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 28, 2011

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 February 28, 2011, PDL BioPharma, Inc. (the "Company") issued a press release announcing the financial results for the fourth quarter and year ended December 31, 2010. A copy of this earnings release is attached as Exhibit 99.1 hereto. The Company will host an earnings call and webcast on February 28, 2011, during which the Company will discuss its financial results for the fourth quarter and year ended December 31, 2010.

Item 7.01 Regulation FD Disclosure.

On February 28, 2011, the Company distributed to analysts covering the Company's securities a summary of certain information regarding the Company's resolution of challenges against the Queen et al. patents, 2011 dividends, non-GAAP earnings per share, capital restructuring activities and licensed product development and regulatory updates (the "Information Sheet") to assist those analysts in valuing the Company's securities. A copy of the Information Sheet is attached hereto as Exhibit 99.2.

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.

Cautionary Statements

This filing includes "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 2009 Annual Report on Form 10-K and other periodic 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.

Exhibit No.	Description
99.1	Press Release, dated February 28, 2011
99.2	Information Sheet, dated February 28, 2011

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/ Christine R. Larson
Christine R. Larson
Vice President and Chief Financial Officer

Dated: February 28, 2011

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated February 28, 2011
99.2	Information Sheet, dated February 28, 2011

Contacts:
Cris Larson
PDL BioPharma, Inc.
775-832-8505
Cris.Larson@pdl.com

Jennifer Williams
Cook Williams Communications
360-668-3701
jennifer@cwcomm.org

PDL BioPharma Announces Fourth Quarter and Full Year 2010 Financial Results

INCLINE VILLAGE, NV, February 28, 2011 – PDL BioPharma, Inc. (PDL) (NASDAQ: PDLI) today reported financial results for the fourth quarter and full year ended December 31, 2010.

Total revenues in 2010 were $345.0 million, compared to $318.2 million in 2009. Excluding 2009 royalty revenues for sales of Synagis® received from MedImmune, royalty revenues for 2010 increased 30 percent over 2009. For the fourth quarter of 2010, total revenues were $76.1 million, compared to $58.3 million in the fourth quarter of 2009.

Royalty revenues for the fourth quarter of 2010 are based on third quarter product sales by PDL's licensees. Revenue growth for the fourth quarter of 2010 over the same period in 2009 was primarily driven by increased third quarter 2010 sales by the Company's licensees of Avastin® and Herceptin®, which are marketed by Genentech and Roche; Lucentis®, which is marketed by Genentech and Novartis; and Tysabri®, which is marketed by Elan and Biogen Idec. PDL received royalties for these product sales in the fourth quarter of 2010.

Operating expenses in 2010 were $133.9 million, compared with $21.1 million in 2009. Included in operating expenses in 2010 is a $92.5 million legal settlement with MedImmune and $41.4 million general and administrative expenses. For the fourth quarter of 2010, general and administrative expenses were $12.1 million compared with $5.5 million for the same period of 2009. Significant expense items included in general and administrative expenses in 2010 were legal fees of $29.3 million, compensation and benefits of $4.1 million and professional services fees of $2.9 million. Legal fees include costs associated with the Company's litigation with MedImmune and Genentech, preparation for the hearing with the European Patent Office (EPO) and the interference proceedings with the U.S. Patent and Trademark Office. Excluding the Genentech matter, the other matters have been concluded as of the date of this press release. Professional services fees include fees for the Company's ongoing global royalty audits of its licensees, tax consultation and the preparation of long-term sales and royalty forecasts by outside consultants.

Net income in 2010 was $91.9 million, or $0.54 per diluted share as compared with net income of $189.7 million in 2009 or $1.07 per diluted share. Net loss for the fourth quarter of 2010 was $24.5 million or $0.18 per diluted share as compared with net income of $28.6 million or $0.17 per diluted share for the same period of 2009. Adjusting for the legal settlement with MedImmune and the effects of certain convertible note transactions throughout the year, non-GAAP net income was $173.5 million or $0.97 per diluted share in 2010 as compared with $195.8 million or $1.06 per diluted share in 2009. Non-GAAP net income for the fourth quarter of 2010 was $36.1 million or $0.20 per diluted share as compared with non-GAAP net income of $30.2 million or $0.17 per diluted share for the same period of 2009.

Net cash provided by operating activities in 2010 was $184.3 million, compared with $187.0 million in 2009. At December 31, 2010, PDL had cash, cash equivalents and investments of $248.2 million, compared with $303.2 million at December 31, 2009.

RECENT DEVELOPMENTS

2011 Dividends
On February 25, 2011, PDL's board of directors adopted a regular, quarterly dividend policy and declared that the quarterly dividends to be paid to its stockholders in 2011 will be $0.15 per share of common stock and payable on March 15, June 15, September 15 and December 15 of 2011 to stockholders of record on March 8, June 8, September 8 and December 8 of 2011, the Record Dates for each of the dividend payments, respectively. PDL's board of directors will evaluate the Company's dividend policy for subsequent years based on net income, debt service, income taxes and other corporate activities.

Settlement with MedImmune
As previously announced, PDL entered into a settlement agreement with MedImmune resolving all legal disputes between the companies, including those relating to MedImmune's product Synagis, and PDL's patents known as the Queen et al. patents. Under the settlement agreement, PDL paid MedImmune $65.0 million on February 15, 2011 and will pay an additional $27.5 million by February 10, 2012, for a total of $92.5 million. No further payments will be owed by MedImmune to PDL under its license to the Queen et al. patents as a result of past or future Synagis sales and MedImmune agreed to cease any support, financial or otherwise, of any party involved in the appeal proceeding before the EPO relating to the opposition against PDL's European Patent No. 0 451 216B (the '216B Patent) including the opposition owned by BioTransplant Incorporated (BioTransplant).

Settlement with UCB
Also in February 2011, PDL reached a settlement agreement with UCB Pharma S.A. (UCB) that resolves all legal disputes between the companies. Under the agreement, PDL provided UCB a covenant not to sue UCB for any royalties regarding UCB's Cimzia® product under the Queen et al. patents in return for a lump sum payment of $10 million, to be recognized as revenue in the first quarter of 2011. In addition, UCB agreed to terminate pending patent interference proceedings before the U.S. Patent and Trademark office (PTO) involving PDL's U.S. Patent No. 5,585,089 patent (the '089 Patent) and the '370 Patent in PDL's favor. UCB also agreed to formally withdraw its opposition appeal challenging the validity of the '216B.

Settlement with Novartis
On February 25, 2011, PDL reached a settlement with Novartis. Under the settlement agreement, PDL agreed to dismiss its claims against Novartis in its action in Nevada state court which also includes Genentech, Inc. (Genentech) and F. Hoffman LaRoche Ltd (Roche). Novartis agreed to withdraw its opposition appeal in the EPO challenging the validity of the '216B Patent. The settlement does not affect PDL's claims against Genentech and Roche in the Nevada state court action. Under the settlement agreement with Novartis, PDL will pay Novartis an amount based on net sales of Lucentis during calendar year 2011 and beyond. The Company does not currently expect such amount to materially impact our total annual revenues.

Acquisition of BioTransplant
On February 8, 2011, the United States Bankruptcy Court for the District of Massachusetts issued an order approving the acquisition of BioTransplant by PDL's wholly owned subsidiary, BTI Acquisitions I, Inc. for $415,000. In February 2011, PDL instructed BioTransplant's representative before the EPO to formally withdraw its opposition appeal challenging the validity of the '216B Patent. PDL believes that BioTransplant's activities before the EPO, including payment of counsel fees, were financially supported by MedImmune. By virtue of PDL's acquisition of BioTransplant and settlement of all of disputes with MedImmune, including their financial support of BioTransplant's appeal in the opposition proceeding, PDL was able to ensure that BioTransplant's opposition and appeal would be withdrawn in accordance with the governing rules of practice before the EPO.

Termination of European Opposition to '216B Patent

Pursuant to PDL's settlements with UCB, MedImmune and Novartis, and as a result of PDL's acquisition of BioTransplant and subsequent withdrawal of BioTransplant's appeal, all of the active appellants in the EPO opposition have formally withdrawn their participation in the appeal proceeding. Accordingly, the EPO has cancelled the appeal proceeding and terminated the opposition proceeding in its entirety, with the result that the 2007 EPO decision upholds the claims of PDL's '216B Patent as valid, which will become the final decision of the EPO. In the year ended December 31, 2010, approximately 35 percent of PDL's revenues were derived from sales of products that were made in Europe and sold outside of the United States.

Convertible Notes

In November 2010, PDL exchanged $92.0 million in aggregate principal of the 2012 Notes in separate, privately negotiated exchange transactions with the note holders. Pursuant to the exchange transactions, the note holders received $92.0 million in aggregate principal of new 2.875% Convertible Senior Notes due February 15, 2015 (the 2015 Notes). As part of the transaction, the Company also placed an additional $88.0 million in aggregate principal of the 2015 Notes.

In December 2010, PDL repurchased $2.5 million of 2012 Notes in the open market at a discount of 0.5% to face value in a privately negotiated transaction with an institutional holder, for an aggregate cost of $2.5 million in cash, plus accrued but unpaid interest. Following these transactions, $133.5 million of the 2012 Notes and $180 million of the 2015 Notes remain outstanding at December 31, 2010. The conversion rate for the 2015 Notes is 140.571 shares of common stock per $1,000 principal amount of the 2015 Notes or $7.11 per share of common stock.

The following table summarizes PDL's debt outstanding at December 31, 2010 and December 31, 2009.

	Debt Outstanding (In millions)	
	12/31/2010	12/31/2009
2.75% Convertible Debt Put Option - August 2010	$ -	$ 200
2.00% Convertible Debt Maturity - February 2012	133	228
10.25% Non-recourse Note Expected Maturity - September 2012	204	300
2.875% Convertible Debt Maturity - February 2015	180	-
Total Debt	$ 517	$ 728

Revenue Guidance for 2011

As previously announced, PDL will continue to provide revenue guidance for each quarter in the third month of that quarter. First quarter 2011 revenue guidance will be provided in early March.

Conference Call Details

PDL will hold a conference call to discuss financial results at 4:30 p.m. ET today, February 28, 2011.

To access the live conference call via phone, please dial (800) 260-8140 from the United States and Canada or (617) 614-3672 internationally. The conference ID is 90571277. 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 March 7, 2011, and may be accessed by dialing (888) 286-8010 from the United States and Canada or (617) 801-6888 internationally. The replay passcode is 84230593.

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 "Company Presentations & Events." 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
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. PDL is focused on maximizing the value of its antibody humanization patents and related assets. The Company receives royalties on sales of a number of humanized antibody products marketed by leading pharmaceutical and biotechnology companies today based on patents which expire in late 2014. For more information, please visit www.pdl.com.

Non-GAAP Financial Information
The Company has presented certain financial information in conformance with generally accepted accounting principles in the U.S. (GAAP) and also on a non-GAAP basis for the three months and years ended December 31, 2010 and 2009. Management believes that this non-GAAP information is useful for investors taken in conjunction with the Company's GAAP financial statements. Non-GAAP financial information is not prepared under a comprehensive set of accounting rules and should only be used to supplement an understanding of the Company's net income as reported under GAAP. A reconciliation between GAAP and non-GAAP financial information is provided in the table on page 6.

Forward-Looking Statements
This press release contains forward-looking statements. 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 relative mix of royalty-bearing Genentech products manufactured and sold outside the U.S. versus manufactured or sold in the U.S.;
- The ability of our licensees to receive regulatory approvals to market and launch new royalty-bearing products and whether such products, if launched, will be commercially successful;
- Changes in any of the other assumptions on which PDL's projected royalty revenues are based;
- The outcome of pending litigation or disputes;
- The change in foreign currency exchange rate; 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 press release are discussed in PDL's filings with the SEC, including the "Risk Factors" section 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 press release are qualified in their entirety by this cautionary statement.

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

	Quarter Ended December 31,		Year Ended December 31,	
	2010	**2009**	**2010**	**2009**
Revenues				
Royalties	$ 74,629	$ 57,902	$ 343,475	$ 305,049
License and other	1,500	350	1,500	13,135
Total revenues	76,129	58,252	344,975	318,184
Operating expenses:				
General and administrative	12,056	5,526	41,396	21,064
Legal settlement	92,500	-	92,500	-
Total operating expenses	104,556	5,526	133,896	21,064
Operating income (loss)	(28,427)	52,726	211,079	297,120
Gain (loss) on retirement or conversion of convertible notes	1,033	-	(17,648)	1,518
Interest and other income, net	131	144	468	1,004
Interest expense	(9,514)	(9,321)	(43,529)	(19,357)
Income before income taxes	(36,777)	43,549	150,370	280,285
Income tax expense (benefit)	(12,317)	14,989	58,496	90,625
Net income (loss)	$ (24,460)	$ 28,560	$ 91,874	$ 189,660
Net income (loss) per basic share	$ (0.18)	$ 0.24	$ 0.73	$ 1.59
Net income (loss) per diluted share	$ (0.18)	$ 0.17	$ 0.54	$ 1.07
Cash dividends declared per common share	$ -	$ 1.67	$ 1.00	$ 2.67
Shares used to compute income (loss) per basic share	139,542	119,509	126,578	119,402
Shares used to compute income (loss) per diluted share	139,542	179,739	178,801	184,400

PDL BIOPHARMA, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION
(Unaudited)
(In thousands, except per share amounts)

	Quarter Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Net income (loss)	$ (24,460)	$ 28,560	$ 91,874	$ 189,660
Add back legal settlement expense	92,500	-	92,500	-
Deduct income tax benefit on legal settlement expense	(32,375)	-	(32,375)	-
Add back loss (gain) on retirement or conversion of convertible notes	(1,033)	-	17,648	(1,518)
Deduct income tax expense (benefit) on retirement or conversion of convertible notes	373	-	(1,217)	531
Non-GAAP net income	35,005	28,560	168,430	188,673
Add back interest expense for convertible notes, net of estimated taxes	1,105	1,635	5,087	7,079
Non-GAAP net income used to compute non-GAAP net income per diluted share	$ 36,110	$ 30,195	$ 173,517	$ 195,752
Non-GAAP net income per diluted share	$ 0.20	$ 0.17	$ 0.97	$ 1.06
Shares used to compute net income (loss) per diluted share	139,542	179,739	178,801	184,400
Delete shares issued to induce note conversion to common stock [1]	-	-	(73)	-
Effect of dilutive stock options[2]	12	-	-	-
Restricted stock outstanding[2]	115	-	-	-
Assumed conversion of 2012 Notes[2]	23,399	-	-	-
Assumed conversion of 2015 Notes[2]	16,777	-	-	-
Shares used to compute non-GAAP net income per diluted share	179,845	179,739	178,728	184,400

(1) Shares for the year ended December 31, 2010 exclude the weighted average effect of the shares issued as an incentive to induce conversion of the 2023 Notes in August 2010.

(2) Shares for the quarter ended December 31, 2010 include the dilutive effect of stock options, restricted stock outstanding, assumed conversion of 2012 Notes and assumed conversion of 2015 Notes that were excluded from GAAP net loss per diluted share due to their anti-dilutive effect.

PDL BIOPHARMA, INC.
OPERATING EXPENSE DATA
(Unaudited)
(In thousands)

	Quarter Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Operating expenses:				
General and administrative				
Compensation and benefits	$ 1,103	$ 967	$ 4,065	$ 3,355
Legal fees	8,494	3,454	29,315	10,869
Professional services	325	241	2,943	2,374
Insurance	185	238	793	992
Stock-based compensation	138	203	662	821
Depreciation	14	34	91	991
Other	1,797	389	3,527	1,662
Total general and administrative	12,056	5,526	41,396	21,064
Legal settlement	92,500	-	92,500	-
Total operating expenses	$ 104,556	$ 5,526	$ 133,896	$ 21,064

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

	December 31, 2010	December 31, 2009
Cash, cash equivalents and investments	$ 248,229	$ 303,227
Total assets	$ 316,666	$ 338,411
Convertible notes payable	$ 310,428	$ 427,998
Non-recourse notes payable	$ 204,270	$ 300,000
Total stockholders' deficit	$ (324,182)	$ (415,953)

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

	Year Ended December 31,	
	2010	2009
Net income	$ 91,874	$ 189,660
Adjustments to reconcile net income to net cash provided by operating activities	21,777	7,481
Changes in assets and liabilities	70,649	(10,187)
Net cash provided by operating activities	$ 184,300	$ 186,954

PDL BIOPHARMA, INC.
MIX OF EX-U.S.-BASED SALES AND EX-U.S.-BASED MANUFACTURING AND SALES OF GENENTECH PRODUCTS
(Unaudited)

	Quarter Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Avastin				
% Ex-U.S.-based Sales	51%	47%	50%	46%
% Ex-U.S.-based-Manufacturing and Sales	26%	-	21%	-
Herceptin				
% Ex-U.S.-based-Sales	70%	70%	70%	70%
% Ex-U.S.-based Manufacturing and Sales	40%	22%	44%	29%
Lucentis				
% Ex-U.S.-based Sales	55%	57%	56%	53%
% Ex-U.S.-based Manufacturing and Sales	-	-	-	-
Xolair				
% Ex-U.S.-based Sales	35%	31%	35%	29%
% Ex-U.S.-based Manufacturing and Sales	35%	31%	35%	29%

PDL BioPharma, Inc.
Q4-2010
February 28, 2011

The following document was compiled from public documents for your convenience. This document, together with the press release issued today, provides information regarding PDL related to its fourth quarter 2010 financial and business results.

Resolution of Challenges against the Queen et al. Patents in the United States and Europe

Settlement with MedImmune

In February we announced that we had entered into a definitive settlement agreement with MedImmune resolving all legal disputes between the companies, including those relating to MedImmune's product Synagis®, and PDL's Queen et al. patents. Under the settlement agreement, PDL paid MedImmune $65.0 million on February 15, 2011 and will pay an additional $27.5 million by February 10, 2012 for a total of $92.5 million.

Settlement with UCB

In February 2011, we announced that we had reached a settlement agreement with UCB that resolves all legal disputes between the companies for a lump sum payment of $10 million to us. Under the agreement, PDL agreed not to sue UCB for any royalties regarding UCB's Cimzia® product and UCB agreed to terminate pending patent interference proceedings before the U.S. Patent and Trademark office as well as their appeal in the European Patent Office (EPO).

Settlement with Novartis

Earlier today, we announced that we had reached a settlement with Novartis. Under the settlement agreement, we agreed to dismiss our claims against Novartis in our action in Nevada state court and Novartis agreed to withdraw its opposition appeal in the EPO. The settlement does not affect PDL's claims against Genentech and Roche in the Nevada state court action. Under the settlement agreement with Novartis, PDL will pay Novartis an amount based on net sales of Lucentis during calendar year 2011 and beyond.

Acquisition of BioTransplant

In February 2011, we acquired BioTransplant, a bankrupt company, from the United States Bankruptcy Court for the District of Massachusetts. We then instructed BioTransplant's representative before the EPO to formally withdraw its opposition appeal in the EPO. We believe that BioTransplant's activities before the EPO, including payment of counsel fees, were financially supported by MedImmune.

Termination of European Opposition to '216B Patent

Pursuant to PDL's settlements with UCB, MedImmune and Novartis, and as a result of PDL's acquisition of BioTransplant and subsequent withdrawal of BioTransplant's appeal, all of the active appellants in the EPO opposition have formally withdrawn their participation in the appeal proceeding. Accordingly, the EPO has cancelled the appeal proceeding and terminated the opposition proceeding in its entirety. The effect of the termination of the opposition appeal proceeding is that the 2007 EPO decision upholding the claims of PDL's '216B Patent as valid will become the final decision of the EPO. In the year ending December 31, 2010, approximately 35 percent of PDL's revenues were derived from sales of products that were made in Europe and sold outside of the United States.

Annual Legal Expenses

As a result of our recent settlements with MedImmune, UCB and Novartis as well as our acquisition of BioTransplant and termination of the opposition hearing in the EPO, we anticipate that legal expenses will be substantially reduced in future periods. For the year ended December 31, 2010, our total legal fees of $29.3 million represented 71% of total general and administrative expenses. These matters represented approximately 90% of our legal fees in 2010.

2011 Dividends

Earlier today, we also announced that our board of directors has adopted a regular dividend policy for 2011 and beyond and declared that the four quarterly dividends to be paid to our stockholders in 2011 will be $0.15 per share of common stock. The $0.15 dividends will be paid on March 15, June 15, September 15 and December 15 to all stockholders who own shares of PDL on March 8, June 8, September 8, and December 8, the Record Dates for each of the dividend payments, respectively. We made the change to quarterly dividends in response to requests from our stockholders.

Non-GAAP Earnings per Share

We believe that the information given below, on a non-GAAP basis, provides information that is useful for investors when taken in conjunction with the Company's GAAP financial statements. The effect of the non-GAAP adjustments to earnings per share increases net income per diluted share from $0.54 to $0.97 for the year ended December 31, 2010 and decreases net income per diluted share from $1.07 to $1.06 for the year ended December 31, 2009. The adjustments comprise our $92.5 million settlement with MedImmune described above as well as certain gains and losses associated the following capital restructuring activities in 2010 and 2009:

- During the year ended December 31, 2010 we exchanged an aggregate of $61.6 million face value of the 2023 Notes in privately negotiated transactions with institutional holders and we repurchased at market prices an aggregate $84.2 million face value of the 2023 Notes. Also in 2010, the company exchanged $92.0 million in aggregate principal of the 2012 Notes for 2015 Notes. In the aggregate, these transactions resulted in a charge to non-operating expense of $17.6 million or $16.4 million net of tax.

- During the year ended December 31, 2009, we repurchased at market prices $22.0 million face value of the 2012 Notes and we repurchased at market prices $50.0 million face value of the 2023 Notes. In the aggregate, these transactions resulted in a gain of $1.5 million or $0.9 million net of tax.

Excluding the MedImmune settlement and the convertible note transactions described above, non-GAAP net income per diluted share was:

PDL BIOPHARMA, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL INFORMATION
(Unaudited)
(In thousands, except per share amounts)

	Quarter Ended December 31,		Year Ended December 31,	
	2010	2009	2010	2009
Net income (loss)	$ (24,460)	$ 28,560	$ 91,874	$ 189,660
Add back legal settlement expense	92,500	-	92,500	-
Deduct income tax benefit on legal settlement expense	(32,375)	-	(32,375)	-
Add back loss (gain) on retirement or conversion of convertible notes	(1,033)	-	17,648	(1,518)
Deduct income tax expense (benefit) on retirement or conversion of convertible notes	373	-	(1,217)	531
Non-GAAP net income	35,005	28,560	168,430	188,673
Add back interest expense for convertible notes, net of estimated taxes	1,105	1,635	5,087	7,079
Non-GAAP net income used to compute non-GAAP net income per diluted share	$ 36,110	$ 30,195	$ 173,517	$ 195,752
Non-GAAP net income per diluted share	$ 0.20	$ 0.17	$ 0.97	$ 1.06
Shares used to compute net income (loss) per diluted share	139,542	179,739	178,801	184,400
Delete shares issued to induce note conversion to common stock [1]	-	-	(73)	-
Effect of dilutive stock options[2]	12	-	-	-
Restricted stock outstanding[2]	115	-	-	-
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Assumed conversion of 2015 Notes[2]	16,777	-	-	-
Shares used to compute non-GAAP net income per diluted share	179,845	179,739	178,728	184,400

(1) Shares for the year ended December 31, 2010 exclude the weighted average effect of the shares issued as an incentive to induce conversion of the 2023 Notes in August 2010.

(2) Shares for the quarter ended December 31, 2010 include the dilutive effect of stock options, restricted stock outstanding, assumed conversion of 2012 Notes and assumed conversion of 2015 Notes that were excluded from GAAP net loss per diluted share due to their anti-dilutive effect.

Capital Restructuring Activities

As noted above, we have actively been working to restructure the Company's capital and reduce dilution associated with our convertible notes. The following summarizes the Company's debt outstanding at December 31, 2010 and at December 31, 2009.

	Debt Outstanding (In millions)	
	12/31/2010	12/31/2009
2.75% Convertible Debt Put Option - August 2010	$ -	$ 200
2.00% Convertible Debt Maturity - February 2012	133	228
10.25% Non-recourse Note Expected Maturity - September 2012	204	300
2.875% Convertible Debt Maturity - February 2015	180	-
Total Debt	$ 517	$ 728

Licensed Product Development and Regulatory Updates

ACTEMRA®: On January 5, 2011, Genentech announced that the Food and Drug Administration (FDA) extended the Actemra label to include inhibition and slowing of structural joint damage, improvement of physical function, and achievement of major clinical response in adult patients with moderately to severely active rheumatoid arthritis (RA), when given methotrexate.

AVASTIN®: There were a number of recent events regarding Avastin:

- In December 2010, the FDA notified Roche/Genentech of its intent to withdraw Avastin's approval as a first line treatment for HER2-breast cancer in combination with paclitaxel. In response, Roche /Genentech submitted a request to FDA for a hearing on the matter and were subsequently granted a hearing date for June 28 and 29, 2011. In addition, FDA provided a complete response letter rejecting Roche/Genentech's application for approval for Avastin for second line treatment of HER2-positive breast cancer.

- Also in December 2010, European Medicines Agency narrowed, but did not withdraw, Avastin's approval for first-line treatment of HER2-breast cancer to use in combination with paclitaxel only.

- In February 2011, Genentech reported positive results from a Phase 3 clinical trial evaluating Avastin in combination with chemotherapy, followed by Avastin alone to treat recurrent ovarian cancer. The study showed that women who followed this treatment regimen lived longer without their disease worsening (progression-free survival) compared to women who received chemotherapy alone. Full data from the trial will be submitted for presentation at an upcoming medical meeting.

- Also in February 2011, the New England Journal of Medicine published positive results from a Phase 2 clinical study using intravitreal Avastin to treat retinopathy of prematurity in infants. The study demonstrated that Avastin significantly reduced the recurrence of retinopathy of prematurity versus conventional laser therapy (6% vs. 26%, p=0.002).

LUCENTIS®: In January, 2011, Novartis announced that Lucentis has been approved in the EU for the treatment of visual impairment due to diabetic macular edema (DME). DME is a leading cause of blindness in the working-age population in most developed countries. Also in February 2011, Genentech reported positive results from one of two Phase 3 clinical trials using monthly Lucentis. The trial met its primary endpoint, demonstrating that a significantly higher percentage of patients with DME receiving monthly Lucentis achieved an improvement in vision of at least 15 letters on the eye chart at 24 months, compared to the control group.

TYSABRI®: In December 2010, Biogen Idec and Elan submitted a supplemental BLA to the FDA and a Type II Variation to the EMA to request review and approval to update the respective TYSABRI Prescribing Information and Summary of Product Characteristics. The companies are proposing updated product labeling to include anti-JC virus antibody status as one potential factor to help stratify the risk of progressive multifocal leukoencephalopathy (PML), a serious brain infection, in the TYSABRI-treated population.

PERTUZUMAB (not a licensed product): In December 2010, Genentech reported positive results from a Phase 2 neoadjuvant study evaluating the effect of a novel combination regimen of pertuzumab and Herceptin® plus chemotherapy in women with early-stage, HER2-positive breast cancer. The data showed that the two antibodies plus docetaxel, given in the neoadjuvant setting prior to surgery, significantly improved the rate of complete tumor disappearance in the breast by more than half compared to Herceptin plus docetaxel.

Forward-looking Statements

This document contains forward-looking statements. 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 relative mix of royalty-bearing Genentech products manufactured and sold outside the U.S. versus manufactured or sold in the U.S.;
- The ability of our licensees to receive regulatory approvals to market and launch new royalty-bearing products and whether such products, if launched, will be commercially successful;
- Changes in any of the other assumptions on which PDL's projected royalty revenues are based;
- The outcome of pending litigation or disputes;
- The change in foreign currency exchange rate; 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 document 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 press release are qualified in their entirety by this cautionary statement.

PDL BioPharma, Inc.
Q4-2010
February 28, 2011

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

Avastin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
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**
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**
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**
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

Tysabri	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
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**

PDL BioPharma, Inc.
Q4-2010
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Reported Net Sales Revenue by Product ($ in 000's) *

Avastin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2010	1,586,093	1,596,892	1,594,707	1,646,218	6,423,910
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**
2010	1,337,732	1,349,512	1,300,934	1,409,310	5,397,488
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**
2010	759,965	698,890	745,376	804,684	3,008,915
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**
2010	240,904	225,878	251,055	263,389	981,225
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

Tysabri	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
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 licensees**

PDL BioPharma, Inc.
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Manufacturing Location & Sales - Genentech / Roche & Novartis ($ in 000's) *

Avastin Sales	**2009 - Q3**	**2009 - Q4**	**2010 - Q1**	**2010 - Q2**	**2010 - Q3**	**2010 - Q4**
US Made & Sold	777,635	795,199	795,453	814,872	820,453	800,139
US Made & ex-US Sold	662,095	718,855	703,661	355,742	338,929	415,576
ex-US Made & Sold	-	-	86,979	426,277	435,325	430,503
Total	1,439,730	1,514,053	1,586,093	1,596,892	1,594,707	1,646,218
US Made & Sold	54%	53%	50%	51%	51%	49%
US Made & ex-US Sold	46%	47%	44%	22%	21%	25%
ex-US Made & Sold	0%	0%	5%	27%	27%	26%

Herceptin Sales	**2009 - Q3**	**2009 - Q4**	**2010 - Q1**	**2010 - Q2**	**2010 - Q3**	**2010 - Q4**
US Made & Sold	391,401	386,654	394,883	406,222	410,563	416,611
US Made & ex-US Sold	256,693	608,046	372,146	312,792	306,085	425,303
ex-US Made & Sold	578,341	283,926	570,703	630,498	584,286	567,396
Total	1,226,435	1,278,626	1,337,732	1,349,512	1,300,934	1,409,310
US Made & Sold	32%	30%	30%	30%	32%	30%
US Made & ex-US Sold	21%	48%	28%	23%	24%	30%
ex-US Made & Sold	47%	22%	43%	47%	45%	40%

Lucentis Sales	**2009 - Q3**	**2009 - Q4**	**2010 - Q1**	**2010 - Q2**	**2010 - Q3**	**2010 - Q4**
US Made & Sold	251,182	266,405	323,153	300,501	326,840	360,911
US Made & ex-US Sold	304,114	348,808	436,812	398,389	418,536	443,773
ex-US Made & Sold	-	-	-	-	-	-
Total	555,296	615,212	759,965	698,890	745,376	804,684
US Made & Sold	45%	43%	43%	43%	44%	45%
US Made & ex-US Sold	55%	57%	57%	57%	56%	55%
ex-US Made & Sold	0%	0%	0%	0%	0%	0%

Xolair Sales	**2009 - Q3**	**2009 - Q4**	**2010 - Q1**	**2010 - Q2**	**2010 - Q3**	**2010 - Q4**
US Made & Sold	146,022	150,950	157,503	145,245	165,109	170,001
US Made & ex-US Sold	47	10	-	-	-	-
ex-US Made & Sold	64,937	68,733	83,401	80,632	85,945	93,388
Total	211,006	219,693	240,904	225,878	251,055	263,389
US Made & Sold	69%	69%	65%	64%	66%	65%
US Made & ex-US Sold	0%	0%	0%	0%	0%	0%
ex-US Made & Sold	31%	31%	35%	36%	34%	35%

Total Sales	**2009 - Q3**	**2009 - Q4**	**2010 - Q1**	**2010 - Q2**	**2010 - Q3**	**2010 - Q4**
US Made & Sold	1,567,742	1,599,208	1,670,992	1,666,840	1,722,965	1,747,662
US Made & ex-US Sold	1,222,949	1,675,718	1,512,620	1,081,147	1,063,551	1,284,652
ex-US Made & Sold	643,279	352,659	741,083	1,137,407	1,105,556	1,091,287
Total	3,433,970	3,627,585	3,924,694	3,885,394	3,892,072	4,123,601
US Made & Sold	46%	44%	43%	43%	44%	42%
US Made & ex-US Sold	36%	46%	39%	28%	27%	31%
ex-US Made & Sold	19%	10%	19%	29%	28%	26%

*** As reported to PDL by Genentech**