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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report (Date of Earliest Event Reported): April 13, 2010**

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**PDL BioPharma, Inc.**

(Exact name of Company as specified in its charter)

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**000-19756**

(Commission File Number)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**94-3023969**  
(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))
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**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

**2010 Annual Bonus Plan**

On April 13, 2010, the Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board of Directors”) of PDL BioPharma, Inc. (the “Company”) approved a cash bonus plan for its employees working 30 hours per week or more, including the Company’s officers, which bonuses will be based on individual and/or corporate performance during 2010 (the “2010 Annual Bonus Plan”). The 2010 Annual Bonus Plan will be administered by the Compensation Committee in its discretion.

Corporate performance under the 2010 Annual Bonus Plan will be determined by reference to the Company’s corporate goals for 2010, as approved by the Board of Directors. Pursuant to the 2010 Annual Bonus Plan, the Compensation Committee reviewed and approved individual goals of our officers as well as the weighting of corporate and individual goals for their fiscal year 2010 bonuses. The target bonus percentage and the maximum bonus percentage of the officers’ annual average W-2 compensation and the weighting of corporate and individual goals in determining the officers’ bonuses are set forth in the chart below:

<u>Name</u>	<u>Title</u>	<u>Target Bonus</u>	<u>Maximum Bonus</u>	<u>Ratio of 2010 Corporate Goals/ 2010 Individual Goals</u>
John McLaughlin	President and Chief Executive Officer	50%	75%	100%/0%
Christine Larson	Vice President and Chief Financial Officer	40%	60%	75%/25%
Christopher Stone	Vice President, General Counsel and Secretary	40%	60%	75%/25%
Karen Wilson	Vice President of Finance and Principal Accounting Officer	35%	52.5%	75%/25%

The 2010 corporate goals and their relative weight are set forth in the chart below:

<u>2010 Corporate Goal</u>	<u>Weight</u>
Optimize Value of Patent Estate	45%
Implement Corporate Strategy and Business Development Goals	40%
Enhance Investor Relations	10%
Manage Risk and Maintain Capital Structure within Guidelines	5%
Total	100%

Individual 2010 goals for our chief financial officer include: (1) finalize 2010 budget, 5 year cash flows and 2010 dividend policies; (2) develop and implement strategy for convertible debt management; (3) assess foreign currency exchange program; (4) develop analyst coverage; (5) continue improvement in reporting, compliance, investor presentations and resolution of technical accounting issues, if they arise; (6) provide financial support for any potential royalty asset purchases; (7) review of approaches to optimize return for stockholders; and (8) management of royalty audits.

Individual 2010 goals for our vice president, general counsel and secretary include: (1) manage litigation and any potential litigation to positive resolution; (2) manage oppositions and interferences; (3) execution of any new patent licenses; (4) provide diligence support for any potential royalty asset purchases; and (5) continue corporate legal support.

Individual 2010 goals for our vice president and chief accounting officer include: (1) prepare SEC filings; (2) prepare QHP Royalty Sub financial statements and required reporting; (3) support financial and Sarbanes-Oxley audits; (4) support 2010 proxy preparation; (5) enhance monthly management reporting, prepare financial analyses for the Board of Directors, committees and management and prepare 2011 expense budget; (6) complete audit readiness project; and (7) resolve any legacy accounting issues, if they arise.

The 2010 Annual Bonus Plan requires that our chief executive officer conduct the performance reviews of our other officers, which are then reviewed and approved by our Compensation Committee. Following these assessments, our Compensation Committee will then determine the bonus amounts for these officers. The performance of our chief executive officer is determined by our Compensation Committee based on the Company's achievement of the Company's corporate goals.

Corporate and individual performance may each exceed 100%, but neither can exceed 150%. The Compensation Committee may determine in its discretion that the Company did not satisfactorily complete the Company's corporate goals and that no bonus shall be paid under the 2010 Annual Bonus Plan. In addition, the Compensation Committee may adjust or modify the Company's corporate goals to reflect changed Company objectives. Participants must be employed by October 1, 2010 to be eligible for a bonus under the plan, and any bonus to be paid to any participant hired after April 1, 2010 shall be pro-rated for the length of time that such participant is employed by the Company during fiscal year 2010. To receive a bonus under the plan, participants must be employed on the date the bonus is paid. Bonuses, if any, will be paid on or before February 15, 2011.

The summary of the 2010 Annual Bonus Plan set forth herein is qualified in its entirety by the full text of the 2010 Annual Bonus Plan which is filed as Exhibit 10.1 hereto and is incorporated herein by reference.

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**Item 9.01 Financial Statements and Exhibits.**

<u>Exhibit No.</u>	<u>Description</u>
10.1	PDL BioPharma, Inc. 2010 Annual Bonus Plan



**EXHIBIT INDEX**

<u>Exhibit No.</u>	<u>Description</u>
10.1	PDL BioPharma, Inc. 2010 Annual Bonus Plan

**PDL BIOPHARMA, INC.****2010 Annual Bonus Plan**

This 2010 Annual Bonus Plan (the “**Plan**”) is intended to enhance stockholder value by promoting a connection between the performance of PDL BioPharma, Inc. (the “**Company**”) and the compensation of personnel of the Company and to promote retention of high performing personnel. Payments pursuant to the Plan are intended to qualify as “performance-based compensation” within the meaning of Section 162(m) of the Internal Revenue Code (“**Section 162(m)**”).

1. All employees of the Company working 30 hours per week or more (each, a “**Participant**”) are eligible to receive annual bonuses for 2010 according to this Plan. The Plan will be administered by the Compensation Committee of the Board of Directors of the Company (the “**Committee**”). The Committee shall have all powers and discretion necessary to administer the Plan and to control its operation and may delegate responsibilities to Company officers as it deems appropriate. Participants are eligible to receive bonuses based on their individual performance and/or the Company’s performance during 2010. A Participant who does not demonstrate satisfactory individual performance (50% or higher), however, will not be eligible for any portion of his or her bonus, including the portion based on Company performance.

2. Company performance shall be determined by the Committee based on the Company’s ability to meet or exceed corporate goals (“**2010 Corporate Goals**”) as approved by the Board of Directors and set forth in **Exhibit A**. For clarification, the Committee may determine in its sole discretion that the Company did not satisfactorily complete enough goals and in that case, the Committee may determine that no bonus shall be paid to Participants, regardless of individual performance achievement. Additionally, the Committee may adjust or modify the 2010 Corporate Goals to reflect changed Company objectives. Individual performance of the Officers shall be reviewed and recommended to the Committee by the Chief Executive Officer, except for the performance of the Chief Executive Officer, which shall be determined by the Committee based on the Company’s achievement of established Corporate Goals. Individual performance of employees shall be reviewed by the manager and approved by the Chief Executive Officer. In all cases, individual performance shall be based on **2010 Individual Goals** which have been approved by the Chief Executive Officer and are set forth as **Exhibit B**.

3. To be eligible for a bonus, a Participant must be on payroll prior to October 1, 2010 and must be employed by the Company as of the date of payment of the bonus. A Participant hired after April 1, 2010 shall be eligible for a pro-rated bonus.

4. A Participant who has taken an approved leave of absence pursuant to the Company's policies during 2010 shall receive a pro-rated bonus.

5. The amount of a Participant's bonus is based on a target percentage of such Participant's annual average W-2 throughout the 2010 calendar year. The target percentage for executives has been determined by the Committee and for employees has been determined by the manager at the beginning of the Plan Year. The target percentage shall then be adjusted based on the attainment of 2010 Corporate Goals and Individual Goals over the course of the Plan Year to arrive at a final performance percentage. For each person, the target percentage and ratio of attainment of 2010 Corporate Goals and 2010 Individual Goals is set forth as **Exhibit C**.

6. The Company performance percentage and/or the individual performance percentage may exceed 100% in the event the Company or the individual Participant exceeds expected goals, provided that neither percentage may exceed 150%. For example, assuming the Company has met 100% of its 2010 Corporate Goals, a Participant, who has met 150% of his or her 2010 Individual Goals, has a target percentage of 25%, has a corporate to individual goal ratio of 50%/50% and has a base pay rate of \$100,000 will receive a bonus of \$31,250 ( $100\% \times 0.5 + 150\% \times 0.5 = 125\%$ ; and  $125\% \times 25\% = 31.25\%$ ; and  $31.25\%$  of Participant's base pay rate of \$100,000 = \$31,250). All determinations and decisions made by the Committee shall be final, conclusive and binding on all persons and shall be given the maximum deference permitted by law.

7. This Plan is effective for the Company's 2010 calendar year beginning January 1, 2010 through December 31, 2010 (the "Plan Year") and will expire automatically on December 31, 2010. Bonus payments will be made by February 15th following the end of the Plan Year.

8. The Company shall withhold all applicable taxes from any bonus payment, including any federal, state and local taxes.

9. Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, with or without cause. Nothing in these guidelines should be construed as an employment agreement or an entitlement to any Participant for any incentive payment hereunder.

10. This Plan and all awards shall be construed in accordance with and governed by the laws of the State of Nevada, without regard to its conflict of law provisions.

11. Payments under this Plan shall be unsecured, unfounded obligations of the Company. To the extent a Participant has any rights under this Plan, the Participant's rights shall be those of a general unsecured creditor of the Company.

12. It is the intent of the Company that the Plan and all payments made hereunder satisfy and be interpreted in a manner that, in the case of participants who are persons whose compensation is subject to Section 162(m), satisfies any applicable requirements as performance-based compensation. Any provision, application or interpretation of the Plan inconsistent with this intent to satisfy the standards in Section 162(m) shall be disregarded. Notwithstanding anything to the contrary in the Plan, the provisions of the Plan may at any time be bifurcated by the Board of Directors or the Committee in any manner so that certain provisions of the Plan or any payment intended (or required in order) to satisfy the applicable requirements of Section 162(m) are only applicable to persons whose compensation is subject to Section 162(m).