# 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): September 14, 2009**

# 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 7.01. Regulation FD Disclosure.**

On September 16, 2009, the Company will make a presentation at the BioCentury NewsMakers in the Biotech Industry Conference in New York City (the "BioCentury NewsMakers Conference"). A copy of the Company's presentation materials has been posted on the Company's website and is attached hereto as Exhibit 99.1.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

| Exhibit No. | Description |
|---|---|
| 99.1 | BioCentury NewsMakers Conference presentation to be given on September 16, 2009. |

**SIGNATURES**

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

PDL BIOPHARMA, INC.
(Company)

By: /s/ John P. McLaughlin
John P. McLaughlin
President and Chief Executive Officer

Dated: September 14, 2009

**EXHIBIT INDEX**

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| --- | --- |
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Exhibit 99.1

PDL BioPharma™

# BioCentury
# NewsMakers in the Biotech Industry
# September 16, 2009

# Forward Looking Statements

This presentation contains forward-looking statements, including PDL's expectations with respect to its 2009 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 relative mix of royalty-bearing products manufactured and sold outside the U.S. versus manufactured or sold in the U.S.;
- The ability 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; 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 BioPharma™

# Agenda

- **Overview of PDL BioPharma**
- 2009 Guidance & Outlook
- Optimizing Stockholder Return

# PDL - Company Background

- PDL pioneered the humanization of monoclonal antibodies which enabled the discovery of a new generation of targeted treatments for cancer and immunologic diseases
- PDL's primary assets are its antibody humanization patents and royalty assets which consist of its Queen et al. patents and license agreements
- Licensees consist of large biotechnology and pharmaceutical companies including Genentech, Elan, Wyeth, and Chugai



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# PDL - Operating Strategy

- Maximize the value of PDL's antibody humanization patents and licensing agreements
- Reduce expenses with headcount of less than 10 and re-domicile of operations to Nevada with no state tax
- Distribute royalty revenues, net of operating expenses, debt service, and income taxes via dividends to stockholders
- To improve stockholder IRR - pursue monetization alternatives if beneficial:
  - Convertible note buybacks
  - Share repurchases
  - Monetization of royalty stream

# PDL - Select Licensed Products

| Licensee | Product | Status | Indications |
|---|---|---|---|
| **Roche (Genentech)** | Avastin | Approved<br><br><br><br><br>Phase 3 | Colorectal Cancer<br>NSCLC<br>Metastatic Breast Cancer<br>Gliobastoma<br>Metastatic Renal Cell Carcinoma<br>Ovarian cancer<br>Prostate cancer<br>Adjuvant settings |
| | Herceptin | Approved | Metastatic Breast HER2+ Cancer |
| | Lucentis | Approved<br>Phase 3 | AMD<br>RVO<br>DME |
| | Xolair | Approved<br>Phase 3 | Moderate-Severe Asthma<br>Pediatric Asthma |
| **MedImmune** | Synagis | Approved | Respiratory Syncytial Virus |
| **Elan** | Tysabri | Approved | Multiple Sclerosis |
| **Roche/Chugai** | Actemra | Approved (EU& Japan) | Rheumatoid Arthritis |
| **Wyeth** | Mylotarg | Approved | Acute Myeloid Leukemia |
| **Wyeth/J&J** | Bapineuzumab | Phase 3 | Alzheimer's Disease |
| **Lilly** | Solanezumab | Phase 3 | Alzheimer's Disease |



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✓On August 2, FDA approved Avastin for the first line treatment of metastatic renal cell carcinoma (kidney cancer) in combination with alpha interferon.



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- ✓ On August 17, Genentech announced Phase 3 data showing that Avastin plus one of four common chemotherapies increased the time of progression free survival in women with HER-2 negative breast cancer whose disease had stopped responding to treatment with chemotherapy alone (second line therapy).
- ✓ Avastin has provisional approval as first line therapy in HER-2 negative breast cancer.



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- ✓On July 2, Genentech announced that a Phase 3 trial showed Lucentis significantly improved vision in patients with branch retinal vein occlusion at 6 months
- ✓On July 30, Genentech announced that a Phase 3 trial from a second study showed Lucentis significantly improved vision in patients with central retinal vein occlusion at 6 months



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| Lilly | Solanezumab | Phase 3 | Alzheimer's Disease |

✓J&J announced that it would buy $1 billion in Elan stock for 50.1% ownership of a new JV to develop treatments for Alzheimer's Disease, including bapineuzumab

✓J&J also pledged an initial $500 million to fund development of the drugs



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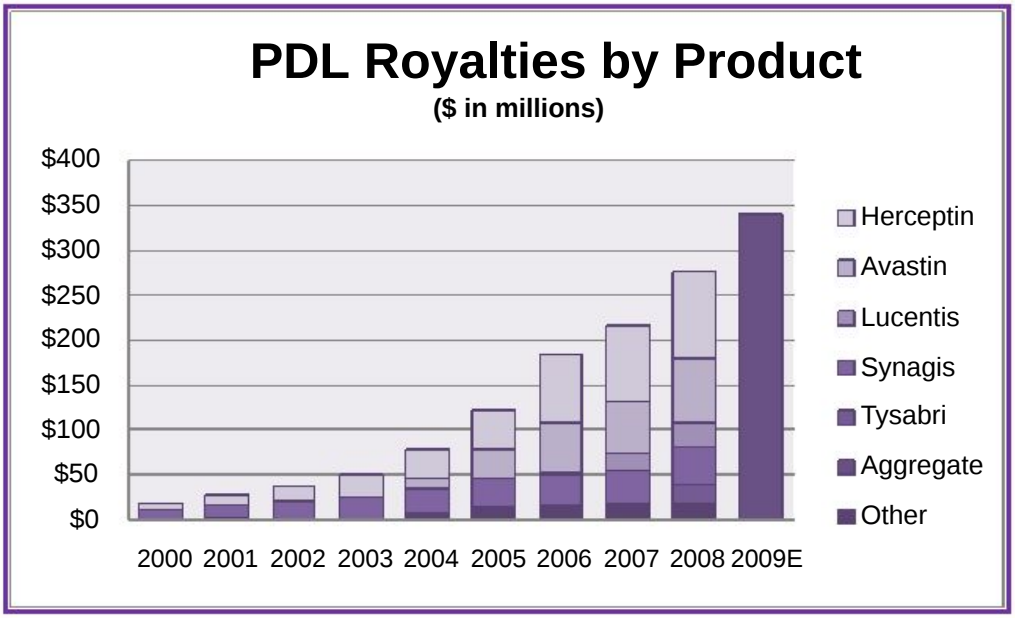
# PDL - Royalty Revenue & Queen et al. Patents

- PDL's revenues consist of royalties generated on sales of licensed products:
  - Sold before the expiration of the Queen et al. patents or
  - Made prior to the expiration of the Queen et al. patents and sold anytime thereafter



# PDL - Legal & Queen et al. Patents

- **Genentech –** settlement in 2003 upheld validity and enforceability of patents
  - Multiple product license with tiered fee structure
  - Option for four additional antigens exercised in 2008
- **Alexion** – settlement in December 2008 upheld validity and enforceability of patents
  - License for Soliris in exchange for $25 million
  - Option for additional licenses at 4% royalty
- **MedImmune** – in December 2008, filed declaration of invalidity and non-infringement
  - MedImmune has paid royalties since 1998; most recently for 2009-Q2 sales in August 2009
  - PDL believes that its exercise of its rights under the MedImmune agreement precludes MedImmune from being entitled to a lower royalty rate
- **UCB Celltech** – in September 2008, notified PDL that it does not intend to pay royalties on sales of Cimzia
  - In February 2009, US Patent Office declared an interference proceeding between certain claims of Queen et al. patents and pending claims of Adair et al.
  - UCB Celltech is the assignee of the Adair et al. patent



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# PDL - Convertible Notes

- **$250 million 2.75% convertible subordinated notes due August 2023**
  - Bought back $50 million in open market purchases in 2Q09
  - Current conversion rate is 123.715 shares per $1,000 face amount ($8.08 per share); will adjust September 18 in connection with October dividend
  - Holders have a put right in August 2010, August 2013, and August 2018
  - Price as of September 11 was 113 vs. stock price of $8.86
- **$250 million 2.00% convertible senior notes due February 2012**
  - Bought back $5 million in open market purchases in 2Q09
  - Current conversion rate is 89.165 shares per $1,000 face amount or $11.22 per share; will adjust September 18 in connection with October dividend
  - Price as of September 11 was 97 vs. stock price of $8.86



PDL BioPharma

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- Overview of PDL BioPharma
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# PDL - 2009 Revised Guidance

| | Previous | Current |
|---|---|---|
| **Revenue** | $310 - $325 million | Unchanged |
| **Operating Expenses** | $12 - $15 million | $20 - $22 million |
| **Net Income after taxes** | $185 - $200 million | $200 - $215 million |
| **Cash Generated in 2009** | $260 - $280 million | $285 - $300 million |

- Revenue growth driven by product sales of Herceptin, Avastin, Lucentis, and Tysabri
- Revenue guidance excludes $37.6 million in royalties received from MedImmune due to ongoing legal disputes
- Approximately 50% of the expense forecast due to legal and other professional fees
  - Increase in expenses due to higher litigation costs, new patent interference and conclusion of activities associated with discontinued commercial and development operations
- Cash guidance based on anticipated use of $173 million NOL and $20 million tax credit



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# PDL - Roche/Genentech Royalties

| Product made in US | |
|---|---|
| Net sales up to $1.5 billion | 3.0% |
| Net sales between $1.5 billion and $2.5 billion | 2.5% |
| Net sales between $2.5 billion and $4.0 billion | 2.0% |
| Net sales over $4.0 billion | 1.0% |
| **Product made and sold ex-US** | |
| All sales | 3.0% |

**Roche/Genentech manufacturing integration**

- Close one of the two CHO manufacturing facilities in Vacaville, CA
  - Avastin
- E. coli manufacturing to transfer to Singapore in 2011/12
  - Lucentis
- PDL could see improvement in mix of royalty rates in future years



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# PDL - Optimizing Stockholder Return

- **Intend to distribute royalty revenues, net of operating expenses, debt service and income taxes**
  - Declared dividend of $0.50 per share paid on April 1, 2009
  - Declared dividend of $0.50 per share payable on October 1, 2009 to shareholders of record as of September 17, 2009
- **In the process of evaluating alternatives**
  - Convertible note buyback – gain is taxable but deferrable for 5 years under the American Recovery and Reinvestment Act of 2009
  - Share repurchases
  - Sale of all or a portion of royalty assets
  - Securitization – formation of SPV and bond issuance



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# PDL - Investment Rationale

- Strong revenue growth from approved products
- Potential for additional indications from existing products and new product approvals
- Significantly reduced expenses with no R&D burn
- Return to stockholders
  - Declared two dividends totaling $1.00 in 2009
  - Actively exploring other means to enhance stockholder return



PDL BioPharma

# PDL - PDL BioPharma




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