

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): February 14, 2014

PDL BIOPHARMA, INC.

(Exact name of Company as specified in its charter)

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 1.01 Entry into a Material Definitive Agreement.

On February 14, 2014, PDL BioPharma, Inc. (the Company) entered into a credit agreement (the Credit Agreement) with Paradigm Spine, LLC (Borrower), under which the Company made available to Borrower up to \$75 million to be used by Borrower to refinance its existing credit facility and expand its domestic commercial operations. A portion of the amount available under the Credit Agreement in an aggregate principal amount equal to \$50 million (Tranche One), net of fees, was funded by the Company at the close of the transaction.

In the event that certain specified sales and other milestones occur (the Tranche Two Milestone) before December 31, 2014, the Company will fund Borrower between an additional \$6.25 million and \$12.5 million (Tranche Two), at Borrower's discretion. In the event that additional specified sales and other milestones occur before June 30, 2015, the Company will fund Borrower up to an additional \$12.5 million (Tranche Three, and together with Tranche One and Tranche Two, the Loans), at Borrower's discretion. Borrowings under the Credit Agreement bear interest at the rate of 13.0% per annum, payable quarterly in arrears.

Principal repayment will commence on the eleventh interest payment date, September 30, 2016. Borrower may elect to pay a portion of the interest due in the form of additional Loans during the first 10 interest payment dates. The principal amount outstanding at commencement of repayment will be repaid in equal installments until final maturity of the Loans.

The Loans will mature on February 14, 2019, or, if Borrower has achieved the Tranche Two Milestone and Tranche Two is provided to Borrower by Company in accordance with the Credit Agreement, the Loans will mature on August 14, 2019. Borrower may elect to prepay the Loans at any time, subject to a prepayment penalty that decreases over the life of the Loans.

The obligations under the Credit Agreement are secured by a pledge of substantially all of the assets of Borrower and its domestic subsidiaries and, initially, certain assets of Borrower's German subsidiaries.

The Credit Agreement contains customary affirmative covenants for transactions of this type and other affirmative covenants agreed to by the parties, including, among others, the provision of annual and quarterly reports, maintenance of property, insurance, compliance with laws and contractual obligations and payment of taxes. The Credit Agreement contains customary negative covenants for transactions of this type and other negative covenants agreed to by the parties, including, among others, restrictions on the incurrence of indebtedness, the granting of liens, making restricted payments and investments, entering into affiliate transactions and asset sales.

The Credit Agreement also provides for a number of customary events of default, including payment, bankruptcy, covenant, representation and warranty and judgment defaults.

The Company had no relationship with Borrower, material or otherwise, prior to entering into the Credit Agreement.

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

The disclosure set forth in Item 1.01 of this Current Report is incorporated by reference into this Item 2.03.

Item 8.01 Other Events.

On February 18, 2014, the Company and Borrower issued a press release announcing the Credit Agreement. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Cautionary Statements

This filing, the press release and the Company's statements herein and in the attached press release include and constitute "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 and limit the Company's ability to pay dividends, purchase income generating assets and take other corporate actions are disclosed in the "Risk Factors" contained in the Company's 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2013, and updated in 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.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release

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/ John P. McLaughlin
John P. McLaughlin
President and Chief Executive Officer

Dated: February 18, 2014

EXHIBIT INDEX

Exhibit No.

Description

99.1

Press Release

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PDL BioPharma and Paradigm Spine Complete a \$75 Million Financing Transaction

INCLINE VILLAGE, Nev., NEW YORK, NY, February 18, 2014, PDL BioPharma, Inc. (NASDAQ: PDLI) and Paradigm Spine, LLC, a provider of innovative spinal implant technologies, announced today that the parties have entered into a credit agreement whereby PDL will provide Paradigm with up to \$75 million of secured debt financing. Armentum Partners acted as financial advisors to Paradigm Spine for the transaction.

An initial \$50 million was provided at the close of the transaction, with the remaining \$25 million to be funded in two equal tranches upon achievement of specified milestones.

Paradigm's landmark coflex[®] interlaminar stabilization device for patients with spinal stenosis was approved by the U.S. Food and Drug Administration (FDA) in late 2012 and is sold in more than 50 countries. Paradigm will use the proceeds to refinance its existing credit facility and primarily expand its domestic commercial operations.

"We are happy to be able to provide funding for Paradigm Spine's coflex[®] Interlaminar stabilization device[™] for patients with spinal stenosis. The device is strongly supported by clinical outcomes and pharmacoeconomic data," stated John P. McLaughlin, president and chief executive officer of PDL BioPharma.

"Following a year of record growth, Paradigm Spine is well positioned for its next phase of expansion. Given our coflex[®] FDA approval, this financing assists us in accelerating Paradigm's market penetration, especially domestically," said Marc Viscogliosi, chairman and chief executive officer of Paradigm Spine.

"This financing is our first transaction this year, after a successful 2013 during which we brought in a number of high-quality, income generating assets like Paradigm Spine. We continue to find investment opportunities and expect to announce additional deals in the coming months," PDL's Mr. McLaughlin added.

About Paradigm Spine, LLC

Paradigm Spine, LLC, founded by Viscogliosi Bros., LLC in 2004, is a privately held company focused on the design, development and marketing of solutions for the treatment of spinal conditions and diseases.

Paradigm's signature product is the coflex® Interlaminar Stabilization™ device, which has more than 18 years of clinical history with regulatory approval in more than 40 countries throughout six continents. For more information on Paradigm Spine LLC, please visit: www.paradigmspine.com.

About PDL BioPharma, Inc.

PDL BioPharma manages a portfolio of patents and royalty assets, consisting primarily of its Queen et al. antibody humanization patents and license agreements with various biotechnology and pharmaceutical companies. 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 receives significant royalty revenue. PDL is currently focused on intellectual property asset management, acquiring new income generating assets, and maximizing value for its shareholders.

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.

In 2011, PDL initiated a strategy to bring in new income generating assets from the health care sector. To accomplish this goal, PDL seeks to provide non-dilutive growth capital and financing solutions to late stage public and private health care companies and offers immediate financial monetization of royalty streams to companies, academic institutions, and inventors.

PDL continues to pursue this strategic initiative for which it has already deployed approximately \$500 million to date. PDL is focused on the quality of the income generating assets and potential returns on investment. For more information, please visit www.pdl.com.

NOTE: PDL BioPharma and the PDL BioPharma logo are considered trademarks of PDL BioPharma, Inc.

Forward-Looking Statements

This Press Release contains "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or predictions of future conditions, events or results based on various assumptions and management's estimates of trends and economic factors in the markets in which we are active, as well as our business plans. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "may," "should," variations of such words and similar expressions are intended to identify such forward-looking statements.

The forward-looking statements may include, without limitation, statements regarding product development, product potential or financial performance. The forward-looking statements are subject to risks and uncertainties, which may cause results to differ materially from those set forth in the statements.

Forward-looking statements in this release should be evaluated together with the many uncertainties that affect the business of each of Paradigm Spine and PDL and their markets, particularly those discussed in the risk factors and cautionary statements in filings made by PDL with the Securities and Exchange Commission.

Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those projected. The forward-looking statements are representative only as of the date they are made, and neither Paradigm Spine nor PDL assumes any responsibility to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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