1.6 million, respectively, due to increased revenue from Noden Products and recognition of costs of goods for ex-U.S. revenue and increased revenue from LENSAR, which PDL did not begin to recognize until May 2017. General and administrative expenses of $14.5 million, increased compared with $11.3 million a year ago, with the increase due to a full quarter of expenses from LENSAR in 2018 versus a partial quarter as a result of its acquisition in May 2017, operation growth for Noden and expenses related to business development activities. Sales and marketing expenses were $5.4 million, compared with

$3.6 million in the prior-year period, with the increase due to an increase in marketing efforts for Noden and LENSAR, and research and development costs decreased based upon the completion of a pediatric trial for Tekturna.

- Operating expenses for the six months ended June 30, 2018 were $205.9 million, a $147.9 million increase from $58.0 million for the prior-year period, with the increase primarily a result of the impairment of the Noden intangible asset of $152.3 million, as well as a result of Noden and LENSAR contributing additional cost of product revenue of $14.0 million and $4.0 million, respectively, which was due to increased revenue in Noden and recognition of costs of goods for ex-U.S. revenue and increased revenue from LENSAR, which PDL did not begin to recognized until May 2017, partially offset by the decrease in fair value of the contingent liability.

Stock Repurchase Programs

- PDL repurchased 8.2 million shares of its common stock under the $25.0 million share repurchase program during the six months ended June 30, 2018, for an aggregate purchase price of $23.6 million, or an average cost of $2.89 per share, including trading commission. All shares repurchased were retired.
- From July 1, 2018 to July 5, 2018, the Company completed this stock repurchase program with the repurchase of 0.6 million shares of its common stock at a weighted average price of $2.44 per share, for a total of $1.4 million.
- Since initiating its first stock repurchase program in March 2017, the Company has used $55.0 million to repurchase a total of 22.0 million shares of its common stock.

Other Financial Highlights

- PDL had cash, cash equivalents, short-term investments and other investments of $395.7 million as of June 30, 2018, compared with $532.1 million as of December 31, 2017.
- The reduction in cash balance for the six months ended June 30, 2018 was primarily a result of the retiring of the remaining $126.4 million of principal from PDL's 4.0% Convertible Senior Notes due 2018, plus $2.6 million of accrued interest, and common stock repurchases of $23.6 million.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results and provide a business update at 4:30 p.m. Eastern Time today, August 8, 2018. Slides to accompany the conference call are available in the Investor Relations section of www.pdl.com.

To access the live conference call via phone, please dial (844) 535-4071 from the United States and Canada or (706) 679-2458 internationally. The conference ID is 7356309. 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 one week following the call and may be accessed by dialing (855) 859-2056 from the United States and Canada or (404) 537-3406 internationally. The replay passcode is 7356309.

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 the Investor Relations section and select "Events & Presentations."

About PDL BioPharma, Inc.

We seek to provide a significant return for our stockholders by acquiring and managing a portfolio of companies, products, royalty agreements and debt facilities in the biotechnology, pharmaceutical and medical device industries. In 2012, we began providing alternative sources of capital through royalty monetizations and debt facilities, and in 2016, we began acquiring commercial-stage products and launching specialized companies dedicated to the commercialization of these products. To date, we have consummated seventeen of such transactions, of which nine are active and outstanding. We have one debt transaction outstanding, representing deployed of $20.0 million: CareView; we have one hybrid royalty/debt transaction outstanding, representing deployed capital of $44.0 million: Wellstat Diagnostics; and we have five royalty transactions outstanding, representing deployed capital of $416.1 million, respectively: KYBELLA®, AcelRx, University of Michigan, Viscogliosi Brothers and Depomed. Our equity and loan investments in Noden represent deployed capital of $179.0 million, respectively, and our converted equity and loan investment in LENSAR represents deployed capital of $40.0 million.

Forward-looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important factors that could impair the value of the Company’s assets and business are disclosed in the risk factors contained in the Company’s Annual Report on Form 10-K, filed with the Securities and Exchange Commission, filed with the Securities and Exchange Commission on March 16, 2018 and subsequent filings. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
Revenues				
Royalties from Queen et al. patents	$ 1,218	$ 16,285	$ 4,001	$ 30,441
Royalty rights - change in fair value	12,842	83,725	23,933	96,871
Interest revenue	751	5,460	1,500	10,917
Product revenue, net	31,761	18,829	55,085	31,410
License and other	3	19,536	574	19,636
Total revenues	46,575	143,835	85,093	189,275
Operating Expenses				
Cost of product revenue (excluding intangible amortization)	14,524	4,515	25,090	7,067
Amortization of intangible assets	6,384	6,148	12,677	12,163
General and administrative expenses	14,529	11,288	26,190	23,864
Sales and marketing	5,385	3,616	10,898	6,200
Research and development	684	4,281	1,477	6,047
Impairment of intangible assets	152,330	—	152,330	—
Change in fair value of anniversary payment and contingent consideration	(22,135)	1,207	(22,735)	2,649
Total operating expenses	171,701	31,055	205,927	57,990
Operating income (loss)	(125,126)	112,780	(120,834)	131,285
Non-operating income (expense), net				
Interest and other income, net	1,376	276	3,290	488
Interest expense	(2,811)	(5,015)	(6,396)	(9,986)
Gain on bargain purchase	—	6,271	—	6,271
Total non-operating income (expense), net	(1,435)	1,532	(3,106)	(3,227)
Income (loss) before income taxes	(126,561)	114,312	(123,940)	128,058
Income tax expense (benefit)	(14,265)	53,873	(13,246)	60,425
Net income (loss)	(112,296)	60,439	(110,694)	67,633
Less: Net loss attributable to noncontrolling interests	—	—	—	(47)
Net income (loss) attributable to PDL's shareholders	$ (112,296)	$ 60,439	$ (110,694)	$ 67,680
Net income (loss) per share				
Basic	$ (0.76)	$ 0.39	$ (0.74)	$ 0.42
Diluted	$ (0.76)	$ 0.39	$ (0.74)	$ 0.42
Shares used to compute income per basic share	146,923	155,654	149,186	159,677
Shares used to compute income per diluted share	146,923	156,394	149,186	160,168

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

	June 30, 2018	December 31, 2017
Cash, cash equivalents and short-term investments	$ 395,653	$ 532,114
Total notes receivable	$ 70,887	$ 70,737
Total royalty rights - at fair value	$ 335,163	$ 349,223
Total assets	$ 945,995	$ 1,243,123
Total convertible notes payable	$ 120,945	$ 243,481
Total stockholders’ equity	$ 712,628	$ 845,890

TABLE 3
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 (loss) on a GAAP basis and on a non-GAAP basis is as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net income (loss) attributed to PDL's shareholders as reported	$ (112,296)	$ 60,439	$ (110,694)	$ 67,680
Adjustments to Non-GAAP net income (loss) (as detailed below)	126,971	(24,851)	140,205	(17,430)
Non-GAAP net income attributed to PDL's shareholders	$ 14,675	$ 35,588	$ 29,511	$ 50,250

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net income (loss) attributed to PDL's shareholders as reported	$ (112,296)	$ 60,439	$ (110,694)	$ 67,680
Adjustments:				
Mark-to-market adjustment to fair value assets	6,528	(49,157)	14,060	(48,809)
Non-cash interest revenues	(76)	(77)	(150)	(152)
Non-cash stock-based compensation expense	1,261	963	2,218	2,075
Non-cash debt offering costs	1,779	2,719	3,911	5,394
Mark-to-market adjustment on warrants held	(3)	(36)	(74)	(136)
Impairment of intangible assets	152,330	—	152,330	—
Amortization of the intangible assets	6,384	6,148	12,677	12,163
Mark-to-market adjustment of anniversary payment and contingent consideration	(22,135)	1,207	(22,735)	2,649
Income tax effect related to above items	(19,097)	13,382	(22,032)	9,386
Total adjustments	126,971	(24,851)	140,205	(17,430)
Non-GAAP net income	$ 14,675	$ 35,588	$ 29,511	$ 50,250

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) impairment of intangible assets, (7) amortization of intangible assets, (8) mark-to-market adjustment related to acquisition-related contingent considerations, and to adjust (9) 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.

# # #

Exhibit 99.2

Second Quarter 2018
Financial Results Conference Call

August 8, 2018

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 of our investment in Noden Pharma DAC and LENSAR, Inc.;
- The ability of PDL's licensees to receive regulatory approvals to market and launch new royalty-bearing products and whether such products, if launched, will be commercially successful;
- 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;
- Our ability to utilize our net operating loss carryforwards and certain other tax attributes;
- The outcome of litigation or disputes, including potential product liability; and
- The failure of licensees to comply with existing license agreements, including any failure to pay royalties due.

Other factors that may cause PDL's actual results to differ materially from those expressed or implied in the forward-looking statements in this presentation are discussed in PDL's filings with the SEC, including the "Risk Factors" sections of its annual and quarterly reports filed with the SEC. Copies of PDL's filings with the SEC may be obtained at the "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.

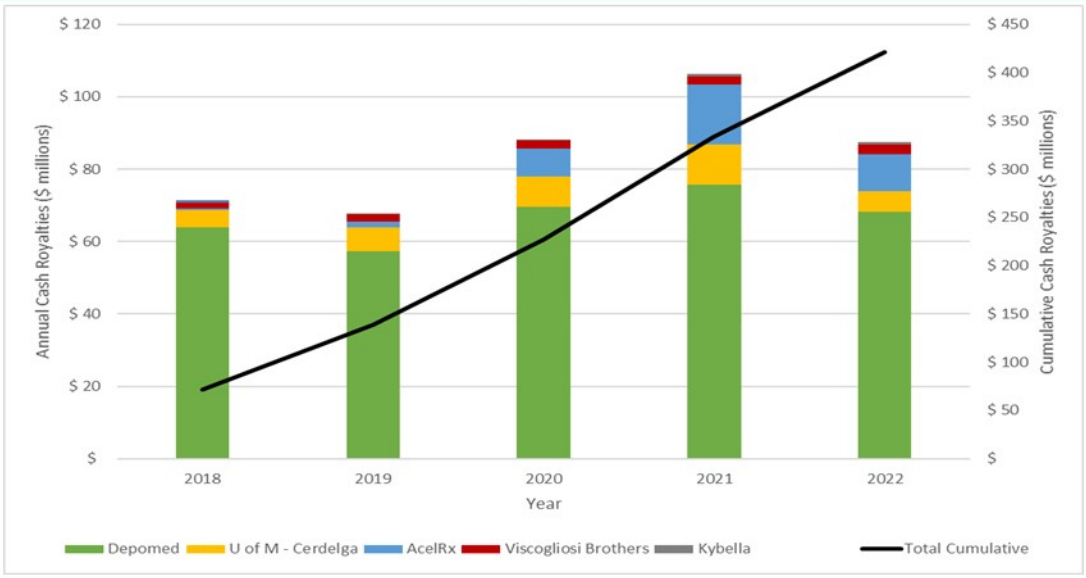
Depomed Agreement – Before and After

- **Original agreement:** In October 2013, PDL paid $240.5 million for 100% of royalties and milestones on sales of type 2 diabetes products until cash flows reached $481 million or two times original investment, after which proceeds split evenly between PDL and Depomed.
- **Amended agreement:** PDL will now receive 100% of royalties and milestones beyond the $481 million mark, rather than 50/50 split.
- Cash flows currently projected to reach $481 million by 2020, compared to original projection of 2023.
- PDL is very familiar with, and has had great success with the Depomed assets.
- **Cash returns of $343 million since inception through June 2018.**

PDL

Cash Flows from Royalties 2018 to 2022

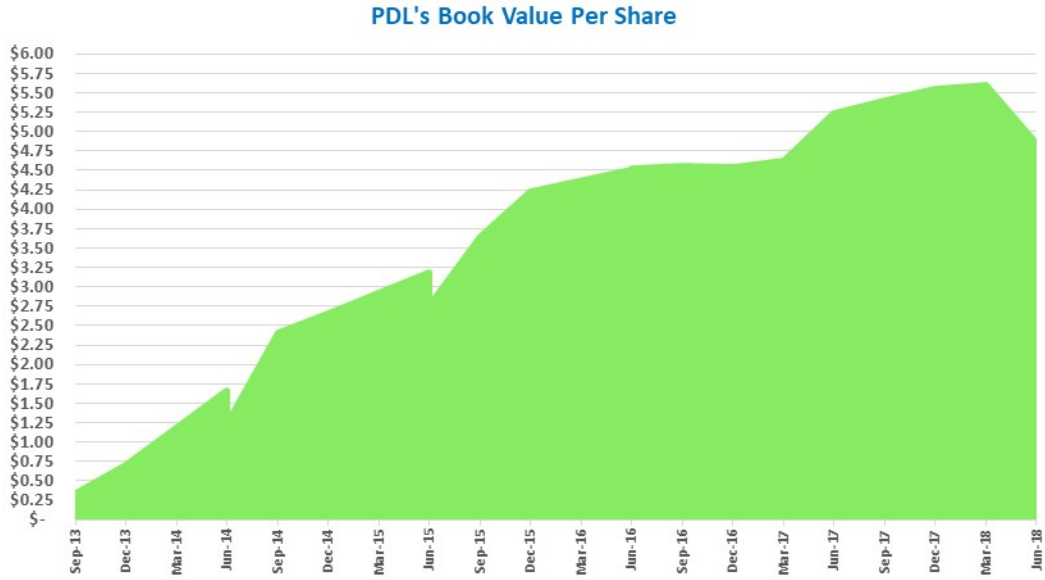
Cumulative cash flows expected to exceed $400 million



Note: Based upon royalty cash flow forecasts as of June 30, 2018. Actual results may vary.

Q2 18 Noden Impairment Results in a Book Value Decrease of $0.75 vs. Prior Quarter

PDL's book value for the period ending June 30, 2018 was $4.85



Does not include asset value of royalties from Queen et al patents.

PDL

Noden Background

Noden Pharma

- Platform upon which to build a pharmaceutical company.
- PDL owns 100% of Noden companies.
- Noden already has two products on the market—both indicated for hypertension.
  - Tekturna® and Tekturna HCT®, as they are known in the U.S., and Rasilez® and Rasilez HCT®, as they are known in the rest of the world.
- Domiciled in Ireland with related operating company in the U.S. and a distribution network ex-U.S.

PDL

Noden: Focus on Profitability

- **Reported revenues on the Noden products for Q218 of $25.9 million.**
  - $10.4 million from US sales and $15.5 million from ROW.
  - 60 percent increase in product revenues year over year.
- **Noden sales successfully stabilized, discontinuing contract sales force and transitioning to a comprehensive program of non-personal promotion with Archer Healthcare.**
- **Archer Healthcare has established expertise in delivering multi-channel, non-personal promotional campaigns via email, direct mail and tele-sales, with a proven track-record of supporting niche brands such as Tekturna.**
- **Transition of promotion from field-based to non-personal will further enhance profitability while maintaining high level of support.**
- **International sales of Rasilez tracking to plan; launch in China expected in 1H19.**

LENSAR Evolution

Second Quarter 2018 Financials

(In thousands, except per share amounts)	Three Months Ended June 30, 2018	2017	Six Months Ended June 30, 2018	2017
Royalties from Queen et al. patents	$ 1,218	$ 16,285	$ 4,001	$ 30,441
Royalty rights - change in fair value	12,842	83,725	23,933	96,871
Interest revenue	751	5,460	1,500	10,917
Product revenue, net	31,761	18,829	55,085	31,410
License and other	3	19,536	574	19,636
Total revenues	46,575	143,835	85,093	189,275
Cost of product revenue	14,524	4,515	25,090	7,067
Amortization of intangible assets	6,384	6,148	12,677	12,163
General and administrative expenses	14,529	11,288	26,190	23,864
Sales and marketing	5,385	3,616	10,898	6,200
Research and development	684	4,281	1,477	6,047
Impairment of intangible assets	152,330	-	152,330	-
Change in fair value of anniversary payment and contingent consideration	(22,135)	1,207	(22,735)	2,649
Total operating expenses	171,701	31,055	205,927	57,990
Operating income (loss)	(125,126)	112,780	(120,834)	131,285
Interest and other income, net	1,376	276	3,290	488
Interest expense	(2,811)	(5,015)	(6,396)	(9,986)
Gain (loss) on bargain purchase	-	6,271	-	6,271
Income (loss) before income taxes	(126,561)	114,312	(123,940)	128,058
Income tax expense (benefit)	(14,265)	53,873	(13,246)	60,425
Net income (loss)	(112,296)	60,439	(110,694)	67,633
Less: Net loss attributable to noncontrolling interests	-	-	-	(47)
Net income (loss) attributable to PDL's shareholders	$ (112,296)	$ 60,439	$ (110,694)	$ 67,680
Net income (loss) per share - Basic	$ (0.76)	$ 0.39	$ (0.74)	$ 0.42
Net income (loss) per share - Diluted	$ (0.76)	$ 0.39	$ (0.74)	$ 0.42

PDL

Second Quarter 2018 Financials

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
GAAP net income (loss) attributed to PDL's shareholders as reported	$ (112,296)	$ 60,439	$ (110,694)	$ 67,680
Adjustments:				
Mark-to-market adjustment to fair value assets	6,528	(49,157)	14,060	(48,809)
Non-cash interest revenues	(76)	(77)	(150)	(152)
Non-cash stock-based compensation expense	1,261	963	2,218	2,075
Non-cash debt offering costs	1,779	2,719	3,911	5,394
Mark-to-market adjustment on warrants held	(3)	(36)	(74)	(136)
Impairment of intangible assets	152,330	-	152,330	
Amortization of the intangible assets	6,384	6,148	12,677	12,163
Mark-to-market adjustment of anniversary payment and contingent consideration	(22,135)	1,207	(22,735)	2,649
Income tax effect related to above items	(19,097)	13,382	(22,032)	9,386
Total adjustments	126,971	(24,851)	140,205	(17,430)
Non-GAAP net income	$ 14,675	$ 35,588	$ 29,511	$ 50,250

PDL

Second Quarter 2018 Financials

Condensed consolidated balance sheet (unaudited)	June 30, 2018	December 31, 2017
Cash, cash equivalents and investments	$ 395,653	$ 532,114
Total notes receivable	$ 70,887	$ 70,737
Royalty rights - at fair value	$ 335,163	$ 349,223
Intangible assets, net	$ 54,472	$ 215,823
Total assets	$ 945,995	$ 1,243,123
Convertible notes payable	$ 120,945	$ 243,481
Total stockholders's equity	$ 712,628	$ 845,890

PDL

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Question and Answer Session

PDL BioPharma, Inc.
Q2 2018
August 8, 2018

Following are some of the key points regarding PDL's Second quarter 2018 financial and business results.

Highlighted Financial Results from Q2/2018

- Total revenues of $46.6 million.
- GAAP net loss attributable to PDL's shareholders of $112.3 million or $(0.76) per diluted share.
- GAAP net loss includes a one-time $133.3 million, net of tax, non-cash accounting charge related to the impairment of an intangible asset from Noden Pharma DAC, due to the increased probability of a generic version of aliskiren being launched in the United States, offset by a $19.7 million, net of tax, non-cash decrease in the fair value of the contingent liability related to a reduced estimate of the probability in paying milestones to Novartis for Tekturna®.
- Non-GAAP net income attributable to PDL's shareholders of $14.7 million.
- Cash, cash equivalents, short-term investments and other investments of $395.7 million as of June 30, 2018.

Recent Developments

- Stock Repurchase Program

  In early July, the Company completed the $25.0 million share repurchase program by repurchasing approximately 0.6 million shares of its common stock at a weighted average price of $2.44 per share for a total of $1.4 million. The total amounts repurchased by the Company under the share repurchase program equal approximately 8.7 million shares of its common stock for an aggregate purchase price of $25.0 million, or an average cost of $2.89 per share, including trading commissions.
- Depomed Royalty Rights

  In August 2018, the Company amended the Royalty Purchase and Sale Agreement (the "Royalty Agreement") with Depomed, under which the Company acquired all of Depomed's remaining rights to royalties and milestones payable on sales of type 2 diabetes products licensed by Depomed for $20.0 million. Under the original Royalty Agreement, the Company would have shared future royalties equally with Depomed after total cash received by the Company reached $481.0 million, or two times the Company's original investment, which the Company expects to occur by October 2020.

Noden Pharma

- Noden US is commercializing Tekturna® and Tekturna HCT® in the United States and Noden Pharma DAC, an Ireland based company, assumed commercialization responsibilities for Rasilez® and Rasilez HCT® in the rest of the world, starting in November of 2017. The products are indicated for the treatment of hypertension.
- PDL owns 100 percent of Noden and continues to hold three of five board seats.
- Noden and PDL are evaluating additional pharma products to acquire for Noden.
- Noden net revenue for the quarter ended June 30, 2018 was $25.9 million, with $10.4 million in US revenue and $15.5 million in the rest of world, compared to $16.2 million for the same period in 2017.
  - Noden product revenues increased 60 percent and accounted for approximately 56 percent of total revenues compared to approximately 11 percent in the second quarter of 2017.
  - Gross margins on revenue in the second quarter were 58 percent, 92 percent in the U.S. on Tekturna and Tekturna HCT and 35 percent ex-U.S. on Rasilez and Rasilez HCT.
  - Noden's overall goal is to maximize profits generated from its portfolio, and this led us to de-register the products in those few European countries where Rasilez was either not or only marginally profitable. Although this has had a negative impact on revenue, it has improved operating margins.
  - In June 2018, Noden Pharma DAC entered into a settlement agreement with Anchen Pharmaceuticals, Inc. and its affiliates to resolve the patent litigation relating to Anchen's Abbreviated New Drug Application (ANDA) seeking approval from the U.S. Food and Drug Administration to market a generic version of

aliskiren. Under the Settlement Agreement, Anchen agreed to not commercialize its generic version of aliskiren prior to March 1, 2019, but is not permitted to commercialize a copy of Tekturna. Anchen is the sole ANDA filer for aliskiren of which the Company is aware.

- Based upon the patent settlement, Noden evaluated the ongoing value of the Noden asset group based upon the probability of a market entry by Anchen with a generic version of aliskiren in the United States and the associated cash flows and conducted a test for impairment.
- Due to the increased probability of a generic version of aliskiren being launched in the United States in 2019 the Company revised its estimates of future revenues and as a result of this analysis determined that the sum of undiscounted cash flows was not greater than the carrying value of the assets
- Noden determined that long-lived assets with a carrying amount of $192.5 million were no longer recoverable and were in fact impaired and wrote them down to their estimated fair value of $40.1 million, resulting in a non-cash pre-tax impairment charge of $152.3 million as of June 30, 2018. This write-down is included in “Impairment of intangible asset” on the Condensed Consolidated Statements of Income. As of June 30, 2018, the remaining Noden Products intangible asset balance is $40.1 million and will be amortized straight-line over the remaining life of 8 years.
- Offsetting the impairment was a $22.5 million decrease in fair value of the contingent liability related to reduced estimate in the probability in paying milestones to Novartis for Tekturna.

LENSAR

- LENSAR Laser System revenue for the for the quarter ended June 30, 2018 was $5.9 million. PDL did not begin recognizing revenue from LENSAR until May 2017.
- Gross margins on LENSAR revenue in the second quarter were 37 percent.

Updates on Income Generating Assets

Royalty Rights Assets

The following table provides additional details with respect to the fair value of the PDL royalty rights assets as of June 30, 2018 and with changes from December 31, 2017 as reflected in our Balance Sheet:

(in thousands)	Fair Value as of December 31, 2017	Royalty Rights - Change in Fair Value	Fair Value as of June 30, 2018
Depomed	$ 232,038	$ (17,967)	$ 214,071
VB	14,380	284	14,664
U-M	26,769	(620)	26,149
AcelRx	72,894	4,539	77,433
Avinger	396	(396)	—
KYBELLA	2,746	100	2,846
	$ 349,223	$ (14,060)	$ 335,163

The following table provides a summary of activity with respect to our royalty rights - change in fair value for the three and six months ended June 30, 2018:

	Three Months Ended June 30, 2018		
(in thousands)	**Cash Royalties**	**Change in Fair Value**	**Royalty Rights - Change in Fair Value**
Depomed	$ 17,689	$ (8,535)	$ 9,154
VB	263	147	$ 410
U-M	1,289	(434)	$ 855
AcelRx	68	2,301	$ 2,369
Avinger	61	(101)	$ (40)
KYBELLA	—	94	$ 94
	$ 19,370	$ (6,528)	$ 12,842

	Six Months Ended June 30, 2018		
(in thousands)	**Cash Royalties**	**Change in Fair Value**	**Royalty Rights - Change in Fair Value**
Depomed	$ 34,597	$ (17,967)	$ 16,630
VB	543	284	827
U-M	2,284	(620)	1,664
AcelRx	120	4,539	4,659
Avinger	366	(396)	(30)
KYBELLA	83	100	183
	$ 37,993	$ (14,060)	$ 23,933

Updates on Royalty Rights Assets

PDL received $19.4 million in net cash royalties from its royalty rights in the second quarter of 2018, compared to $34.6 million for the same period of 2017;

Depomed, Inc. To date (through December 31, 2017), we have received cash royalty payments of $343 million from the $240.5 million investment.

- Glumetza (and authorized generic version) royalty: 50% of net sales less COGS continue so long as the products are being commercialized.
- Low to mid-single digit royalties to PDL on new product approvals expected to continue to 2023 for Invokamet XR® and 2026 for Jentadueto XR® and Synjardy XR®.

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

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

- While the Queen et al. patents have expired and the resulting royalty revenue has dropped substantially since the first quarter of 2016, we continue to receive royalty revenue from one product under the Queen et al. patent licenses, Tysabri, as a result of sales of the product that was manufactured prior to patent expiry.
- PDL recorded revenue of $1.2 million from Tysabri in Q2 2018.

- Royalties from PDL's licensees to the Queen et al. patents were $15.1 million lower than in the second quarter of 2017 as product supply of Tysabri manufactured prior to patent expiry in the United States have been extinguished and ex-U.S. product supplies are rapidly being exhausted.

Notes Receivable

The following table presents the fair value of assets and liabilities not subject to fair value recognition by level within the valuation hierarchy:

		June 30, 2018		December 31, 2017	
(In thousands)		Carrying Value	Fair Value Level 3	Carrying Value	Fair Value Level 3
Wellstat Diagnostics note receivable		$ 50,191	$ 57,224	$ 50,191	$ 51,308
Hyperion note receivable	1,200	1,200	1,200	1,200	1,200
CareView note receivable	19,245	19,496	19,507	19,346	18,750
		$ 70,887	$ 77,931	$ 70,737	$ 71,258

Forward-looking Statements

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important risks and uncertainties with respect to the Company's business are disclosed in the risk factors contained in the Company's Annual Report on Form 10-K, as updated by subsequent reports filed with the Securities and Exchange Commission. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

Queen et al. Royalties

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

Tysabri	Q1	Q2	Q3	Q4	Total
2018	2,783	1,218	—	—	4,001
2017	14,156	16,284	1,443	4,531	36,414
2016	13,970	14,232	14,958	15,513	58,673
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
2018	92,769	40,602	—	—	133,371
2017	471,877	398,382	194,563	177,379	1,242,201
2016	465,647	474,379	498,618	517,099	1,955,743
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.