UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of Earliest Event Reported): November 2, 2017

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 November 2, 2017, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the third quarter ended September 30, 2017. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on November 2, 2017, during which the Company will discuss its financial results for the third quarter ended September 30, 2017.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On November 2, 2017, the Company posted to its website a set of presentation materials that it will use during its earnings call and webcast to assist participants with understanding the Company's financial results for the quarter ended September 30, 2017. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On November 2, 2017, 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.

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 1, 2017, as updated by subsequent periodic filings. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PDL BIOPHARMA, INC.
(Company)

By: /s/ Peter S. Garcia
Peter S. Garcia
Vice President and Chief Financial Officer

Dated: November 2, 2017

Exhibit Index

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

Exhibit 99.1

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PDL BioPharma Announces Third Quarter 2017 Financial Results
Third Quarter GAAP EPS Increased 75%
Total Revenues Increased by 17% and 42% for 3Q17 and YTD 2017, respectively

INCLINE VILLAGE, NV, November 2, 2017 – PDL BioPharma, Inc. (PDL or the Company) (NASDAQ: PDLI) today reported financial results for the third quarter ended September 30, 2017 including:

- Total revenues of $62.7 million and $252.0 million for the three and nine months ended September 30, 2017, respectively.
- GAAP diluted EPS of $0.14 and $0.56 for the three and nine months ended September 30, 2017, respectively.
- GAAP net income attributable to PDL's shareholders of $20.7 million and $88.4 million for the three and nine months ended September 30, 2017, respectively.
- Non-GAAP net income attributable to PDL's shareholders of $21.7 million and $73.7 million for the three and nine months ended September 30, 2017. A full reconciliation of all components of the GAAP to non-GAAP financial results can be found in Table 4 at the end of the release.

Revenue Highlights

- Total revenues of $62.7 million for the three months ended September 30, 2017 included:
  - Royalties from PDL's licensees to the Queen et al. patents of $1.4 million, which consisted of royalties earned on sales of Tysabri® under a license agreement;
  - Net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets of $35.4 million, which consisted of the change in estimated fair value of our royalty right assets, primarily related to Depomed, Inc.;
  - Interest revenue from notes receivable financings to kaléo and CareView Communications of $6.1 million; and
  - Product revenues of $20.1 million, which consisted of $15.1 million from sales of Tekturna® and Tekturna HCT® in the United States, Rasilez® and Rasilez HCT® in the rest of the world (collectively, the Noden Products) and $5.0 million for sales and leasing of the LENSAR Laser System.
- Total revenues increased by 17 percent for the three months ended September 30, 2017, when compared to the same period in 2016.
  - Royalties from PDL's licensees to the Queen et al. patents were lower due to reduced sales of Tysabri that was manufactured prior to the patent expiry date;
  - The increase in royalty rights - change in fair value was primarily due to the current period increase in fair value of the Depomed, Inc. royalty asset by $22.0 million.
  - PDL received $26.3 million in net cash royalties from its royalty rights in the third quarter of 2017, compared to $15.3 million for the same period of 2016. The increase in cash royalties is mainly due to the launch of the authorized generic for Glumetza® sold by Valeant Pharmaceuticals International, Inc. (Valeant) subsidiary,

Oceanside Pharmaceuticals, Inc. PDL received royalties on the authorized generic equivalents under the same terms as the branded Glumetza.

- The decrease in interest revenues was primarily due to the early repayment of the Paradigm Spine, LLC note receivable investment.
- The increase in product revenues were derived from the sale and lease of the LENSAR Laser System, which PDL did not begin to recognize until May 11, 2017.

- Total revenues increased by 42 percent for the nine months ended September 30, 2017, when compared to the same period in 2016.
  - The decrease in royalties from PDL's licensees to the Queen et al. patents is due to the expiration of the patent license agreement with Genentech, Inc. and reduced royalties on Tysabri.
  - The increase in royalty rights - change in fair value was primarily due to the year-to-date increase in fair value of the Depomed, Inc. royalty asset by $144.3 million.
  - PDL received $74.4 million in net cash royalties from its royalty rights in the nine months ended September 30, 2017, compared to $47.2 million for the same period of 2016.
  - The decrease in interest revenues was primarily due to the early repayment of the Paradigm Spine, LLC note receivable investment and ceasing to recognize interest from the LENSAR note receivable.
  - Product revenue increased due to sales of the Noden Products, which PDL did not begin to recognize until the third quarter of 2016 and the sale and lease of the LENSAR Laser System, which PDL did not begin to recognize until May 11, 2017.
  - License and other revenue increased by $19.5 million primarily due to a $19.5 million payment from Merck as part of the previously announced settlement agreement to resolve the patent infringement lawsuits related to Keytruda®.

Operating Expense Highlights

- Operating expenses were $30.1 million for the three months ended September 30, 2017, compared to $21.0 million for the same period of 2016. The increase in operating expenses for the three months ended September 30, 2017, as compared to the same period in 2016, was primarily a result of the $5.6 million increase in costs of Noden and LENSAR product revenues, $5.0 million increase in Noden and LENSAR sales and marketing costs due to the increase in sales force headcount, and increase general and administrative expenses, partially offset by the $1.4 million decrease in amortization of the Novartis anniversary payment and contingent consideration.
- Operating expenses were $88.1 million for the nine months ended September 30, 2017, compared to $40.7 million for the same period of 2016. The increase in operating expenses for the nine months ended September 30, 2017, as compared to the same period in 2016, was primarily a result of the $12.6 million increase in costs of Noden and LENSAR product revenues, the $12.4 million increase in amortization of intangible assets, the $11.2 million increase in Noden and LENSAR sales and marketing costs due to a increase in sales force headcount, the $8.7 million increase general and administrative expenses related to the Noden and LENSAR businesses being acquired by PDL in the prior year, and $4.7 million increase in research and development, partially offset by the $3.5 million decrease in acquisition related expenses related to the Noden acquisition in 2016.

Recent Developments

- On October 27, 2017, PDL and Depomed, Inc. entered into a settlement agreement with Valeant Pharmaceuticals International, Inc. to resolve all matters addressed in the lawsuit filed by Depomed on September 7, 2017 relating to underpayment of royalties by Valeant. Under the terms of the Settlement Agreement, the litigation will be dismissed, with prejudice, and Valeant paid a one-time, lump-sum payment of $13.0 million, which will be transferred to PDL pursuant to the terms of the Depomed Royalty Agreement. The cash from the settlement agreement is expected to be received in Q4 2017 and has been reflected in the Depomed royalty rights asset discounted cashflow valuation as of September 30, 2017.
- On October 26, 2017, PDL submitted a proposal to acquire Neos Therapeutics, Inc. for $10.25 per share in cash, which represented a premium of 40 percent to the closing price of Neos shares on October 25, 2017 and a premium of 41 percent to Neos' share price prior to PDL's initial proposal on June 23, 2017. The acquisition of Neos is consistent with PDL's stated strategy for growth and is a logical next step in the execution of its strategic plan. In particular, the Company believes that this acquisition would create an attractive pediatric platform and foundation for future growth. Subsequently, Neos' Board of Directors rejected PDL's proposal and refuses to engage in a constructive dialogue with

PDL management on behalf of Neos' shareholders. PDL has a number of investment opportunities before it, of which Neos is only one. PDL's proposal remains outstanding through November 8, 2017. PDL will evaluate all of its options in the interim.

- On October 26, 2017, Biogen sent to PDL a notice of overpayment related to royalties on Tysabri on sales in the US, Spain, Italy and South Africa for $13.5 million through the period ending September 30, 2017. The notice states that the overpayment was the result of royalties being paid on product manufactured after the expiration of the Queen et al. patents. PDL received cash payments of $14.9 million during the third quarter of 2017. As a result of the receipt of this overpayment notice, royalty revenue from the Queen et al. patents was $1.4 million, in the third quarter of 2017, which was the net amount of $14.9 million cash received and the potential overpayment of $13.5 million. PDL recorded a refund liability for the potential overpayment amount of $13.5 million at September 30, 2017. Biogen indicated to us that royalty payment for Tysabri in the fourth quarter of 2017 will be $4.5 million leaving a net potential overpayment of $9.0 million. PDL is currently working with Biogen to resolve this issue.
- In October 2017, PDL received a royalty payment from Valeant in the amount of $6.9 million for royalties earned on sales of Glumetza for the month of September. The royalty payment included royalties related to the authorized generic version of Glumetza.
- On September 21, 2017, PDL entered into an agreement with a third-party purchaser, pursuant to which PDL sold its entire interest in the kaléo, Inc note. Pursuant to the agreement, the purchaser paid PDL an amount equal to 100% of the then outstanding principal plus a premium of 1% of the principal amount and accrued interest, for an aggregate cash purchase price of $141.7 million, subject to an 18-month escrow holdback of $1.4 million against certain potential contingencies.

Other Financial Highlights

- PDL had cash, cash equivalents, short-term investments and other investments of $516.5 million at September 30, 2017, compared to $242.1 million at December 31, 2016.
- Net cash provided by operating activities in the nine months ended September 30, 2017 was $58.1 million, compared with $86.1 million in the same period in 2016. The decrease was as a result of the fair value changes of PDL's royalty rights.
- PDL anticipates an estimated cash tax rate of 22% as the company begins to utilize available tax operating loss carry forwards and credits and expects an effective tax rate of approximately 41% in fiscal 2017, which is dependent on the mix and timing of income.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results at 4:30 p.m. Eastern Time today, November 11, 2017.

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 8794857. 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 8794857.

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.

We seek to provide a significant return for its shareholders by acquiring and managing a portfolio of companies, products, royalty agreements and debt facilities in the biotech, pharmaceutical and medical device industries. In 2012, PDL began providing alternative sources of capital through royalty monetizations and debt facilities, and in 2016, began acquiring commercial-stage products and launching specialized companies dedicated to the commercialization of these products. To date, PDL has consummated 17 such transactions, of which 9 are active and outstanding. PDL has one debt transaction outstanding, representing deployed and committed capital of $20.0 million: CareView; one hybrid royalty/debt transaction outstanding, representing deployed and committed capital of $44.0 million: Wellstat Diagnostics; and five royalty transactions outstanding, representing deployed and committed capital of $396.1 million and $397.1 million, respectively: KYBELLA®, AcelRx, University of Michigan, Viscogliosi Brothers and Depomed. Our equity and loan investments in Noden represent deployed and

committed capital of $179.0 million and $202.0 million, respectively, and its converted equity and loan investment in LENSAR represents deployed capital of $40 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, restrict or impede the ability of the Company to invest or acquire new products 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 1, 2017. 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 September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Revenues				
Royalties from Queen et al. patents	$ 1,443	$ 14,958	$ 31,884	$ 150,645
Royalty rights - change in fair value	35,353	16,085	132,224	(11,872)
Interest revenue	6,051	8,594	16,968	24,901
Product revenue, net	20,067	14,128	51,477	14,128
License and other	(165)	(127)	19,471	7
Total revenues	62,749	53,638	252,024	177,809
Operating Expenses				
Cost of product revenue (excluding intangible amortization)	5,565	—	12,632	—
Amortization of intangible assets	6,275	6,014	18,438	6,014
General and administrative expenses	11,989	10,396	35,853	27,193
Sales and marketing	4,994	11	11,194	11
Research and development	605	1,933	6,652	1,933
Change in fair value of anniversary payment and contingent consideration	700	2,083	3,349	2,083
Acquisition-related costs	—	546	—	3,505
Total operating expenses	30,128	20,983	88,118	40,739
Operating income	32,621	32,655	163,906	137,070
Non-operating expense, net				
Interest and other income, net	238	162	726	404
Interest expense	(5,096)	(4,513)	(15,082)	(13,524)
Gain (loss) on bargain purchase	(2,276)	—	3,995	—
Total non-operating expense, net	(7,134)	(4,351)	(10,361)	(13,120)
Income before income taxes	25,487	28,304	153,545	123,950
Income tax expense	4,755	14,400	65,180	50,011
Net income	20,732	13,904	88,365	73,939
Less: Net (loss)/income attributable to noncontrolling interests	—	(3)	(47)	(3)
Net income attributable to PDL's shareholders	$ 20,732	$ 13,907	$ 88,412	$ 73,942
Net income per share				
Basic	$ 0.14	$ 0.08	$ 0.56	$ 0.45
Diluted	$ 0.14	$ 0.08	$ 0.56	$ 0.45
Shares used to compute income per basic share	151,146	163,856	156,802	163,771
Shares used to compute income per diluted share	152,317	164,285	157,529	164,075
Cash dividends declared per common share	$ —	$ —	$ —	$ 0.10

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

	September 30, 2017	December 31, 2016
Cash, cash equivalents and short-term investments	$ 516,494	$ 242,141
Total notes receivable	$ 70,636	$ 270,950
Total royalty rights - at fair value	$ 351,969	$ 402,318
Total assets	$ 1,223,838	$ 1,215,387
Total convertible notes payable	$ 240,638	$ 232,443
Total stockholders' equity	$ 822,982	$ 755,423

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

	Nine Months Ended September 30,	
	2017	2016
Net income	$ 88,365	$ 73,939
Adjustments to reconcile net income to net cash provided by (used in) operating activities	(74,202)	22,682
Changes in assets and liabilities	43,900	(10,556)
Net cash provided by operating activities	$ 58,063	$ 86,065

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
GAAP net income attributed to PDL's shareholders as reported	$ 20,732	$ 13,907	$ 88,412	$ 73,942
Adjustments to Non-GAAP net income (as detailed below)	975	4,960	(14,730)	44,211
Non-GAAP net income attributed to PDL's shareholders	$ 21,707	$ 18,867	$ 73,682	$ 118,153

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
GAAP net income attributed to PDL's shareholders as reported	$ 20,732	$ 13,907	$ 88,412	$ 73,942
Adjustments:				
Mark-to-market adjustment to fair value assets	(9,011)	(754)	(57,820)	59,112
Non-cash interest revenues	(670)	(468)	(823)	(2,744)
Non-cash stock-based compensation expense	939	1,050	3,014	2,649
Non-cash debt offering costs	2,801	2,048	8,195	6,067
Mark-to-market adjustment on warrants held	165	128	29	875
Amortization of the intangible assets	6,275	6,014	18,438	6,014
Mark-to-market adjustment of anniversary payment and contingent consideration	700	2,083	3,349	2,083
Income tax effect related to above items	(224)	(5,141)	10,888	(29,845)
Total adjustments	975	4,960	(14,730)	44,211
Non-GAAP net income	$ 21,707	$ 18,867	$ 73,682	$ 118,153

Use of Non-GAAP Financial Measures

We supplement our consolidated financial statements presented on a GAAP basis by providing additional measures which may be considered "non-GAAP" financial measures under applicable SEC rules. We believe that the disclosure of these non-GAAP financial measures provides our investors with additional information that reflects the amounts and financial basis upon which our management assesses and operates our business. These non-GAAP financial measures are not in accordance with generally accepted accounting principles and should not be viewed in isolation or as a substitute for reported, or GAAP, net income, and diluted earnings per share, and are not a substitute for, or superior to, measures of financial performance performed in conformity with GAAP.

"Non-GAAP net income" is not based on any standardized methodology prescribed by GAAP and represent GAAP net income adjusted to exclude (1) mark-to market adjustments related to the fair value election for our investments in royalty rights presented in our earnings, which include the fair value re-measurement of future discounted cash flows for each of the royalty rights assets we have acquired, (2) non-cash interest revenue from notes receivable (3) stock-based compensation expense, (4) non-cash interest expense related to PDL debt offering costs, (5) mark-to market adjustments related to warrants held, (6) mark-to-market adjustment related to acquisition-related contingent considerations, (7) amortization of intangible assets, and to

adjust (7) the related tax effect of all reconciling items within our reconciliation of our GAAP to Non-GAAP net income. Non-GAAP financial measures used by PDL may be calculated differently from, and therefore may not be comparable to, non-GAAP measures used by other companies.

Exhibit 99.2

Third Quarter 2017
Financial Results Conference Call

November 2, 2017

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.

PDL™

Building Value Through Investments

- Focused on growth in order to continue value creation for shareholders.
- Strong financial position enables us to continue to seek high quality acquisition candidates. Pleased with caliber of investment opportunities.
  - Finished third quarter with over $500 million in cash.
  - Made public offer last week to acquire Neos Therapeutics.
- Have completed two significant equity transactions since summer of 2016—Noden Pharma and LENSAR.
- Built rich portfolio of income generating assets from which we are reaping the benefits—especially relating to royalties from Depomed asset.

PDL

Noden Background

- Noden Pharma
  - Platform upon which to build a specialty pharmaceutical company.
  - PDL now 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 US, and Rasilez® and Rasilez HCT®, as they are known in the rest of the world.
  - Domiciled in Ireland and has operating companies in US and EU.

PDL

Building Profitable Growth in US

- Reported revenues on the Noden products for Q317 of $15.1 million.
- In the process of turning the trajectory toward profitable growth.
- Noden products have not been adequately marketed for several years.
- Very capable sales team of 65 people now in place.
- Refining positioning of the products to focus on specific types of patients based on recent market research.

PDL

Messages from the Sales Team

- Hypertension is a generic market with a large unmet need but very little promotional activity. It is exactly the kind of market where a relatively small commercial team, promoting a product that addresses a significant part of that unmet need, can have an impact.
- Almost 1 out of 2 hypertensive patients are not at goal and the target for blood pressure is likely to go down for patients at risk.
- Close to 1 in 8 patients cannot tolerate ACE inhibitors or Angiotensin Receptor Blockers, or ARBs, so this represents a large cohort where Tekturna is uniquely positioned to be a drug of choice.
- Tekturna is an important therapy for the treatment of hypertension. Only approved Direct Renin Inhibitor offers hope to patients intolerant of or unresponsive to other treatments.

Maximizing Profitability– Ex US

- On track in transferring marketing authorizations for Rasilez to our country distributors and starting to book sales.
  - Expect the transfers to be complete in most markets by year end, with some Asian markets being completed in early 2018.
- Assessing each country on a case-by-base basis.
- Discontinued Rasilez in France where product wasn't profitable.
- Will evaluate team's proposals to resume promotion in other markets given potential ROI in those markets.

PDL

Dominique Monnet, President

- PDL appointed Dominique Monnet to position of president.
- Brought over 30 years international biotech/pharma business experience.
- Will work closely with Noden's leadership and on future PDL acquisitions.
- Believe his proven track record of achieving commercial success with other biotech/pharma companies will benefit our current products and enable further growth.

PDL

Neos Therapeutics

16 Royalty & Debt Investments

9 Current Deals

Royalty Transaction/ Senior Secured Financing
Wellstat Diagnostics, LLC
$44,000,000
November 2012

Royalty Acquisition
Depomed
$240,500,000
October 2013

Senior Secured Financing
LENSAR
$60,000,000
October 2013
Converted to equity in Q2 2017

Senior Secured Financing
DIRECT FLOW MEDICAL, INC.
$60,000,000
November 2013
Written down to ~$10 MM in 4Q16

Royalty Acquisition
VB Viscogliosi Bros., LLC
$15,500,000
June 2014

Royalty Acquisition
University of Michigan
$65,600,000
November 2014

Senior Secured Financing
CAREVIEW COMMUNICATIONS
$40,000,000
June 2015

Royalty Acquisition
AcelRx Pharmaceuticals, Inc.
$65,000,000
September 2015

Royalty Acquisition
kybella
$9,500,000
July 2016

7 Concluded Deals

Senior Secured Financing
DURATA THERAPEUTICS
$70,000,000
October 2013

Royalty Transaction/ Senior Secured Financing
AxoGen
$20,800,000
October 2012

Senior Secured Financing
MERUS LABS
$55,000,000
July 2012

Royalty Transaction/ Senior Secured Financing
AVINGER
$40,000,000
April 2013

Senior Secured Financing
PARADIGM SPINE
$75,000,000
February 2014

Royalty Acquisition
ARIAD
Up to $140,000,000
July 2015

Senior Secured Note Purchase
kaléo
$150,000,000
April 2014

Concluded deals have yielded an average IRR of 15.9%
Direct Flow Medical not considered concluded as we are still in process of monetizing assets

PDL

PDL Sells kaleo Asset

- Entered into agreement on September 21, 2017 with third party purchaser.
- Sold entire interest in kaleo note.
- The purchaser paid PDL an amount equal to 100% plus a premium of approximately 1% for the aggregate purchase price of $141.7 million.
  - This is subject to an 18-month escrow holdback of $1.4 million against certain potential contingencies.

PDL

Settlement with Valeant

- On October 27th, we and Depomed entered into a settlement agreement with Valeant Pharmaceuticals International, Inc.
- Agreement resolves all matters addressed in Depomed lawsuit of September 7, 2017 relating to underpayment of royalties by Valeant.
- Litigation is dismissed with prejudice, and Valeant paid a one-time, lump-sum payment of $13 million to be transferred to PDL.
- In addition, a $6.9 million royalty payment for Glumetza (including authorized generic form) for September sales was received in October.

PDL

Third Quarter 2017 Financials

(In thousands, except per share amounts) (unaudited)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2016	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2016
Royalties from Queen et al. patents	$ 1,443	$ 14,958	$ 31,884	$ 150,645
Royalty rights - change in fair value	35,353	16,085	132,224	(11,872)
Interest revenue	6,051	8,594	16,968	24,901
Product revenue, net	20,067	14,128	51,477	14,128
License and other	(165)	(127)	19,471	7
Total revenues	62,749	53,638	252,024	177,809
Cost of product revenue	5,565	-	12,632	-
Amortization of intangible assets	6,275	6,014	18,438	6,014
General and administrative expenses	11,989	10,396	35,853	27,193
Sales and marketing	4,994	11	11,194	11
Research and development	605	1,933	6,652	1,933
Change in fair value of anniversary payment and contingent consideration	700	2,083	3,349	2,083
Acquisition-related costs	-	546	-	3,505
Total operating expenses	30,128	20,983	88,118	40,739
Operating income	32,621	32,655	163,906	137,070
Interest and other income, net	238	162	726	404
Interest expense	(5,096)	(4,513)	(15,082)	(13,524)
Gain on bargain purchase	(2,276)	-	3,995	-
Income before income taxes	25,487	28,304	153,545	123,950
Income tax expense	4,755	14,400	65,180	50,011
Net income	20,732	13,904	88,365	73,939
Less: Net income/(loss) attributable to noncontrolling interests	-	(3)	(47)	(3)
Net income attributable to PDL's shareholders	$ 20,732	$ 13,907	$ 88,412	$ 73,942
Net income per share - Basic	$ 0.14	$ 0.08	$ 0.56	$ 0.45
Net income per share - Diluted	$ 0.14	$ 0.08	$ 0.56	$ 0.45

Third Quarter 2017 Financials

Condensed consolidated balance sheet (unaudited)	September 30, 2017	December 31, 2016
Cash, cash equivalents and investments	$ 516,494	$ 242,141
Total notes receivable	$ 70,636	$ 270,950
Total royalty rights - at fair value	$ 351,969	$ 402,318
Total assets	$ 1,223,838	$ 1,215,387
Convertible notes payable	$ 240,638	$ 232,443
Total stockholders's equity	$ 822,982	$ 755,423

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Question and Answer Session

PDL BioPharma, Inc.
Q3 2017
November 2, 2017

Following are some of the key points regarding PDL's third quarter 2017 financial and business results.

Highlighted Financial Results from Q3 2017

- Total revenues of $62.7 million and $252.0 million for the three and nine months ended September 30, 2017, respectively. An increase of 17% and 42%, respectively year on year.
- GAAP diluted EPS of $0.14 and $0.56 for the three and nine months ended September 30, 2017, respectively.
- Third quarter GAAP EPS Increased 75%.
- GAAP net income attributable to PDL's shareholders of $20.7 million and $88.4 million for the three and nine months ended September 30, 2017, respectively.
- Non-GAAP net income attributable to PDL's shareholders of $21.7 million and $73.7 million for the three and nine months ended September 30, 2017. A full reconciliation of all components of the GAAP to non-GAAP financial results can be found in Table 4 at the end of the release.

PDL Proposes to Acquire Neos Therapeutics

- On October 26, 2017, PDL submitted a proposal to acquire Neos Therapeutics, Inc. for $10.25 per share in cash, which represented a premium of 40 percent to the closing price of Neos shares on October 25, 2017 and a premium of 41 percent to Neos' share price prior to PDL's initial proposal on June 23, 2017. The acquisition of Neos is consistent with PDL's stated strategy for growth and is a logical next step in the execution of its strategic plan. In particular, the Company believes that this acquisition would create an attractive pediatric platform and foundation for future growth. Subsequently, Neos' Board of Directors rejected PDL's proposal and has refused to engage in a constructive dialogue with PDL management on behalf of Neos' shareholders. PDL has a number of investment opportunities before it, of which Neos is only one. PDL's proposal remains outstanding through November 8, 2017. PDL will evaluate all of its options in the interim.

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

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

- Continue to receive royalties on Tysabri from Biogen with respect to sales of the licensed product manufactured prior to patent expiry in jurisdictions providing patent protection licenses.
- During our Q3 close period, Biogen sent PDL a notice of overpayment related to royalties on Tysabri sales of $13.5 million through the period ending September 30, 2017. The notice stated that the overpayment was the result of royalties being paid on product manufactured after the expiration of the Queen et al. patents. We had received cash payments of $14.9 million earlier during the third quarter of 2017. The $1.4 million we recognized was the net amount of $14.9 million cash received and the potential overpayment of $13.5 million.
- Biogen informed PDL that the Q4 2017 royalties will be $4.5 million leaving a net potential overpayment of $9.0 million. PDL is currently working with Biogen to resolve this issue, however based upon preliminary discussions with Biogen, they do not expect further royalties in the US, and should expect a further reduction in royalties in other countries as product inventory manufactured prior to expiration of the Queen patents is depleted.

Noden Pharma

- Noden US is commercializing Tekturna® and Tekturna HCT® in the United States and Noden Pharma DAC, an Irish based company, is assuming commercialization responsibilities for Rasilez® and Rasilez HCT® in the rest of the world, starting in the second half of 2017. The products are indicated for the treatment of hypertension.
- PDL repurchased its non-controlling interest in Noden and now owns 100% of Noden and continues to hold three of five board seats.
- Noden and PDL are evaluating additional specialty pharma products in the form of optimized, established medicines, to acquire for Noden.

- Noden net revenue for the quarter ended September 30, 2017 was $15.1 million, with $11.5 million in US revenue and $3.6 million in the rest of world.
  - Gross margins on the US revenue in the third quarter were 83.9 percent.
  - The $3.6 million of revenue for the ex-U.S. is net of cost of goods and a fee to Novartis through its transition services agreement and will continue until marketing authorizations have been transferred.
- Novartis and Noden Pharma DAC are working to transfer the marketing authorizations from Novartis companies to Noden Pharma DAC or to deregister the products.
  - These transfers are on track in most markets to transfer by the end of the year, as previously announced, and in 2018 for some markets in Asia, in particular.
  - We are looking at each country on a case-by-case basis, which for example, led us to discontinue selling Rasilez in France, where the product was not profitable. This will have a negative impact on revenue but a positive one on profitability and return on our investment.

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 December 31, 2016 and with changes to September 30, 2017 as reflected in our Balance Sheet:

(in thousands)	Fair Value as of December 31, 2016	Change of Ownership	Royalty Rights - Change in Fair Value	Fair Value as of September 30, 2017
Depomed	$ 164,070	$ —	$ 58,625	$ 222,695
VB	14,997	—	440	15,437
U-M	35,386	—	63	35,449
ARIAD	108,631	(108,169)	(462)	—
AcelRx	67,483	—	6,582	74,065
Avinger	1,638	—	(777)	861
KYBELLA	10,113	—	(6,651)	3,462
	$ 402,318	$ (108,169)	$ 57,820	$ 351,969

The following table provides a summary of activity with respect to our royalty rights - change in fair value for the year ended September 30, 2017:

	Cash Royalties	Change in Fair Value	Royalty Rights - Change in Fair Value
Depomed	$ 66,465	$ 58,625	$ 125,090
VB	1,005	440	1,445
U-M	2,717	63	2,780
ARIAD	3,081	(462)	2,619
AcelRx	88	6,582	6,670
Avinger	915	(777)	138
KYBELLA	133	(6,651)	(6,518)
	$ 74,404	$ 57,820	$ 132,224

Updates on Royalty Rights Assets

Depomed, Inc.

- To date (through September 30, 2017), we have received cash royalty payments of $277.8 million of the $240.5 million investment.
- Glumetza (and authorized generic version) royalty: 50% of net sales less COGS continues so long as the products are being commercialized.

- On October 27, 2017, PDL and Depomed, Inc. entered into a settlement agreement with Valeant Pharmaceuticals International, Inc. to resolve all matters addressed in the lawsuit filed by Depomed on September 7, 2017 relating to underpayment of royalties by Valeant. Under the terms of the Settlement Agreement, the litigation will be dismissed, with prejudice, and Valeant paid a one-time, lump-sum payment of $13.0 million, which will be transferred to PDL pursuant to the terms of the Depomed Royalty Agreement. The cash from the settlement agreement is expected to be received in Q4 2017 and has been reflected in the Depomed royalty rights asset discounted cashflow valuation as of September 30, 2017.
- In October 2017, PDL received a royalty payment from Valeant in the amount of $6.9 million for royalties earned on sales of Glumetza for the month of September. The royalty payment included royalties related to the authorized generic version of Glumetza.
- Recent product approvals, Jentadueto XR, Invokamet XR and Synjardy XR have yielded $17 million in milestones in 2016 and started generating royalties to PDL.
- 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.

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:

	September 30, 2017			December 31, 2016		
	Carrying Value	**Fair Value Level 2**	**Fair Value Level 3**	**Carrying Value**	**Fair Value Level 2**	**Fair Value Level 3**
(In thousands)						
Assets:						
Wellstat Diagnostics note receivable	$ 50,191	$ —	$ 52,288	$ 50,191	$ —	$ 52,260
Hyperion note receivable	1,200	—	1,200	1,200	—	1,200
LENSAR note receivable	—	—	—	43,909	—	43,900
Direct Flow Medical note receivable	—	—	—	10,000	—	10,000
kaléo note receivable	—	—	—	146,685	—	142,539
CareView note receivable	19,245	—	19,900	18,965	—	19,200
Total	$ 70,636	$ —	$ 73,388	$ 270,950	$ —	$ 269,099

Updates on Notes Receivable

Wellstat Diagnostics, LLC

- In NY court action commenced by PDL to collect from related entities who are guarantors of the loan, the judge ruled in favor of PDL. On appeal, the appellate division of the NY court reversed on procedural grounds the portion of the decision granting PDL summary judgment, remanding the case to the trial division for a plenary action. The action is currently before the NY trial court and in the pre-trial phase. The parties will have the opportunity to conduct discovery and file dispositive motions prior to trial. No trial date has been set yet.
- In September 2017, Wellstat Therapeutics, one of the Wellstat Guarantors, obtained a decision against BTG International, Inc. in a breach of contract case which set the damages at $55.8MM plus interest and fees. While Wellstat Therapeutics will only receive the award in a final court decision or settlement between the parties, and BTG may appeal the decision, PDL nonetheless in late October filed with the NY Court a request for a pre-judgment attachment of those funds, should Wellstat Therapeutics find itself in possession of the funds.

Direct Flow Medical, Inc.

- PDL initiated foreclosure proceedings in January 2017 which resulted in obtaining ownership of certain of the DFM assets through a wholly-owned subsidiary, DFM, LLC.
- PDL wrote off $51.1 million of assets against ordinary income in Q4 2016.
- YTD 2017, PDL monetized $8.2 million of those assets. PDL is in the process of monetizing the ex-China assets of DFM, LLC. The amount of which recovery, if any, is unknown at this time.

- As of September 30, 2017 remaining foreclosed assets are recorded as assets held for sale with a carrying value of $1.8 million.

kaleo, Inc.

- On September 21, 2017, PDL entered into an agreement with a third-party purchaser, pursuant to which the Company sold its entire interest in the kaléo, Inc. note. Pursuant to the agreement, the purchaser paid PDL an amount equal to 100% of the then outstanding principal plus a premium of 1% of such amount and accrued interest under the Notes, for an aggregate cash purchase price of $141.7 million, subject to an 18-month escrow holdback of $1.4 million against certain potential contingencies.

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 quarterly reports filed with the Securities and Exchange Commission, as updated by subsequent filings. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward looking statement except as required by law.

Queen et al. Royalties

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

Tysabri	Q1	Q2	Q3	Q4	Total
2017	14,156	16,284	1,443	—	31,883
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
2017	471,877	398,382	194,563	—	1,064,822
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.