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 5, 2015

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 August 5, 2015, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the second quarter ended June 30, 2015. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on August 5, 2015, during which the Company will discuss its financial results for the second quarter ended June 30, 2015.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On August 5, 2015, 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. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On August 5, 2015, 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, as updated by subsequent quarterly 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.

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: August 5, 2015

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 Second Quarter 2015 Financial Results

INCLINE VILLAGE, NV, August 5, 2015 – PDL BioPharma, Inc. (PDL) (NASDAQ: PDLI) today reported financial results for the second quarter and six months ended June 30, 2015.

Total revenues were $138.1 million for the three months ended June 30, 2015, compared to $162.8 million for the same period of 2014, and $287.8 million for the six months ended June 30, 2015, compared to $299.6 million for the six months ended June 30, 2014. During the three and six months ended June 30, 2015 and 2014, our Queen et al. royalty revenues consisted of royalties and maintenance fees earned on sales of products under license agreements associated with our Queen et al. patents. During the three and six months ended June 30, 2015 and 2014, royalty rights - change in fair value consisted of revenues associated with the change in fair value of our royalty right assets, primarily Depomed, Inc., The Regents of the University of Michigan, and Viscogliosi Brothers, LLC. Revenues for the quarter ended June 30, 2015 included $116.9 million in royalty and license payments from PDL's licensees to the Queen et al. patents, $12.2 million in net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets, which included approximately $1.2 million in net cash royalty rights payments, and $9.0 million in interest revenue from notes receivable debt financings to late-stage healthcare companies. Revenues for the six months ended June 30, 2015 included $244.7 million in royalty and license payments from PDL's licensees to the Queen et al. patents, $23.6 million in net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets, which included approximately $2.1 million in net cash royalty rights payments, and $19.5 million in interest revenue from notes receivable debt financings to late-state healthcare companies.

Total revenues decreased by 15% and 4%, respectively, for the three and six months ended June 30, 2015, when compared to the same periods in 2014. The decrease is primarily driven by the decrease in the Depomed royalty rights cash proceeds related to the Salix Pharmaceuticals, Ltd (recently acquired by Valeant Pharmaceuticals International, Inc.) excess supply of Glumetza at the wholesaler inventory levels, decreased interest revenues due to the early payoff of the AxoGen and Durata notes receivables, and decreased Actemra royalties as a result of the conclusion of the Actemra license agreement, partially offset by increased royalties from sales of Perjeta, Xolair, Kadcyla, Herceptin, and Tysabri.

Operating expenses in the second quarter of 2015 were $7.4 million, compared with $6.9 million in the second quarter of 2014. The increase in operating expenses for the three months ended June 30, 2015, as compared to the same period in 2014, was a result of an increase in general and administrative expenses of $1.0 million for professional service expenses mostly related to the asset management of Wellstat Diagnostics, partially offset by a decrease of $0.3 million for share-based compensation and a decrease of $0.2 million for legal services.

Operating expenses for the six months ended June 30, 2015 were $15.1 million, compared with $11.5 million in the first six months of 2014. The increase in operating expenses for the six months ended June 30, 2015, as compared to the same period in 2014, was a result of an increase in general and administrative expenses of $2.8 million for professional service expenses primarily related to the asset management of Wellstat Diagnostics and an increase of $0.9 million in share-based compensation.

Net income in the second quarter of 2015 was $78.3 million, or $0.47 per diluted share as compared with net income in the second quarter of 2014 of $92.1 million, or $0.52 per diluted share. Net income in the six months ended June 30, 2015 was $162.8 million, or $0.97 per diluted share as compared with net income in the first six months of 2014 of $164.9 million, or

$0.94 per diluted share. The decrease in net income for the six months ended June 30, 2015, compared to the same period in 2014, is primarily driven by the decrease in the Depomed royalty rights cash proceeds.

Net cash provided by operating activities in the first six months of 2015 was $155.9 million, compared with $146.2 million in the same period in 2014. At June 30, 2015, PDL had cash, cash equivalents and short-term investments of $294.1 million, compared with $293.7 million at December 31, 2014. The change and slight increase in the cash balance at June 30, 2015 was primarily attributable to net cash provided by the proceeds from the March 2015 Term Loan of $100.0 million, proceeds from royalty rights of $2.1 million, and cash provided by operating activities of $155.9 million, offset in part by retirement of the Series 2012 Notes and May 2015 Notes for $177.4 million, payment of dividends of $49.1 million, repayment of a portion of the March 2015 Term Loan for $25.0 million, additional note receivable purchases of $5.2 million, and the payment of $0.6 million for debt issuance costs related to the March 2015 Term Loan.

Recent Developments

ARIAD Revenue Interest Assignment

On July 28, 2015, the Company entered into a revenue interest assignment agreement (the “Agreement”) in which it agreed to provide ARIAD Pharmaceuticals, Inc. ("ARIAD") with up to $200 million in cash in exchange for royalties on the net revenues of Iclusig® (ponatinib). Funding of the first $100 million will be made in two tranches of $50 million each, with the initial amount having already been funded on the closing date of the Agreement and an additional $50 million to be funded on the 12-month anniversary of the closing date. In addition, ARIAD has an option to draw up to an additional $100 million at any time between the six and twelve month anniversaries of the closing date.

PDL will initially receive 2.5% of the worldwide net revenues of Iclusig until the 12-month anniversary of the closing date, at which time the royalty increases to 5.0% of the worldwide net revenues of Iclusig and remains until December 31, 2018. Beginning January 1, 2019 and thereafter, the royalty rate will increase to 6.5%, subject to an additional increase to 7.5% if PDL’s funding exceeds $150 million. If PDL does not receive payments equal to or greater than the total amount funded on or before the fifth anniversary of each of the respective fundings, ARIAD will pay PDL make-whole payments calculated as the difference between the amounts funded by PDL and the amounts paid to PDL to such date.

PDL has a put option based upon certain events and ARIAD has a call option to repurchase the revenue interest at any time. Both the put and call prices have been pre-determined.

2015 Dividends
On January 27, 2015, our board of directors declared that the regular quarterly dividends to be paid to our stockholders in 2015 will be $0.15 per share of common stock, payable on March 12, June 12, September 11 and December 11 of 2015 to stockholders of record on March 5, June 5, September 4 and December 4 of 2015, the record dates for each of the dividend payments, respectively. On June 12, 2015, we paid the regular quarterly dividend to our stockholders totaling $24.5 million using earnings generated in the three months ended June 30, 2015.

Conference Call Details
PDL will hold a conference call to discuss financial results at 4:30 p.m. Eastern Time today, August 5, 2015.

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 97497446. 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 August 11, 2015, and may be accessed by dialing (855) 859-2056 from the United States and Canada or (404) 537-3406 internationally. The replay passcode is 97497446.

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 manages a portfolio of patents and royalty assets, consisting of its Queen et al. patents, license agreements with various biotechnology and pharmaceutical companies, and royalty and other assets acquired. To acquire new income generating assets, PDL provides non-dilutive growth capital and financing solutions to late-stage public and private healthcare companies and offers immediate financial monetization of royalty streams to companies, academic institutions, and inventors. PDL has

invested approximately $830 million to date. PDL evaluates its investments based on the quality of the income generating assets and potential returns on investment. PDL is currently focused on acquiring new income generating assets, the management of its intellectual property and income generating assets, and maximizing value for its stockholders.

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 receives 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, as updated by subsequent quarterly 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.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	**2014**	**2015**	**2014**
Revenues				
Royalties from Queen et al. patents	$ 116,884	$ 115,066	$ 244,694	$ 231,092
Royalty rights - change in fair value	12,216	34,498	23,578	46,205
Interest revenue	8,966	12,613	19,500	21,684
License and other	—	575	—	575
Total revenues	138,066	162,752	287,772	299,556
Operating Expenses				
General and administrative expenses	7,429	6,920	15,095	11,502
Operating income	130,637	155,832	272,677	288,054
Non-operating expense, net				
Interest and other income, net	121	82	207	132
Interest expense	(7,199)	(9,858)	(15,809)	(20,383)
Loss on extinguishment of debt	—	—	—	(6,143)
Total non-operating expense, net	(7,078)	(9,776)	(15,602)	(26,394)
Income before income taxes	123,559	146,056	257,075	261,660
Income tax expense	45,295	54,001	94,313	96,722
Net income	$ 78,264	$ 92,055	$ 162,762	$ 164,938
Net income per share				
Basic	$ 0.48	$ 0.57	$ 1.00	$ 1.06
Diluted	$ 0.47	$ 0.52	$ 0.97	$ 0.94
Shares used to compute income per basic share	163,544	160,256	163,188	155,752
Shares used to compute income per diluted share	165,384	177,228	167,376	175,811
Cash dividends declared per common share	$ —	$ —	$ 0.60	$ 0.60

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

	June 30, 2015	December 31, 2014
Cash, cash equivalents and short-term investments	$ 294,085	$ 293,687
Total notes receivable	$ 369,707	$ 363,212
Total royalty rights - at fair value	$ 280,731	$ 259,244
Total assets	$ 995,541	$ 962,350
Total term loan payable	$ 74,648	$ —
Total convertible notes payable	$ 279,751	$ 451,724
Total stockholders' equity	$ 527,214	$ 460,437

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

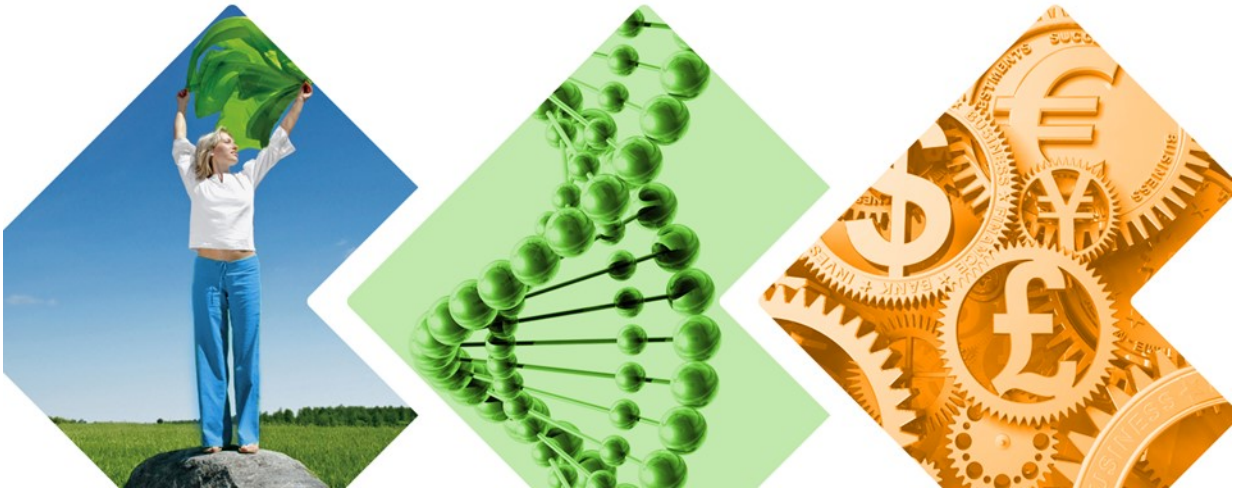
	Six Months Ended June 30,	
	2015	2014
Net income	$ 162,762	$ 164,938
Adjustments to reconcile net income to net cash used in operating activities	(7,263)	(31,724)
Changes in assets and liabilities	401	12,939
Net cash provided by operating activities	$ 155,900	$ 146,153

Exhibit 99.2

PDL BioPharma®

Second Quarter 2015
FINANCIAL RESULTS CONFERENCE CALL

August 5, 2015



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;
- 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;
- 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.

Primary Focus Remains Acquiring Additional Assets

- Top priority remains bringing in additional income-generating assets to support dividends
- Have committed over $1 billion since embarking on this strategy in 2012
- PDL is attracting top quality assets
- Goal: To be the financial partner of choice to leading life science companies and other institutions seeking to access non-dilutive capital

PDL BioPharma

ARIAD Royalty Agreement

- **Up to $200 million in revenue interest financing in exchange for royalties on revenues of Iclusig®**
  - $50 million funded at signing and $50 million funded on one year anniversary date
  - Up to $100 million more may be drawn by ARIAD at anytime between 6 and 12 month anniversary of closing date

Royalty Acquisition

Up to $200,000,000
July 2015

- **Iclusig®: Kinase inhibitor for the treatment of certain types of leukemia**
  - Approved in US, EU, Australia, Israel, Canada and Switzerland
- **Royalties**
  - 2.5% on Iclusig worldwide net revenues until 12 month anniversary
  - 5% from 12 months through 12/31/18
  - 6.5% thereafter unless ARIAD draws in excess of $150 million in which case 7.5%
  - If PDL hasn't received payments equal to total amount funded by fifth anniversary of each respective funding, ARIAD will provide make-whole payments
  - Should Iclusig underperform, a range of 6.5% to 7.5% of sales from brigatinib will be paid in the year following to make up the deficit
- **Put and call option**
  - PDL has a put option based upon certain events
  - ARIAD has a call option to repurchase the revenue interest at any time
  - Put and call terms are the same: the greater of a 10% IRR or 1.15x cash-on-cash in year 1, 1.2x cash-on-cash in year 2 and 1.3x cash-on-cash in year 3 and beyond.

PDL BioPharma

Secured Debt Financing for CareView Communications

- **$40 million secured debt financing in exchange for interest on principal amount outstanding**
  - Two $20 million tranches provided based on specified milestones
  - Each tranche has five year maturity
  - PDL will receive 13.5% interest on the principal amount outstanding on first tranche, expected to be funded by 10/31/15
- **CareView provides safety solutions to hospitals such as virtual bed rails, the cost of which is borne by the hospitals**

Senior Secured Financing

CAREVIEW COMMUNICATIONS

$40,000,000
June 2015

PDL BioPharma

Income Generating Assets Scorecard

Current Investments

Royalty Acquisition ARIAD Up to $200,000,000 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 Viscogliosi Bros., LLC $15,500,000 June 2014	Senior Secured Note Purchase kaléo $150,000,000 April 2014	Senior Secured Financing PARADIGM SPINE $75,000,000 February 2014

- 14 transactions to date
- $830MM+ deployed
- $240MM committed during 2015
- Over $1 billion committed to date
- 3 matured transactions

Senior Secured Financing DIRECT FLOW MEDICAL, INC. $50,000,000 November 2013	Royalty Acquisition Depomed $240,500,000 October 2013	Senior Secured Financing LENSAR $60,000,000 October 2013	Senior Secured Financing/ Royalty Transaction AVINGER $40,000,000 April 2013	Royalty Transaction/ Senior Secured Financing Wellstat Diagnostics, LLC $44,000,000 November 2012

Concluded Investments

Senior Secured Financing MERUS LABS $55,000,000 July 2012	Senior Secured Financing DURATA THERAPEUTICS $70,000,000 October 2013	Royalty Transaction/ Senior Secured Financing AxoGen $20,800,000 October 2012

PDL BioPharma

Solanezumab – Encouraging Data Update

- **Solanezumab for Alzheimer's Disease**
  - Unapproved Queen et al. licensed product currently in Phase 3 trials
  - Humanized antibody targeting beta amyloid, which is believed to cause Alzheimer's Disease
  - Designed by PDL. Being developed by Eli Lilly.
- **On July 22, 2015, encouraging two-year data from an extension study which utilized a delayed start analysis**
  - Data suggest that patients who started solanezumab earlier retained an advantage in cognition and daily function over those who started later and that the difference persisted for two years
  - Lilly's previous Phase 3s, conducted in patients with mild and moderate Alzheimer's Disease, did not meet the primary endpoint but did show benefit in patients with mild disease
  - Lilly conducting new Phase 3 in patients with mild Alzheimer's Disease. Trial fully enrolled in April 2015. Last patient expected in 4Q16 with topline results to follow.
- **PDL has a know-how royalty on solanezumab which extends beyond the expiration of the Queen et al. patents**
- **If solanezumab is approved, PDL would receive a 2% royalty for 12.5 years from the date of its first sale**

Second Quarter Ended June 30, 2015 Overview

(In thousands, except per share amounts)	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Royalties from Queen et al. patents	$ 116,884	$ 115,066	$ 244,694	$ 231,092
Royalty rights - change in fair value	12,216	34,498	23,578	46,205
Interest revenue	8,966	12,613	19,500	21,684
License and other	-	575	-	575
Total revenues	138,066	162,752	287,772	299,556
G&A expenses	7,429	6,920	15,095	11,502
Operating income	130,637	155,832	272,677	288,054
Interest and other income, net	121	82	207	132
Interest expense	(7,199)	(9,858)	(15,809)	(20,383)
Loss on extinguishment of debt	-	-	-	(6,143)
Income before income taxes	123,559	146,056	257,075	261,660
Income tax expense	45,295	54,001	94,313	96,722
Net income	$ 78,264	$ 92,055	$ 162,762	$ 164,938
Net income per share - Basic	$ 0.48	$ 0.57	$ 1.00	$ 1.06
Net income per share - Diluted	$ 0.47	$ 0.52	$ 0.97	$ 0.94

	June 30, 2015	December 31, 2014
Cash, cash equivalents and short-term investments	$ 294,085	$ 293,687
Total notes receivable	$ 369,707	$ 363,212
Total royalty rights - at fair value	$ 280,731	$ 259,244
Total assets	$ 995,541	$ 962,350
Total term loan payable	$ 74,648	$ -
Convertible notes payable	$ 279,751	$ 451,724
Total stockholders's equity	$ 527,214	$ 460,437

PDL BioPharma

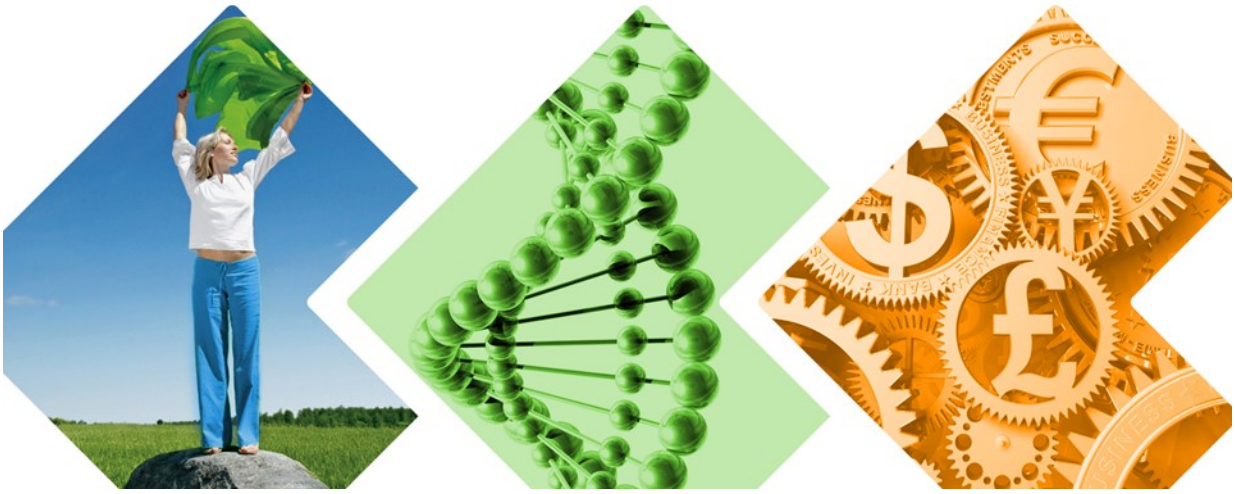
Investment Highlights

- **Demonstrated commitment to provide meaningful returns to shareholders through dividends.**
  - Since 2009, paid special or regular dividends totaling $6.37/share.
  - In 2014, paid regular, quarterly dividends of $0.15/share totaling $0.60/share.
  - In 2015, paid regular, quarterly dividend of $0.15/share on March 12 and June 12, and will pay equivalent dividends on September 11 and December 11.
- **Fourteen income generating deals to date deploying approximately $830 million in capital with potential for additional deals.**
- **Strong historic revenue growth from Queen licensed products.**
  - Potential for additional indications from existing products.
  - Potential new product royalties from solanezumab if approved.
- **Liquidity – volume averages ~2.7 million shares/day.**

PDL BioPharma

PDL BioPharma

QUESTION AND ANSWER SESSION



PDL BioPharma, Inc.
Q2 2015
August 5, 2015

Following are some of the key points regarding PDL's second quarter 2015 financial and business results.

Net Income
Net income in the second quarter of 2015 was $78.3 million, or $0.47 per diluted share as compared with net income in the second quarter of 2014 of $92.1 million, or $0.52 per diluted share.

ARIAD Revenue Interest Assignment
On July 28, 2015, the Company entered into a revenue interest assignment agreement (the "Agreement") in which it agreed to provide ARIAD Pharmaceuticals, Inc. ("ARIAD") with up to $200 million in cash in exchange for royalties on the net revenues of Iclusig® (ponatinib). Funding of the first $100 million will be made in two tranches of $50 million each, with the initial amount having already been funded on the closing date of the Agreement and an additional $50 million to be funded on the 12-month anniversary of the closing date. In addition, ARIAD has an option to draw up to an additional $100 million at any time between the six and twelve month anniversaries of the closing date.

PDL will initially receive 2.5% of the worldwide net revenues of Iclusig until the 12-month anniversary of the closing date, at which time the royalty increases to 5.0% of the worldwide net revenues of Iclusig and remains until December 31, 2018. Beginning January 1, 2019 and thereafter, the royalty rate will increase to 6.5%, subject to an additional increase to 7.5% if PDL's funding exceeds $150 million.

If PDL does not receive payments equal to or greater than the total amount funded on or before the fifth anniversary of each of the respective fundings, ARIAD will pay PDL make-whole payments calculated as the difference between the amounts funded by PDL and the amounts paid to PDL to such date. In addition, if the net revenues from Iclusig do not reach certain agreed-upon projections in future years, PDL has a right to the same percentage of net revenues from brigatinib.

PDL has a put option based upon certain events and ARIAD has a call option to repurchase the revenue interest at any time. The financial terms for the put and call are the same: the greater of a 10% IRR or 1.5 times cash-on-cash in year one, 1.2 times cash-on-cash in year two and 1.3 times cash-on-cash in year three and beyond.

Updates on Approved Royalty Bearing Products related to Queen et al. patents

Avastin® (bevacizumab):
- On July 23, 2015, Genentech/Roche reported that 1H15 worldwide sales were CHF 3.263 billion and increased by 9%.
  - EU: Growth driven by **ovarian and cervical cancer**, the latter of which was approval in 1Q15.
  - US: Sales largely driven by ovarian, cervical and first line colorectal cancer.
  - Japan: Growth in all indications.
  - International: Strong growth in all regions, especially Latin America.

Herceptin® (trastuzumab):
- On July 23, 2015, Genentech/Roche reported that 1H15 worldwide sales were CHF 3.265 billion and increased by 11%.
  - US: Strong growth in first line **metastatic breast cancer** due to longer treatment times.
  - EU: Stable sales with continuing conversion to subcutaneous formulation.
  - International: Strong growth in all regions.

Xolair® (omalizumab):
- On July 23, 2015, Genentech/Roche reported that 1H15 US sales were CHF 593 million and increased by 28%.
  - Growth in **allergic asthma** and **chronic idiopathic urticaria** (hives).
- On July 21, 2015, Novartis reported that 2Q15 ex-US sales were $194 million and increased by 18%.

Tysabri® (natalizumab):

- On July 24, 2015, Biogen reported that 2Q15 worldwide sales were $463 million, flat from 1Q15 but decreased by 13% from 2Q14.

Perjeta® (pertuzumab):

- On July 23, 2015, Genentech/Roche reported that 1H15 worldwide sales were CHF 659 million and increased by 72%.
  - Perjeta sales grew in all regions, driven by US in the neoadjuvant and **metastatic breast cancer** settings, and EU in the metastatic breast cancer setting.
  - Approved in all major markets for first line metastatic breast cancer.
  - Approved in US and 20 markets for neoadjuvant setting with positive CHMP opinion in neoadjuvant setting in 1Q15.
  - Benefiting from increase in overall survival in first line metastatic breast cancer when combined with Herceptin and docetaxel which data was added to US label in 1Q15.

Kadcyla® (TDM-1 or ado-trastuzumab emtansine):

- On July 23, 2015, Genentech/Roche reported that 1H15 worldwide sales were CHF 362 million and increased by 65%.
  - EU and International: Strong uptake in second line **metastatic breast cancer**.
- Data expected from Phase 2/3 trial in HER2+ gastric cancer (GATSBY) in 2H15.

Updates on Unapproved Royalty Bearing Products Related to Queen et al. patents

Solanezumab

- On July 22, 2015 at a healthcare conference focused on Alzheimer's Disease, Lilly presented two year data from an extension study of two earlier Phase 3 studies of solanezumab. These studies included patients with mild and moderate Alzheimer's Disease, and while they did not meet the primary efficacy endpoint, they did show benefit in patients with mild disease. The two year extension study utilized a delayed start analysis. The new data suggest that patients who started solanezumab earlier retained an advantage in cognition and daily function over those who started later and that the difference persisted for two years. Lilly commenced a new Phase 3 trial in patients with only mild Alzheimer's Disease in 2013. On April 23, 2015, Lilly stated that this Phase 3 trial was fully enrolled with the last patient visit expected in 4Q16 and topline results thereafter. Because of the difficulty in distinguishing between patients with dementia and those with Alzheimer's Disease, Lilly used PET scans or similar screens to test patients before enrolling them in this new Phase 3 trial. The screens differentiate between patients with beta amyloid buildup = Alzheimer's Disease and who should be in the trial versus those without beta amyloid buildup = dementia and who should not be in the trial. Lilly estimates that scans will increase patient enrollment failures from less than 25% to more than 50% - a good thing because it enriches the patient population with those most likely to benefit from solanezumab. PDL has a know-how royalty on solanezumab which extends beyond the expiration of the Queen patents. This is because PDL helped to design solanezumab. If solanezumab is approved, PDL would receive a 2% royalty for 12.5 years from the date of its first sale.

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 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) *

Avastin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	38,809	38,447	—	—	77,256
2014	38,122	38,924	38,864	40,723	156,632
2013	33,234	46,720	32,224	32,287	144,464
2012	23,215	41,670	25,955	30,041	120,882
2011	22,283	41,967	23,870	22,886	111,006
2010	16,870	44,765	29,989	24,922	116,547
2009	13,605	35,161	21,060	15,141	84,966
2008	9,957	30,480	19,574	12,394	72,405
2007	8,990	21,842	17,478	9,549	57,859
2006	10,438	15,572	15,405	12,536	53,952
Herceptin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	37,875	39,476	—	—	77,351
2014	36,646	38,292	39,407	40,049	154,394
2013	30,287	47,353	30,961	33,038	141,640
2012	25,702	44,628	30,433	28,307	129,070
2011	25,089	42,209	31,933	21,812	121,042
2010	23,402	38,555	27,952	25,441	115,350
2009	16,003	32,331	26,830	18,615	93,779
2008	14,092	34,383	28,122	20,282	96,880
2007	19,035	28,188	22,582	14,802	84,608
2006	15,142	19,716	21,557	20,354	76,769
Lucentis	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	15,920	—	—	—	15,920
2014	17,390	16,777	16,883	16,695	67,746
2013	12,032	30,066	13,536	12,127	67,760
2012	10,791	27,938	12,552	11,097	62,377
2011	8,878	24,313	12,157	10,750	56,099
2010	7,220	19,091	10,841	8,047	45,198
2009	4,621	12,863	8,123	6,152	31,759
2008	3,636	11,060	7,631	4,549	26,876
2007	2,931	6,543	6,579	3,517	19,570
2006	—	—	289	3,335	3,624
Xolair	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	10,971	11,075	—	—	22,046
2014	8,886	9,099	10,442	11,237	39,663
2013	5,930	10,025	7,334	7,330	30,619
2012	5,447	8,609	6,504	6,145	26,705
2011	4,590	7,621	5,916	5,823	23,949
2010	3,723	6,386	4,980	4,652	19,741
2009	2,665	5,082	4,085	3,722	15,553
2008	1,488	4,866	3,569	2,927	12,850
2007	1,684	3,942	3,332	2,184	11,142
2006	2,263	2,969	3,041	2,495	10,768
Perjeta	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	6,596	7,419	—	—	14,015
2014	3,375	4,385	5,157	5,850	18,767
2013	340	1,414	748	879	3,381
2012	—	—	58	250	308

Queen et al. Royalties

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

Kadcyla	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	3,852	4,177	—	—	8,029
2014	1,934	2,491	3,048	3,464	10,937
2013	—	551	830	859	2,240
Tysabri	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	14,385	13,614	—	—	27,999
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
Actemra	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	4,990	—	—	—	4,990
2014	3,446	3,932	4,419	5,406	17,202
2013	2,631	2,816	2,939	3,744	12,131
2012	1,705	2,074	2,145	2,462	8,385
2011	913	1,136	1,401	1,460	4,910
2010	1,587	237	315	688	2,827
2009	585	537	909	1,197	3,228
2008	44	—	146	369	559
2007	32	—	—	17	49
Gazyva	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	313	—	—	—	313
2014	51	283	325	436	1,094
Entyvio	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	2,223	—	—	—	2,223
2014	—	—	153	2,192	2,344

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

Q1 2014 royalty revenue by product above do not include a $5 million payment received from Genentech in Q1 2014 for a retroactive settlement payment from 2013.

Queen et al. Sales Revenue
Reported Licensee Net Sales Revenue by Product ($ in 000's) *

Avastin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	1,826,289	1,809,286	—	—	3,635,575
2014	1,786,912	1,838,764	1,828,900	1,916,353	7,370,929
2013	1,653,108	1,694,678	1,746,135	1,819,877	6,913,798
2012	1,502,757	1,573,727	1,551,327	1,662,977	6,290,788
2011	1,597,461	1,582,705	1,581,095	1,469,994	6,231,255
2010	1,506,788	1,596,892	1,594,707	1,646,218	6,344,605
2009	1,345,487	1,295,536	1,439,730	1,514,053	5,594,806
2008	980,715	1,084,930	1,180,427	1,239,382	4,485,454
2007	678,068	746,587	797,013	875,084	3,096,752
2006	439,318	516,052	570,551	592,897	2,118,817
Herceptin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	1,789,404	1,857,696	—	—	3,647,100
2014	1,731,564	1,801,990	1,854,452	1,877,614	7,265,621
2013	1,681,574	1,744,145	1,681,860	1,726,551	6,834,130
2012	1,515,255	1,625,313	1,663,695	1,650,495	6,454,759
2011	1,391,568	1,559,975	1,642,898	1,432,771	6,027,211
2010	1,270,846	1,349,512	1,300,934	1,409,310	5,330,602
2009	1,210,268	1,133,993	1,226,435	1,278,626	4,849,323
2008	1,105,426	1,195,215	1,211,982	1,186,806	4,699,428
2007	891,761	949,556	979,602	1,015,033	3,835,952
2006	529,585	659,719	761,099	803,576	2,753,979
Lucentis	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	749,182	—	—	—	749,182
2014	818,376	789,483	794,505	785,669	3,188,031
2013	1,203,179	1,171,423	1,200,791	1,212,651	4,788,045
2012	1,079,092	1,086,543	1,097,541	1,109,695	4,372,871
2011	887,757	943,418	1,052,809	1,075,015	3,958,999
2010	721,967	698,890	745,376	804,684	2,970,917
2009	462,103	469,736	555,296	615,212	2,102,347
2008	363,615	393,682	460,167	454,922	1,672,386
2007	224,820	219,579	299,995	322,300	1,066,695
2006	—	—	10,689	157,742	168,431
Xolair	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	523,340	521,192	—	—	1,044,532
2014	425,243	428,171	491,372	521,726	1,866,512
2013	341,309	365,778	391,900	401,333	1,500,321
2012	310,234	314,638	347,796	340,431	1,313,100
2011	267,754	277,642	310,874	314,911	1,171,182
2010	228,859	225,878	251,055	263,389	969,179
2009	184,669	181,086	211,006	219,693	796,454
2008	137,875	169,521	177,179	183,753	668,329
2007	129,172	130,700	144,250	147,754	551,876
2006	95,241	99,354	112,608	118,002	425,204
Perjeta	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	310,410	349,125	—	—	659,535
2014	158,809	206,333	242,700	275,311	883,153
2013	34,008	55,076	66,353	87,949	243,386
2012	—	—	5,080	25,000	30,079

Queen et al. Sales Revenue

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

Kadcyla	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	181,275	196,556	—	—	377,831
2014	91,031	117,212	143,414	163,028	514,685
2013	—	21,459	73,626	85,906	180,991
Tysabri	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	479,526	453,786	—	—	933,312
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
Actemra	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	166,338	—	—	—	166,338
2014	114,865	124,736	147,285	180,197	567,082
2013	87,703	91,374	97,961	124,815	401,852
2012	56,662	66,624	71,505	82,053	276,843
2011	30,433	35,370	46,709	48,671	161,183
2010	52,908	5,405	10,493	22,919	91,725
2009	19,504	17,920	30,313	39,888	107,625
2008	1,452	1,377	5,981	12,305	21,115
2007	—	—	—	1,137	1,137
Gazyva	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	9,627	—	—	—	9,627
2014	3,095	8,697	11,531	13,428	36,750
Entyvio	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	59,287	—	—	—	59,287
2014	—	—	5,347	58,500	63,848

*** 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.