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):
March 4, 2008

PDL BioPharma, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**000-19756**	**94-3023969**
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

1400 Seaport Boulevard
Redwood City, California 94063
(Address of principal executive offices)

Registrant's telephone number, including area code:
(650) 454-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o 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 March 4, 2008, PDL BioPharma, Inc. (the "Company") issued a press release announcing the Company's financial results for the fourth quarter and full year ended December 31, 2007 (the "Earnings Release"). The Earnings Release is attached as Exhibit 99.1 to this current report on Form 8-K and is incorporated herein by reference.

Use of Non-GAAP Financial Information

To supplement the financial information that is presented in accordance with U.S. generally accepted accounting principles ("GAAP") in our Earnings Release, we provide certain non-GAAP financial measures that exclude from the directly comparable GAAP measures certain non-cash and other charges. These non-GAAP financial measures exclude depreciation of property and equipment, stock-based compensation expense, amortization of intangible assets, interest income and other, net, interest expense, income taxes and certain other items. We believe that these non-GAAP measures presented in the Earnings Release are useful for investors because these measures provide added insight into our performance and enhance an investor's overall understanding of our financial performance by reconciling more closely to the actual cash expenses of the Company in its operations as well as excluding expenses that in management's view are unrelated to our ongoing operations, the inclusion of which may make it more difficult for investors and financial analysts reporting on the Company to compare our results from period to period. Non-GAAP financial measures should not be considered in isolation from, as a substitute for, or superior to financial information presented in compliance with GAAP, and the non-GAAP financial measures we reported may not be comparable to similarly titled items reported by other companies.

Item 8.01. Other Events.

On March 4, 2008, the Company also announced that it will no longer actively pursue the sale of the Company and other related matters as discussed in the press release attached as Exhibit 99.2 to this current report on Form 8-K (the "Press Release").

Use of Non-GAAP Financial Information

Our Press Release includes our operating expenses for 2007, which is a non-GAAP financial measure, and our forward-looking non-GAAP estimate of annualized operating expenses at the end of the transition period following the Company's restructuring. This non-GAAP financial measure and forward-looking estimate exclude depreciation of property and equipment, stock-based compensation expense, amortization of intangible assets, asset impairment charges and restructuring charges that would otherwise be included if measured in accordance with generally accepted accounting principles (GAAP). We believe that the 2007 non-GAAP financial measure and forward-looking non-GAAP estimate of annualized operating expenses presented in our Press Release are useful for investors because this measure and estimate provide additional information regarding and enhance an investor's overall understanding of our future potential cost structure after the completion of the asset sales transactions and restructuring compared to the Company's historical cost structure. The non-GAAP financial measure and estimate should be considered as a supplement to, not as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. The non-GAAP operating expenses for 2007 of $340.2 million are comprised of research and development, selling and marketing and general and administrative expenses from both continuing and discontinued operations, excluding depreciation of $32.2 million, amortization of intangibles of $1.6 million, and stock-based compensation of $32.3 million, which excluded amounts are allocated between continuing and discontinued operations in the Company's financial statements for the fiscal year ended December 31, 2007. The amounts or estimated amounts of depreciation of property and equipment, stock-based compensation expense, amortization of intangible assets, asset impairment charges and restructuring charges excluded from the forward-looking non-GAAP estimate of annualized operating expenses are not reasonably quantifiable at this time because they depend upon future events.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Exhibit Description
99.1	Press Release, dated March 4, 2008, regarding the fourth quarter and full year ended December 31, 2007 financial results of PDL BioPharma, Inc.
99.2	Press Release, dated March 4, 2008, regarding end of company sale process and related matters of PDL BioPharma, Inc.

SIGNATURES

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

Date: March 5, 2008

PDL BioPharma, Inc.

By: /s/ Andrew Guggenhime
Andrew Guggenhime
Senior Vice President and Chief Financial Officer

Exhibit 99.1

news release

For Immediate Release

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PDL BIOPHARMA REPORTS FOURTH QUARTER AND FULL YEAR 2007 FINANCIAL RESULTS

Redwood City, Calif., March 4, 2008 — PDL BioPharma, Inc. (PDL) (Nasdaq: PDLI) today reported financial results for the fourth quarter and full year ended December 31, 2007. These financial results are summarized below and are included in the financial statements accompanying this press release.

For all periods presented, the results of the company's commercial and cardiovascular operations reporting unit, which includes all activities related to the *Cardene*®, *Retavase*®, and IV *Busulfex*® marketed products and the ularitide development-stage product, have been presented as discontinued operations. In December 2007, the company entered into an asset purchase agreement with Otsuka Pharmaceutical Co., Ltd. under which PDL agreed to sell the rights to IV *Busulfex*. In February 2008, the company entered into an asset purchase agreement with EKR Therapeutics, Inc. for the sale of PDL's *Cardene* and *Retavase* commercial products, as well as for ularitide, a development-stage product. The discontinued operations presentation consolidates the results of the commercial and cardiovascular operations, including net product sales, cost of product sales and selling expenses, the significant majority of the company's marketing expenses and certain research and development expenses and general and administrative expenses, into a single line item in the statement of operations.

Summary of Financial Results

- Total revenues from continuing operations, which exclude net product sales, for the full year 2007 were $258.9 million compared to $249.1 million for the full year 2006. Total revenues for the fourth quarter of 2007 were $49.8 million compared to $59.8 million in the same period of 2006.

  - Royalty revenues for the full year 2007 were $221.1 million compared to $184.3 million in the prior year. Royalty revenues for the fourth quarter of 2007 were $37.5 million compared with $43.8 million in the comparable period in 2006. Higher net sales were reported by PDL's antibody product licensees in 2007 as compared to 2006. However, the effective average royalty rate earned by the company on sales reported by Genentech, Inc., one of PDL's licensees, in the fourth quarter and full year 2007 periods was lower than in the comparable 2006

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periods as a result of the tiered fee structure under the company's license agreement with Genentech. In addition, the percentage of ex-U.S. sold *Herceptin*® product manufactured outside the U.S. declined significantly in the 2007 periods as compared to the 2006 periods, resulting in a greater percentage of such sales being subject to the tiered fee structure and not the higher, fixed royalty rate that applies to products that are both sold and manufactured outside the U.S.

  - License, collaboration and other revenues were $37.8 million for the full year 2007 compared to $64.8 million for the full year 2006, and $12.2 million for the fourth quarter of 2007 compared to $16.0 million for the same period of 2006. These decreases were due primarily to the acceleration of $20.5 million in previously deferred revenue in 2006 related to the termination of the collaborations with Roche for daclizumab in asthma and transplant maintenance. In addition, revenue related to reimbursement for R&D services decreased in 2007 as compared to the 2006 comparable periods as a result of lower R&D expenses incurred under the company's collaboration agreement with Biogen Idec and the termination of the collaborations with Roche. In the fourth quarter of 2007, PDL earned and recognized a $5.0 million milestone payment from Biogen Idec related to the daclizumab CHOICE trial in multiple sclerosis.

- GAAP net loss, which includes the results of discontinued operations, for the full year 2007 was $21.1 million, or $0.18 per basic and diluted share, compared with a GAAP net loss of $130.0 million, or $1.14 per basic and diluted share, for the full year 2006. GAAP net loss for the fourth quarter of 2007 was $15.6 million, or $0.13 per basic and diluted share, compared with a GAAP net loss of $89.7 million, or $0.78 per basic and diluted share, for the comparable 2006 period. Discontinued operations in the fourth quarter of and full year 2006 included $72.1 million and $73.8 million, respectively, in impairment charges related to the company's *Retavase* product rights intangible assets.

- Non-GAAP net income, which includes the results of discontinued operations, for the full year 2007 was $72.2 million, or $0.61 per diluted share. Non-GAAP net income was $56.0 million, or $0.48 per diluted share, for the full year 2006. Non-GAAP net income for the fourth quarter of 2007 was $5.1 million, or $0.04 per diluted share, compared to non-GAAP net income of $6.1 million, or $0.05 per diluted share, in the fourth quarter of 2006.

- Cash flow generated from operating activities for the full year 2007 was $67.0 million, compared with $78.8 million for the full year 2006. Cash, cash equivalents, marketable securities and restricted cash and investments totaled approximately $440.8 million at December 31, 2007 compared to $426.3

million at December 31, 2006.

Costs and Expenses Expected to Decrease Following Restructuring

Subsequent to the completion of the company's asset sale transactions and as a result of the restructuring announced separately today, PDL expects its future operating costs to be significantly lower than historical levels.

As noted above, total costs and expenses from continuing operations as presented in the financial statements accompanying this release for the 2007 and 2006 periods do not include

the results of the commercial and cardiovascular operations. Supplemental information for the discontinued operations is provided in the financial statements accompanying this press release. Included in discontinued operations are net product sales, cost of product sales, selling expenses, the significant majority of the company's marketing expenses, certain research and development expenses, primarily development costs related to the company's *Cardene* lifecycle management and ularitide programs, and certain general and administrative expenses.

Company to File Annual Report on Form 10-K

As stated in its recent Form 12b-25 filing, the company expects that it will file its Annual Report on Form 10-K for the fiscal year ended December 31, 2007 on or before March 15, 2007 and therefore expects to remain current in its filing obligations.

Non-GAAP Financial Information

The non-GAAP financial measures in this press release exclude depreciation of property and equipment, stock-based compensation expense, amortization of intangible assets, asset impairment charges, restructuring charges, interest income and other, net, interest expense, income taxes and certain other items that would otherwise be included if measured in accordance with generally accepted accounting principles (GAAP). PDL believes that the non-GAAP financial measures presented in this press release are useful for investors because these measures provide added insight into PDL's performance by focusing on results generated by its ongoing operations. In addition, PDL uses these non-GAAP financial measures when assessing the performance of its ongoing operations, in making resource allocation decisions and for planning and forecasting. PDL also considers these non-GAAP results in awarding bonus and other incentive compensation to its employees, including management. The non-GAAP financial measures should be considered as a supplement to, not as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. A description of the non-GAAP financial measures for the periods presented and a reconciliation of this information to the GAAP financial measures are included in the attached financial tables.

Forward-looking Statements

This press release contains forward-looking statements, including regarding PDL's expectation regarding future operating expenses and filing of its Annual Report on Form 10-K for the fiscal year ended December 31, 2007 on or before March 15, 2007, which involve risks and uncertainties and PDL's actual results may differ materially from those, express or implied, in the forward-looking statements. 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 include the ability of the company to implement cost reductions efforts within expected time frames, changes in PDL's development plans, unexpected litigation or other disputes and the occurrence of other unexpected events that could affect actual expenses, as well as those discussed in PDL's filings with the Securities and Exchange Commission (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 http://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.

About PDL BioPharma

PDL BioPharma, Inc. is a biopharmaceutical company focused on the discovery and development of novel antibodies in oncology and select immunologic diseases. For more information, please visit http://www.pdl.com.

PDL BIOPHARMA, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
REVENUES:				
Royalties	$ 37,518	$ 43,753	$ 221,088	$ 184,277
License, collaboration and other	12,239	16,038	37,837	64,792
Total revenues	49,757	59,791	258,925	249,069
COSTS AND EXPENSES:				
Research and development	52,351	49,444	204,175	209,311
General and administrative	22,165	14,340	67,367	53,317
Restructuring charges	537	—	6,668	—
Asset impairment charges	182	—	5,513	900
Total costs and expenses	75,235	63,784	283,723	263,528
Operating loss	(25,478)	(3,993)	(24,798)	(14,459)
Interest income and other, net	4,019	5,268	19,362	17,704
Interest expense	(3,440)	(3,605)	(13,708)	(13,070)
Loss from continuing operations before income taxes	(24,899)	(2,330)	(19,144)	(9,825)
Income tax expense (benefit)	(399)	323	247	941
Loss from continuing operations	(24,500)	(2,653)	(19,391)	(10,766)
Discontinued operations, net of income taxes (1)	8,919	(87,055)	(1,670)	(119,254)
Net loss	$ (15,581)	$ (89,708)	$ (21,061)	$ (130,020)
NET LOSS PER BASIC AND DILUTED SHARE:				
Loss from continuing operations	$ (0.21)	$ (0.02)	$ (0.17)	$ (0.09)
Discontinued operations	$ 0.08	$ (0.76)	$ (0.01)	$ (1.05)
Net loss	$ (0.13)	$ (0.78)	$ (0.18)	$ (1.14)
WEIGHTED-AVERAGE SHARES - BASIC AND DILUTED	117,139	114,403	116,365	113,571

(1) During the fourth quarter of 2007, based on the significant interest demonstrated and the offers we received for our Cardene, Retavase and IV Busulfex commercial products and our ularitide development-stage cardiovascular product (together, the Commercial and Cardiovascular Assets), we elected to proceed with the sale of these assets separate from the sale of the entire Company. As a result, the financial results of the Commercial and Cardiovascular Operations have been presented as discontinued operations for all periods presented. Discontinued operations are reported as a separate component within the Consolidated Statement of Operations outside of income (loss) from continuing operations. As a result, we no longer report net product sales, cost of product sales, or selling and marketing expenses, all of which related to the Commercial and Cardiovascular Operations, separately in the Consolidated Statements of Operations.

In addition to the consolidated financial statements presented in accordance with GAAP, PDL uses non-GAAP measures of operating performance, which are adjusted from results based on GAAP to exclude depreciation of property and equipment; stock-based compensation expense; amortization of intangible assets; interest income and other, net; interest expense; income taxes and certain other miscellaneous items. PDL believes that the non-GAAP results provide added insight into its performance by focusing on results generated by its ongoing operations. PDL uses the non-GAAP results when assessing the performance of its ongoing operations, in making resource allocation decisions and for planning and forecasting. Additionally, PDL considers these non-GAAP results in awarding bonus and other incentive compensation to its employees, including management. The non-GAAP financial measures should be considered as a supplement to, not as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. Investors are encouraged to review the reconciliation of the non-GAAP financial measures to their most directly comparable GAAP financial measures.

PDL BIOPHARMA, INC.
RECONCILIATION OF NET INCOME (LOSS) TO NON-GAAP NET INCOME (LOSS) (1)
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
GAAP net loss	$ (15,581)	$ (89,708)	$ (21,061)	$ (130,020)
RECONCILING ITEMS:				
Depreciation	9,439	7,274	32,150	30,816
Amortization of intangibles	5,993	11,679	32,341	44,854
Stock-based compensation	6,114	5,853	20,578	23,648
Other acquisition-related charges	12	289	1,893	6,199
Restructuring charges (2)	538	—	6,668	—
Asset impairment charges (3)	182	72,094	5,513	74,650
Other miscellaneous charges (4)	—	—	—	9,744
Interest (income)/expense, net	(1,254)	(1,663)	(6,329)	(4,634)
Income tax expense (benefit)	(304)	326	468	767
Total reconciling items	20,720	95,852	93,282	186,044
Non-GAAP net income	$ 5,139	$ 6,144	$ 72,221	$ 56,024

NON-GAAP NET INCOME PER SHARE:				
Basic	$ 0.04	$ 0.05	$ 0.62	$ 0.49
Weighted average shares — basic	117,139	114,403	116,365	113,571
Diluted	$ 0.04	$ 0.05	$ 0.61	$ 0.48
Weighted average shares — diluted (5)	118,498	117,552	118,011	117,447

(1) Non-GAAP net income excludes depreciation of property and equipment, amortization of intangible assets, stock-based compensation expense, other acquisition-related charges, which primarily represent product sales returns that relate to operations prior to our acquisitions of ESP Pharma and the Retavase product in March 2005; restructuring charges; asset impairment charges; interest income and other, net; interest expense; income taxes; and certain other miscellaneous charges that were not classified in the foregoing categories and are identified below.

(2) During the year ended December 31, 2007, restructuring charges related to a reduction in force undertaken in the Company's manufacturing facility, in the third and fourth quarters of 2007, plus certain facilities-related charges taken for certain leased facilities vacated during the year.

(3) During the year ended December 31, 2007, asset impairment charges included $5.0 million recognized during the second quarter of 2007 related to previously owned property in Fremont, California, which was part of our corporate headquarters prior to our move to Redwood City, California in the fourth quarter of 2007.

(4) During the year ended December 31, 2006, the miscellaneous excluded charges consisted of (i) a $5.6 million charge in connection with the company's acquisition in September 2006 of certain Cardene-related rights from Roche and (ii) a $4.1 million charge for payments to Wyeth in consideration of Wyeth's consent to the Company's transfer of the Company's rights to the off-patent branded products during the first quarter of 2006.

(5) Diluted weighted average shares on a non-GAAP basis exclude the impact of 12.4 million shares and 10.6 million shares of common stock underlying the convertible notes the Company issued in July 2003 and February 2005, respectively.

PDL BIOPHARMA, INC.
SUPPLEMENTAL INFORMATION ON DISCONTINUED OPERATIONS (1)
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
REVENUES:				
Product sales, net:				
Cardene	$ 43,483	$ 31,843	$ 155,510	$ 109,689
Busulfex	7,886	7,161	30,170	24,062
Retavase	5,896	9,047	18,486	30,833
Off-patent products	—	—	—	1,117
Total revenues from discontinued operations	57,265	48,051	204,166	165,701
COSTS AND EXPENSES:				
Cost of product sales	20,990	24,418	81,339	86,292
Other operating expenses (R&D and SG&A)	27,924	38,302	123,058	118,888
Other acquisition-related charges	12	289	1,893	6,199
Asset impairment charges	—	72,094	—	73,750
Costs and expenses from discontinued operations	48,926	135,103	206,290	285,129
Other Income	675	—	675	—
Pre-tax income (loss) from discontiuned operations	9,014	(87,052)	(1,449)	(119,428)
Income taxes on discontinued operations	95	3	221	(174)
Income (loss) from discontinued operations	$ 8,919	$ (87,055)	$ (1,670)	$ (119,254)

(1) During the fourth quarter of 2007, based on the significant interest demonstrated and the offers we received for our *Cardene*, *Retavase* and IV *Busulfex* commercial products and our ularitide development-stage cardiovascular product (together, the Commercial and Cardiovascular Assets), we elected to proceed with the sale of these assets separate from the sale of the entire Company. As a result, the financial results of the Commercial and Cardiovascular Operations have been presented as discontinued operations for all periods presented. Discontinued operations are reported as a separate component within the Consolidated Statement of Operations outside of income (loss) from continuing operations. As a result, we no longer report net product sales, cost of product sales, or selling and marketing expenses, all of which related to the Commercial and Cardiovascular Operations, separately in the Consolidated Statements of Operations.

PDL BIOPHARMA, INC.
CONSOLIDATED BALANCE SHEET DATA

(in thousands)
(unaudited)

	December 31, 2007	December 31, 2006
Cash, cash equivalents, marketable securities and restricted cash	$ 440,788	$ 426,285
Total assets	$ 1,192,192	$ 1,141,893
Total stockholders' equity	$ 507,610	$ 467,541

CONSOLIDATED STATEMENT OF CASH FLOW DATA
(in thousands)
(unaudited)

	Year Ended December 31,	
	2007	2006
Net loss	$ (21,061)	$ (130,020)
Adjustments to reconcile net loss to net cash provided by operating activities	93,689	177,265
Changes in assets and liabilities	(5,655)	31,525
Net cash provided by operating activities	$ 66,973	$ 78,770

Exhibit 99.2

news release

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PDL BIOPHARMA ENDS SALE PROCESS FOR COMPANY AND RESTRUCTURES TO FOCUS ON ANTIBODY DISCOVERY AND DEVELOPMENT

-Company plans distribution from asset transactions to stockholders and continues evaluation of royalty-related distribution-

-Conference Call to be held tomorrow at 5:30AM PT-

REDWOOD CITY, Calif., March 4, 2008 — PDL BioPharma, Inc. (Nasdaq: PDLI) announced today that following an extended strategic review and solicitation of interest in the company and its assets, its board of directors has decided it will no longer actively pursue the sale of the company or of its biotechnology discovery and development assets. The company will remain independent and focus on the discovery and development of innovative new antibodies for cancer and immunologic diseases. In pursuing this path, PDL will:

- substantially reduce its expenses and implement a significant workforce reduction;
- distribute to stockholders at least $500 million of the initial proceeds from its previously announced commercial, cardiovascular and manufacturing asset sales transactions, pending the close of these transactions, in a form and at a time to be determined;
- continue to actively evaluate several structures to distribute to its stockholders 50 percent or more of the value of its future antibody humanization royalties from currently marketed licensed products, net of any applicable corporate-level taxes; and
- re-start a process led by the board to search for a new chief executive officer; Dr. L. Patrick Gage will continue to serve as interim chief executive officer during the search process.

"During our thorough strategic review process, we entered into agreements for the sale of our manufacturing, commercial and cardiovascular assets for a total of over $525 million in cash, up to $85 million in potential future milestone payments, as well as potential future royalties," said Karen A. Dawes, chair of PDL's board of directors. "Although we garnered interest regarding certain of our pipeline programs, we did not receive a firm offer for the company as a whole or for our biotech R&D assets. We believe that the completion of and planned distribution of proceeds from our strategic transactions, our expense reduction efforts, and our renewed focus on antibody discovery and development not only will maximize stockholder value, but also will enhance the opportunity for attractive partnering transactions in the future."

Committed to Pursuit of Royalty-Related Distribution

The company is actively evaluating several alternative structures that would result in the distribution to its stockholders of 50 percent or more of the value of future antibody humanization royalties that would be received from currently marketed products. PDL is carefully evaluating numerous factors, including tax implications, structural considerations, and market conditions, in order to select the alternative that would maximize the value of the humanization royalties for its stockholders. The structures being evaluated include, among others, a sale of the right to receive future royalties, a securitization of future royalties or a distribution to stockholders of securities related to the royalty stream.

Focus on Antibody Discovery and Development

Moving forward, PDL will focus on advancing its current product portfolio and discovering and developing additional innovative antibodies for cancer and immunologic diseases.

"As a substantially more streamlined biotechnology organization, PDL will work to efficiently maximize the value of its core technical strengths and 21 years of antibody expertise, while successfully advancing its current portfolio and partnering, when appropriate, to maximize value, offset the costs and mitigate the risks of mid- to late-stage development," said L. Patrick Gage, Ph.D., interim chief executive officer of PDL. "In addition to PDL's technical competencies, our talented employees, who have continued to move our company forward during the strategic review, are a fundamental strength of our company, and I thank them for their ongoing dedication and hard work."

PDL's current pipeline consists of three novel antibody products in the clinic and its 2008 IND candidate: daclizumab for the treatment of multiple sclerosis (MS) and asthma, for which the company has presented positive data from placebo-controlled phase 2 clinical trials in each indication; volociximab (M200), currently in phase 1/2 studies targeted at various solid tumors; the HuLuc63 antibody under phase 1 investigation in multiple myeloma; and PDL192, another antibody with potential in solid tumors for which the company plans to file an IND in the second quarter of this year. PDL is co-developing daclizumab in MS, and M200 in all indications, with Biogen Idec. In addition to advancing these product candidates, PDL intends to move a new antibody into the clinic each year. The company also maintains its strong process development and preclinical support capabilities.

Workforce Reduction Implemented; Operating Expenses Reduced

PDL's new operating plan includes a reduction of its workforce across all functions by approximately 260 positions, starting immediately and continuing over the next 12 months. This reduction is in addition to previously planned reductions of approximately 320 positions resulting from the recently announced sales of the company's manufacturing plant and commercial and cardiovascular products. Subsequent to the transition period, PDL expects that its workforce will consist of approximately 300 employees.

PDL anticipates a transition period of approximately 12 months before planned expense reductions and transition services related to the manufacturing, commercial and cardiovascular asset sale transactions are fully implemented or completed. At the end of this period, PDL expects its annualized operating expenses to be approximately $150 million, excluding depreciation, amortization, stock compensation expense and any restructuring charges. The company may further reduce these projected annualized operating expenses through potential additional expense reductions and partnering transactions. PDL's non-GAAP operating expenses for 2007, on the same basis with these projected annualized operating expenses, were $340.2 million. In connection with the company's restructuring and workforce reduction, PDL expects to incur significant transition-related expenses over the 12-month period, a portion of which would be recorded as restructuring charges. PDL will provide a further financial outlook in conjunction with its first quarter 2008 financial results.

Conference Call on Wednesday, March 5

Members of PDL's board and management team will hold a conference call on Wednesday, March 5 at 5:30AM PT/8:30AM ET to discuss today's announcement. A webcast of the conference call will be available through the PDL website: http://www.pdl.com.

Non-GAAP Financial Information

This press release includes PDL's operating expenses for 2007, which is a non-GAAP financial measure, and PDL's forward-looking non-GAAP estimate of annualized operating expenses at the end of the transition period following the company's restructuring. This non-GAAP financial measure and forward-looking estimate exclude depreciation of property and equipment, stock-based compensation expense, amortization of intangible assets, asset impairment charges and restructuring charges that would otherwise be included if measured in accordance with generally accepted accounting principles (GAAP). PDL believes that the 2007 non-GAAP financial measure and forward-looking non-GAAP estimate of annualized operating expenses presented in this press release are useful for investors because this measure and estimate provide additional information regarding and enhance an investor's overall understanding of PDL's future potential cost structure after the completion of the asset sales transactions and restructuring compared to the company's historical cost structure. The non-GAAP financial measure and estimate should be considered as a supplement to, not as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. The non-GAAP operating expenses for 2007 of $340.2 million are comprised of research and development, selling and marketing and general and administrative expenses from both continuing and discontinued operations, excluding depreciation of $32.2 million, amortization of intangibles of $1.6 million, and stock-based compensation of $32.3 million, which excluded amounts are allocated between continuing and discontinued operations in the Company's financial statements for the fiscal year ended December 31, 2007. The amounts or estimated amounts of depreciation of property and equipment, stock-based compensation expense,

amortization of intangible assets, asset impairment charges and restructuring charges excluded from the forward-looking non-GAAP estimate of annualized operating expenses are not reasonably quantifiable at this time because they depend upon future events.

Forward-looking Statements

This press release contains forward-looking statements, including regarding PDL's:

- intent to implement a structure to distribute to stockholders 50 percent or more of the value of its antibody humanization patent royalty stream received from currently marketed licensed products net of any applicable corporate-level taxes;
- intent distribute at least $500 million to stockholders in a yet to be determined form;
- expectations regarding the pending close of recently announced commercial, cardiovascular and manufacturing transactions;
- research and development plans and objectives;
- expectations regarding restructuring charges and related expenses;
- operating expense expectations; and

- the effect of potential partnering transactions.

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 form and size of any royalty-related distribution is uncertain and the conclusion of any transaction or structure leading to such a distribution would be subject to numerous conditions including potential negotiation with third parties, market conditions and determination of the final form, which could include, among others, a sale of the right to future royalties, a securitization of future royalties, or a distribution to stockholders of securities related to the royalty stream. PDL may not be able to implement a structure relating to its antibody humanization patent royalty stream on terms acceptable to it, or at all;

- the consummation of any transaction or structure relating to the royalty stream, even if on acceptable terms, could be adversely impacted or prevented by failure to satisfy closing conditions or regulatory delays;

- the consummation of pending asset sale transactions could be adversely impacted or prevented by failure to satisfy closing conditions, regulatory delays, or, with respect to PDL's pending sale of its cardiovascular related products, the buyer's inability to obtain adequate financing notwithstanding the commitments it has received from potential debt sources and equity investors;

- the ability to meet research and development plans and objectives could be adversely impacted by failures in pre-clinical studies, ability to effectively protect intellectual property, delays in clinical timelines of PDL's development products, PDL's ability to timely contract with clinical sites, enrollment rates in clinical trials, availability of clinical materials, or changes in the market due to alternative treatments or other actions by competitors; and

- the ability to realize PDL's expected annualized operating expense level could be impacted by changes in PDL's development plans, unexpected litigation or other disputes and the occurrence of other unexpected events that could affect anticipated expenses.

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 Securities and Exchange Commission (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 http://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.

About PDL

PDL BioPharma, Inc. is a biopharmaceutical company focused on discovering and developing innovative therapies for severe or life-threatening illnesses. For more information, please visit www.pdl.com.