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): May 3, 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))

Item 2.02 Results of Operations and Financial Condition.

On May 3, 2017, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the first quarter ended March 31, 2017. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on May 3, 2017, during which the Company will discuss its financial results for the first quarter ended March 31, 2017.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On May 3, 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 March 31, 2017. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On May 3, 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.

Cautionary Statements

This filing and its exhibits include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could impair the Company's royalty assets or business are disclosed in the "Risk Factors" contained in the Company's Annual Report on Form 10-K, 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.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are furnished with this report:

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

SIGNATURES

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

PDL BIOPHARMA, INC.
(Company)

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

Dated: May 3, 2017

Exhibit Index

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

Exhibit 99.1

Contacts:

Peter Garcia
PDL BioPharma, Inc.
775-832-8500
Peter.Garcia@pdl.com

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

PDL BioPharma Announces First Quarter 2017 Financial Results

INCLINE VILLAGE, NV, May 3, 2017 – PDL BioPharma, Inc. (PDL or the Company) (NASDAQ: PDLI) today reported financial results for the first quarter ended March 31, 2017 including:

- Total revenues of $45.4 million for the three months ended March 31, 2017.
- GAAP diluted EPS of $0.04 for the three months ended March 31, 2017.
- GAAP net income attributable to PDL's shareholders of $7.2 million for the three months ended March 31, 2017.
- Non-GAAP net income attributable to PDL's shareholders of $13.2 million for the three months ended March 31, 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.

"We have had a number of positive events related to our income generating assets this year which have resulted in significant cash infusions, including the repayment of the ARIAD investment and the successful settlement of litigation related to Keytruda," said John P. McLaughlin, president and chief executive officer of PDL. "With a cash balance of over $400 million, and a nimble business development process, we are poised to acquire additional specialty pharma drug products in 2017."

Recent Developments

- In April 2017, the Company entered into a settlement agreement with Merck to resolve the patent infringement lawsuit between the parties pending in the U.S. District Court for the District of New Jersey related to Merck's Keytruda humanized antibody product. Under the terms of the agreement, Merck will pay the Company a one-time, lump-sum payment of $19.5 million, and the Company will grant Merck a fully paid-up, royalty-free, non-exclusive license to certain of the Company's Queen et al. patent rights for use in connection with Keytruda as well as a covenant not to sue Merck for any royalties regarding Keytruda. In addition, the parties agreed to dismiss all claims in the relevant legal proceedings. The payment of $19.5 million is expected to be recognized as license revenue for the second quarter ending June 30, 2017.
- On March 1, 2017, the Company announced that its board of directors has authorized the repurchase of up to $30.0 million of the Company's common stock through March 2018. As of March 31, 2017, the Company has repurchased a total of 3.9 million shares of its common stock in open market transactions under the share repurchase program for an aggregate purchase price of $8.5 million, or an average cost of $2.16 per share. From April 1, 2017 to April 28, 2017, the Company repurchased 3.7 million shares of its common stock under the share repurchase program at a weighted average price of $2.16 per share for a total of $7.9 million. Since the inception of the share repurchase program in March 2017, the Company has repurchased 7.6 million shares of its common stock for a total of $16.4 million.
- In April 2017, PDL received a royalty payment from Valeant Pharmaceuticals International, Inc. in the amount of $8.5 million for royalties earned on sales of Glumetza for the month of March. The monthly royalty payment was a result of lower reported gross to net deductions. This payment will be recorded in the second quarter of 2017.

Revenue Highlights

- Total revenues of $45.4 million for the three months ended March 31, 2017 included:
  - Royalties from PDL's licensees to the Queen et al. patents of $14.2 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 $13.1 million, which consisted of the change in estimated fair value of our royalty right assets, primarily related to the Depomed, Inc., University of Michigan, ARIAD and AcelRx Pharmaceuticals, Inc.;
  - Interest revenue from notes receivable financings to kaléo and CareView Communications of $5.5 million; and
  - Product revenues of $12.6 million from sales of Tekturna® and Tekturna HCT® in the United States of $9.7 million and Rasilez® and Rasilez HCT® in the rest of the world (collectively, the Noden Products) of $2.9 million.
- Total revenues decreased by 56 percent for the three months ended March 31, 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 period ended March 31, 2016 being the last quarter in which PDL received royalties from Genentech, Inc.
  - The increase in royalty rights - change in fair value was primarily due to the prior year decrease in fair value of the Depomed, Inc. royalty asset.
  - PDL received $13.5 million in net cash royalties from its royalty rights in the first quarter of 2017, compared to $17.2 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 the non-accrual status of the LENSAR, Inc. note receivable investment.
  - Product revenues were derived from sales of the Noden Products, which PDL did not begin to recognize until the third quarter of 2016.

Operating Expense Highlights

- Operating expenses were $26.9 million for the three months ended March 31, 2017, compared to $9.8 million for the same period of 2016. The increase in operating expenses for the three months ended March 31, 2017, as compared to the same period in 2016, was primarily a result of the $15.5 million in expenses related to the Noden operations, including $7.5 million of non-cash intangible asset amortization and a change in fair value of contingent consideration.

Other Financial Highlights

- PDL had cash, cash equivalents, and short-term investments of $409.3 million at March 31, 2017, compared to $242.1 million at December 31, 2016. The current cash balance includes a $111.3 million payment from ARIAD as a result of PDL's exercise of its put option under the ARIAD royalty agreement.
- Net cash provided by operating activities in the three months ended March 31, 2017 was $45.8 million, compared with $92.5 million in the same period in 2016.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results at 4:30 p.m. Eastern Time today, May 3, 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 13017592. 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 May 10, 2017, and may be accessed by dialing (855) 859-2056 from the United States and Canada or (404) 537-3406 internationally. The replay passcode is 13017592.

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 our 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, we began providing alternative sources of capital through royalty monetizations and debt facilities, and in 2016, we began acquiring commercial-stage products and launching specialized companies dedicated to the commercialization of these products. We have three debt transactions outstanding, representing deployed and committed capital of $210.0 million and $250.0 million, respectively: CareView, kaléo, and LENSAR; we have one hybrid royalty/debt transaction outstanding, representing deployed and committed capital of $44.0 million: Wellstat Diagnostics; and we have 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 $110.0 million and $202.0 million, respectively.

Forward-looking Statements

This press release contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important factors that could impair the value of the Company’s royalty assets, restrict or impede the ability of the Company to invest in new royalty bearing assets and limit the Company’s ability to pay dividends are disclosed in the risk factors contained in the Company’s Annual Report on Form 10-K, 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 March 31,	
	2017	**2016**
Revenues		
Royalties from Queen et al. patents	$ 14,156	$ 121,455
Royalty rights - change in fair value	13,146	(27,102)
Interest revenue	5,457	8,964
Product revenue, net	12,581	—
License and other	100	(193)
Total revenues	45,440	103,124
Operating Expenses		
Cost of product revenue (excluding intangible amortization)	2,552	—
Amortization of intangible assets	6,015	—
General and administrative expenses	12,576	9,846
Sales and marketing	2,584	—
Research and development	1,766	—
Change in fair value of anniversary payment and contingent consideration	1,442	—
Total operating expenses	26,935	9,846
Operating income	18,505	93,278
Non-operating expense, net		
Interest and other income, net	212	113
Interest expense	(4,971)	(4,550)
Total non-operating expense, net	(4,759)	(4,437)
Income before income taxes	13,746	88,841
Income tax expense	6,552	32,954
Net income	7,194	55,887
Less: Net (loss)/income attributable to noncontrolling interests	(47)	—
Net income attributable to PDL's shareholders	$ 7,241	$ 55,887
Net income per share		
Basic	$ 0.04	$ 0.34
Diluted	$ 0.04	$ 0.34
Shares used to compute income per basic share	163,745	163,701
Shares used to compute income per diluted share	163,992	163,835
Cash dividends declared per common share	$ —	$ 0.05

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

	March 31, 2017	December 31, 2016
Cash, cash equivalents and short-term investments	$ 409,318	$ 242,141
Total notes receivable	$ 261,025	$ 270,950
Total royalty rights - at fair value	$ 293,801	$ 402,318
Total assets	$ 1,237,773	$ 1,215,387
Total convertible notes payable	$ 235,118	$ 232,443
Total stockholders' equity	$ 762,936	$ 755,423

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

	Three Months Ended March 31,	
	2017	2016
Net income	$ 7,194	$ 55,887
Adjustments to reconcile net income to net cash provided by (used in) operating activities	13,453	22,336
Changes in assets and liabilities	25,135	14,283
Net cash provided by operating activities	$ 45,782	$ 92,506

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 March 31,	
	2017	**2016**
GAAP net income attributed to PDL's shareholders as reported	$ 7,241	$ 55,887
Adjustments to Non-GAAP net income (as detailed below)	5,971	28,901
Non-GAAP net income attributed to PDL's shareholders	$ 13,212	$ 84,788

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

	Three Months Ended March 31,	
	2017	**2016**
GAAP net income attributed to PDL's shareholders as reported	$ 7,241	$ 55,887
Adjustments:		
Mark-to-market adjustment to fair value assets	348	44,323
Non-cash interest revenues	(75)	(1,951)
Non-cash stock-based compensation expense	1,112	786
Non-cash debt offering costs	2,675	2,461
Mark-to-market adjustment on warrants held	(100)	329
Amortization of the intangible assets	6,015	—
Mark-to-market adjustment of anniversary payment and contingent consideration	1,442	—
Income tax effect related to above items	(5,446)	(17,047)
Total adjustments	5,971	28,901
Non-GAAP net income	$ 13,212	$ 84,788

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

First Quarter 2017
Financial Results Conference Call

May 3, 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;
- 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;
- The outcome of litigation or disputes; and
- The failure of licensees to comply with existing license agreements, including any failure to pay royalties due.

Other factors that may cause PDL's actual results to differ materially from those expressed or implied in the forward-looking statements in this presentation are discussed in PDL's filings with the SEC, including the "Risk Factors" sections of its annual and quarterly reports filed with the SEC. Copies of PDL's filings with the SEC may be obtained at the "Investors" section of PDL's website at www.pdl.com. PDL expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in PDL's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based for any reason, except as required by law, even as new information becomes available or other events occur in the future. All forward-looking statements in this presentation are qualified in their entirety by this cautionary statement.

PDL

Focus: Long-term Value

- Focused on growth in order to continue value creation for shareholders.
- Have committed over $1.4 billion and deployed over $1.1 billion since launching this strategy in 2012.
- Expansion in our strategy with our first significant equity transaction with Noden Pharma DAC in July 2016.
  - Seeking investments in additional spec pharma products and companies. May offer attractive terms in both short and intermediate term.
  - Products for sale have largely not been recently marketed
  - Cash position of >$400mm puts PDL in good position for further acquisitions.

PDL

Noden Background

- Noden Pharma
  - Domiciled in Ireland and has operating companies in US and EU.
  - Formed for the purpose of acquiring specialty pharma products.
  - PDL owns 98.8% of Noden and holds three of the five board seats.
  - 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.

PDL

Transitioning from Novartis

Commercialization

- **US**
  - Noden USA fielded a contract sales force of 40 dedicated solely to these products, in late February 2017.
    - Average tenure of US Noden sales force is ~12 years with over half having previous experience with hypertension products.
  - First quarter sales impacted due to field force starting later in quarter than planned and impact of formulary coverage.
- **Ex-US**
  - Novartis distributing until transfer of marketing authorizations and Noden receiving a transfer of profits.
    - Transfers (specifically EU, Switzerland, Canada and Japan) are now expected to take place in the second half of this year.
  - Noden DAC assuming commercialization responsibilities after marketing authorization transfer.

PDL

16 Royalty & Debt Investments

10 Current Deals

Royalty Acquisition	Royalty Acquisition	Senior Secured Financing	Royalty Acquisition	Royalty Acquisition	Senior Secured Note Purchase
kybella	AcelRx Pharmaceuticals, Inc.	CAREVIEW COMMUNICATIONS	University of Michigan	VB Viscogliosi Bros., LLC	kaléo
$9,500,000 July 2016	$65,000,000 September 2015	$40,000,000 June 2015	$65,600,000 November 2014	$15,500,000 June 2014	$150,000,000 April 2014

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

6 Concluded Deals

Royalty Acquisition	Senior Secured Financing	Senior Secured Financing	Royalty Transaction/ Senior Secured Financing	Senior Secured Financing	Royalty Transaction/ Senior Secured Financing
ARIAD	PARADIGM SPINE	DURATA THERAPEUTICS	AxoGen	MERUS LABS	AVINGER
Up to $140,000,000 July 2015	$75,000,000 February 2014	$70,000,000 October 2013	$20,800,000 October 2012	$55,000,000 July 2012	$40,000,000 April 2013

- **Concluded deals have yielded an average IRR of 18.2%**
  - **Direct Flow Medical not considered concluded as we are still in process of monetizing assets**

PDL

Concluded ARIAD Transaction

- Synthetic royalty transaction signed in July 2015.
- PDL funded $100 million.
- Acquisition of ARIAD by Takeda closed in February.
- PDL exercised put option which resulted in repayment of 1.2x multiple of the $100 million, less royalty payments received by PDL thus far.
- $111.3 million was received from Takeda on March 30th fulfilling its obligations under the put option. This represents 17.5% annualized return on our investment.

PDL

Settlement of Merck Lawsuit

- Resolved patent infringement lawsuit with Merck related to manufacture and sale of product prior to the expiration of the Queen et al. patents in 2014 on favorable terms.
- Announced settlement agreement in late April to resolve patent infringement lawsuit related to Merck's Keytruda.
- Merck will pay PDL a one-time, lump sum payment of $19.5 million in exchange for fully paid up, royalty free, non-exclusive license to certain patent rights re Keytruda.
- Payment expected this month and will be recognized by PDL as license revenue in the second quarter.
- Both parties have now dismissed all claims in the relevant lawsuit.

PDL

Wellstat Diagnostics Foreclosure Process

- **NY State litigation to enforce the guarantee**
  - In February of 2017, the Appellate Division of New York reversed a NY Supreme Court summary judgment decision which had been in PDL's favor on strictly procedural grounds, but affirmed the denial by the NY Supreme Court of the Guarantors' summary judgment motion requesting a decision that the guarantees had terminated. The action will return to the Supreme Court for a proceeding on the merits.
- **PDL has commenced a non-judicial foreclosure process to collect on the sale of certain Virginia real estate and a UCC Article 9 sale of intellectual property assets owned by the guarantors of the loan.**
  - In parallel with the litigation proceedings in New York, PDL has noticed the non-judicial sale of certain Virginia real estate in accordance with a deed of trust held by PDL and initiated a process for the sale of certain intellectual property assets of the Guarantors.
  - The Wellstat Diagnostics Guarantors have filed a motion at the New York Supreme Court to enjoin PDL's non-judicial sale of the real estate and to prevent PDL from enforcing its security interests in the Wellstat Diagnostics Guarantors' intellectual property during the pendency of any action involving the guarantees. The court has not yet decided on the Wellstat Diagnostics Guarantor motions, however we expect the injunction hearing to be scheduled soon.

PDL

First Quarter 2017 Financials

(In thousands, except per share amounts) (unaudited)	Three Months Ended March 31, 2017	2016
Royalties from Queen et al. patents	$ 14,156	$ 121,455
Royalty rights - change in fair value	13,146	(27,102)
Interest revenue	5,457	8,964
Product revenue, net	12,581	-
License and other	100	(193)
Total revenues	45,440	103,124
Cost of product revenue	2,552	-
Amortization of intangible assets	6,015	-
General and administrative expenses	12,576	9,846
Sales and marketing	2,584	-
Research and development	1,766	-
Change in fair value of anniversary payment and contingent consideration	1,442	-
Total operating expenses	26,935	9,846
Operating income	18,505	93,278
Interest and other income, net	212	113
Interest expense	(4,971)	(4,550)
Income before income taxes	13,746	88,841
Income tax expense	6,552	32,954
Net income	7,194	55,887
Less: Net income/(loss) attributable to noncontrolling interests	(47)	-
Net income attributable to PDL's shareholders	$ 7,241	$ 55,887
Net income per share - Basic	$ 0.04	$ 0.34
Net income per share - Diluted	$ 0.04	$ 0.34

PDL

First Quarter 2017 Financials

Condensed consolidated balance sheet (unaudited)	March 31, 2017	December 31, 2016
Cash, cash equivalents and investments [1]	$ 409,318	$ 242,141
Total notes receivable	$ 261,025	$ 270,950
Total royalty rights - at fair value	$ 293,801	$ 402,318
Total assets	$ 1,237,773	$ 1,215,387
Convertible notes payable	$ 235,118	$ 232,443
Total stockholders's equity	$ 762,936	$ 755,423

[1] Includes $75MM certificate of deposit restricted until August 2017.

PDL

PDL Share Repurchase Program

- On March 1, 2017, PDL's board authorized the repurchase of issued and outstanding PDL common stock having an aggregate value of up to $30 million through March 2018.
- All shares repurchased will be retired and restored to authorized but unissued shares of common stock.
- PDL repurchased 3.9 million shares during March.
  - Aggregate purchase price of $8.5 million at an average cost of $2.16 per share.
  - 590,000 shares held in treasury stock at total cost of $1.3 million. Shares were settled and retired on April 4, 2017.
- PDL repurchased 3.7 million shares during April.
  - Aggregate purchase price of $7.9 million at an average cost of $2.16 per share.
- Total repurchased under this program to date equals 7.6 million shares for a total of $16.4 million. Our total shares now outstanding as of April 30, 2017 are 159.5 million shares.

PDL

PDL

Question and Answer Session

PDL BioPharma, Inc.
Q1 2017
May 3, 2017

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

Highlighted Financial Results from Q1 2017

- Total revenues of $45.4 million for the three months ended March 31, 2017.
- GAAP diluted EPS of $0.04 for the three months ended March 31, 2017.
- GAAP net income attributable to PDL's shareholders of $7.2 million for the three months ended March 31, 2017.
- Non-GAAP net income attributable to PDL's shareholders of $13.2 million for the three months ended March 31, 2017.

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.
- PDL received a royalty payment for the first quarter of 2017 in the amount of $14.2 million for royalties earned on sales of Tysabri. The duration of this royalty payment is based on the sales of product manufactured prior to patent expiry, the amount of which is uncertain.

Merck Patent Infringement Settlement

- In late April, we entered into a settlement agreement with certain subsidiaries of Merck to resolve the pending patent infringement lawsuit related to Merck's manufacture or sale of Keytruda humanized antibody product prior to the expiration of the Queen et al patents at the end of 2014.
- Under the terms of the agreement, Merck will pay us a one time, lump-sum payment of $19.5 million in exchange for our granting them a fully paid-up, royalty free, non-exclusive license to certain of our Queen et al. patent rights for use in connection with Keytruda as well as a covenant not to sue them for any royalties regarding Keytruda.

Noden Pharma

- Noden US is commercializing Tekturna® and Tekturna HCT® in the United States and Noden Pharma DAC, an Irish based company, will assume commercialization responsibilities for Rasilez® and Rasilez HCT® in the rest of the world in the second half of 2017. The products are indicated for the treatment of hypertension.
- PDL is currently a 98.8% owner of Noden and holds 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 March 31, 2017 was $12.6 million, with $9.7 million in US revenue and $2.9 million in the rest of world.
    - Gross margin on the US revenue in the 1st quarter were approximately 74 percent.
    - The $2.9 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 product.
    - These transfers (specifically EU, Switzerland, Canada and Japan) have been delayed per our original plan and are now expected to take place in the second half of this year.
    - Novartis has begun deregistering the product in countries in which the product has limited sales volumes and low operating margins.

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 March 31, 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 March 31, 2017
Depomed	$ 164,070	$ —	$ (2,432)	$ 161,638
VB	14,997	—	174	15,171
U-M	35,386	—	299	35,685
ARIAD	108,631	(108,169)	(462)	—
AcelRx	67,483	—	2,113	69,596
Avinger	1,638	—	(248)	1,390
KYBELLA	10,113	—	208	10,321
	$ 402,318	$ (108,169)	$ (348)	$ 293,801

The following table provides a summary of activity with respect to our royalty rights - change in fair value for the year ended March 31, 2017:

	Cash Royalties	Change in Fair Value	Royalty Rights - Change in Fair Value
Depomed	$ 8,853	$ (2,432)	$ 6,421
VB	381	174	555
U-M	824	299	1,123
ARIAD	3,081	(462)	2,619
AcelRx	20	2,113	2,133
Avinger	305	(248)	57
KYBELLA	30	208	238
	$ 13,494	$ (348)	$ 13,146

Updates on Royalty Rights Assets

Depomed, Inc.

- To date (through March 31, 2017), we have received cash royalty payments of $221.5 million of the $240.5 million investment.
- Glumetza royalty: 50% of net sales less COGS until the termination of the Depomed agreement which we estimate could be late 2029. PDL is auditing Valeant.
- 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.
- In April 2017, PDL received a royalty payment from Valeant Pharmaceuticals International, Inc. in the amount of $8.5 million for royalties earned on sales of Glumetza for the month of March. The monthly royalty payment was a result of lower reported gross to net deductions. This payment will be recorded in the second quarter of 2017.

ARIAD Pharmaceuticals, Inc.

- Ariad acquired by Takeda in February 2017.
- PDL exercised its put option and was repaid $111.3 million which is 1.2 times the $100 million advanced to Ariad less any sums already repaid. The annualized internal rate of return on this investment was 17.5%.
- The $111.3 million payment was received on March 30, 2017 and was recognized in our Q1 financials.

AcelRx

- PDL acquired 75% of the royalty that Grünenthal pays to AcelRx for rights to commercialize Zalviso in the EU, Switzerland and Australia.
- PDL also receives 80% of the first four commercial milestones.
- Zalviso was approved in September 2015 and was launched in the second quarter of 2016. Full EU launch is occurring later than anticipated.
- Net selling price is higher than expected at 95-118 Euros per treatment.

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:

	March 31, 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	$ —	$ 51,397	$ 50,191	$ —	$ 52,260
Hyperion note receivable	1,200	—	1,200	1,200	—	1,200
LENSAR note receivable	43,909	—	43,900	43,909	—	43,900
Direct Flow Medical note receivable	—	—	—	10,000	—	10,000
kaléo note receivable	146,670	—	143,511	146,685	—	142,539
CareView note receivable	19,055	—	20,035	18,965	—	19,200
Total	$ 261,025	$ —	$ 260,043	$ 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 and has appointed a magistrate to determine PDL's damages. Wellstat appealed the ruling, and their appeal was heard in January 2017.
- In February 2017, the appellate division of the NY court reversed on procedural grounds the portion of the decision granting PDL summary judgment, but affirmed the portion of the decision denying the Wellstat Diagnostics guarantor defendants' motion for summary judgment in which they sought a determination that the guarantees had been released. As a result, the litigation has been returned to the Supreme Court of New York to proceed on PDL's claims as a plenary action.
- PDL commenced a non-judicial foreclosure process to collect on the sale of certain Virginia real estate assets owned by the guarantors of the loan as well as initiating a UCC Article 9 sale of certain intellectual property assets of the guarantors..
- In March 2017, the Wellstat Diagnostics Guarantors filed an order to show cause with the New York Supreme Court to enjoin the Company's sale of the real estate or enforcing its security interests in the Wellstat Diagnostics Guarantors' intellectual property during the pendency of any action involving the guarantees at issue. The Company is awaiting a hearing on the motions of the Wellstat Diagnostics Guarantors.

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.
- In Q1 2017, PDL monetized $7.9 million of those assets. PDL is in the process of monetizing the ex-China assets of DFM. The amount of which recovery, if any, is unknown at this time.
- As of March 31, 2017 remaining foreclosed assets are recorded as assets held for sale with a carrying value of $2.1 million.

LENSAR Credit Agreement

- Alphaeon is divesting all of its ophthalmology business, including LENSAR.
- In December 2016, LENSAR Inc. re-acquired the assets it had sold to Alphaeon and assumed the obligations under the PDL credit agreement. Also in December, LENSAR Inc., with the support of PDL, filed for bankruptcy under Chapter 11. LENSAR has filed a plan of reorganization with our support under which, subject to bankruptcy court approval, it is expected that LENSAR will issue equity securities to us in exchange for a portion of our claims in the Chapter 11 case and will become one of our operating subsidiaries.
- In January 2017, the bankruptcy court approved a debtor-in-possession credit agreement whereby PDL agreed to provide up to approximately $2.8 million to LENSAR so that it can continue to operate its business during the remainder of the bankruptcy proceeding.
- On April 26, 2017 the bankruptcy court approved the plan of reorganization, and the Company expects that LENSAR will emerge from the Chapter 11 case on or about May 11, 2017.

kaleo, Inc.

- Despite Auvi-Q being voluntarily pulled from market and Sanofi returning the product right to kaléo, kaléo has made all required interest payments in full and on time to date.
- Auvi-Q returned to the market in February 2017 and third party reports suggest strong sales.
- Evzio sales have been much stronger than projected so far. This is secondary source of repayment to PDL.
- In the first quarter of 2017, PDL recognized $4.7 million in interest revenue from the kaléo note.

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	—	—	—	14,156
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	—	—	—	471,877
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.