**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): August 19, 2014

# 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.**

*Presentation Materials*

On August 19, 2014, 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. A copy of this presentation is attached hereto at Exhibit 99.1.

*Information Sheet*

On August 19, 2014, 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 99.2.

*Limitation of Incorporation by Reference*

In accordance with General Instruction B.2. of Form 8-K, the information in this report, including the exhibits, is furnished pursuant to Item 7.01 and shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section.

*Cautionary Statements*

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

**Item 9.01 Financial Statements and Exhibits.**

| Exhibit No. | Description |
|---|---|
| 99.1 | Presentation |
| 99.2 | 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: August 19, 2014

**Exhibit Index**

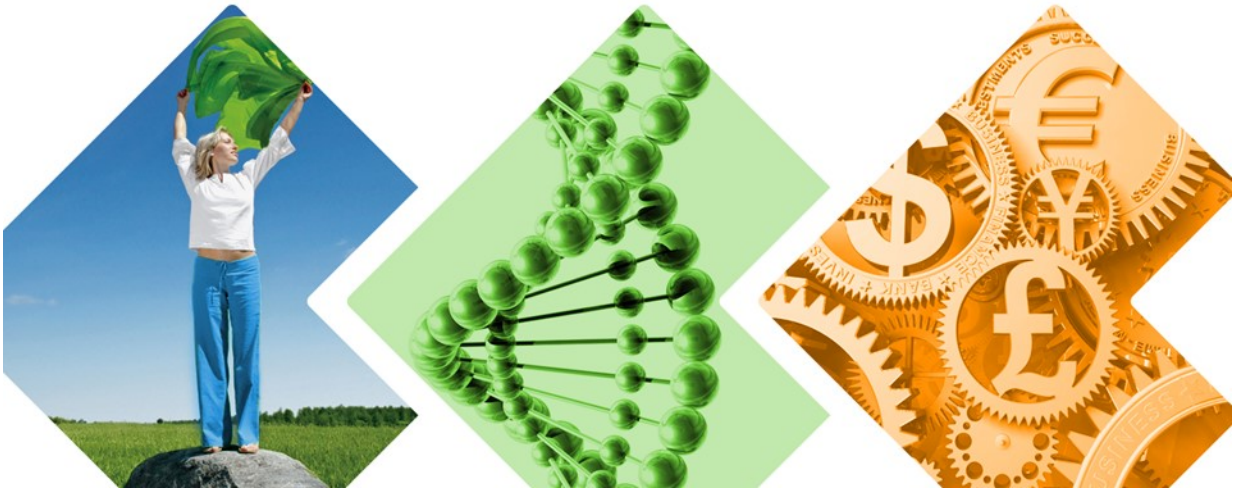
| Exhibit No. | Description |
|---|---|
| 99.1 | Presentation |
| 99.2 | Information Sheet |

Exhibit 99.1

PDL BioPharma®

# Second Quarter 2014
# FINANCIAL RESULTS CONFERENCE CALL

August 19, 2014



# 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;
- 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;
- 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.

## Highly Focused on Acquiring Additional Assets

- Top priority remains bringing in additional income-generating assets
- Have committed over $800 million since embarking on this strategy in 2012
- Have committed over $240 million in 2014
- Entered royalty purchase and sale agreement with Viscogliosi Brothers for royalties on sales of a PMA-approved spinal implant in exchange for $15.5 million
- Durata Therapeutics received FDA approval for dalbavancin in May triggering a $15 million payment from PDL



PDL BioPharma

# Income Generating Assets Scorecard

## Current Investments:

| | | |
|---|---|---|
| Royalty Acquisition<br>Viscogliosi Bros., LLC<br>$15,500,000<br>June 2014 | Senior Secured Note Purchase<br>kaléo<br>$150,000,000<br>April 2014 | Senior Secured Financing<br>Paradigm Spine<br>$75,000,000<br>February 2014 |
| Senior Secured Financing<br>Direct Flow Medical, Inc.<br>$50,000,000<br>November 2013 | Senior Secured Financing<br>Durata Therapeutics<br>$70,000,000<br>October 2013 | Royalty Acquisition<br>Depomed<br>$240,500,000<br>October 2013 |
| Senior Secured Financing<br>LENSAR<br>$60,000,000<br>October 2013 | Senior Secured Financing/ Royalty Transaction<br>AVINGER<br>$40,000,000<br>April 2013 | Royalty Transaction/ Senior Secured Financing<br>Wellstat Diagnostics, LLC<br>$44,000,000<br>November 2012 |
| Royalty Transaction/ Senior Secured Financing<br>AxoGen<br>$20,800,000<br>October 2012 | | |

## Concluded Investments:

| |
|---|
| Senior Secured Financing<br>Merus Labs<br>$55,000,000<br>July 2012 |

- 11 Transactions to date
- $800MM+ total committed with ~$715MM+ deployed
- $240MM committed year-to-date 2014
- 1 Matured Transaction (Merus Labs)



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# Wellstat Diagnostics Update

- PDL sent a notice of default to Wellstat and each guarantor demanding immediate repayment of the note (in the amount of ~$54MM).
- To date, PDL has loaned Wellstat $45.7 million, and we are owed ~$54MM.
- We intend to place PDL in the best possible position to recover the full amount.
- We will remain flexible in determining our ultimate course of action, of which several are available to us.

# Second Quarter Ended June 30, 2014 Overview

| (In thousands, except per share amounts) | Three Months Ended June 30, 2014 | Three Months Ended June 30, 2013 | Six Months Ended June 30, 2014 | Six Months Ended June 30, 2013 |
|---|---|---|---|---|
| Royalties from Queen et al. patents | $ 115,066 | $ 143,617 | $ 231,092 | $ 235,464 |
| Royalty rights - change in fair value | 34,498 | - | 46,205 | - |
| Interest revenue | 12,613 | 4,903 | 21,684 | 8,651 |
| License and other | 575 | - | 575 | - |
| Total revenues | 162,752 | 148,520 | 299,556 | 244,115 |
| G&A expenses | 6,920 | 6,783 | 11,502 | 13,969 |
| Operating income | 155,832 | 141,737 | 288,054 | 230,146 |
| Interest and other income, net | 82 | 60 | 132 | 150 |
| Interest expense | (9,858) | (6,051) | (20,383) | (12,051) |
| Loss on extinguishment of debt | - | - | (6,143) | - |
| Income before income taxes | 146,056 | 135,746 | 261,660 | 218,245 |
| Income tax expense | 54,001 | 42,004 | 96,722 | 71,032 |
| Net income | $ 92,055 | $ 93,742 | $ 164,938 | $ 147,213 |
| | | | | |
| Net income per share - Basic | $ 0.57 | $ 0.67 | $ 1.06 | $ 1.05 |
| Net income per share - Diluted | $ 0.52 | $ 0.62 | $ 0.94 | $ 0.96 |

| | June 30, 2014 | December 31, 2013 |
|---|---|---|
| Cash, cash equivalents and investments | $ 217,768 | $ 99,540 |
| Total notes receivable | $ 420,319 | $ 195,048 |
| Total assets | $ 916,405 | $ 543,955 |
| Total term loan payable | $ 37,364 | $ 74,397 |
| Convertible notes payable | $ 470,781 | $ 320,883 |
| Total stockholders's equity | $ 296,661 | $ 113,489 |



PDL BioPharma

# Return to Stockholders – PDL Dividends

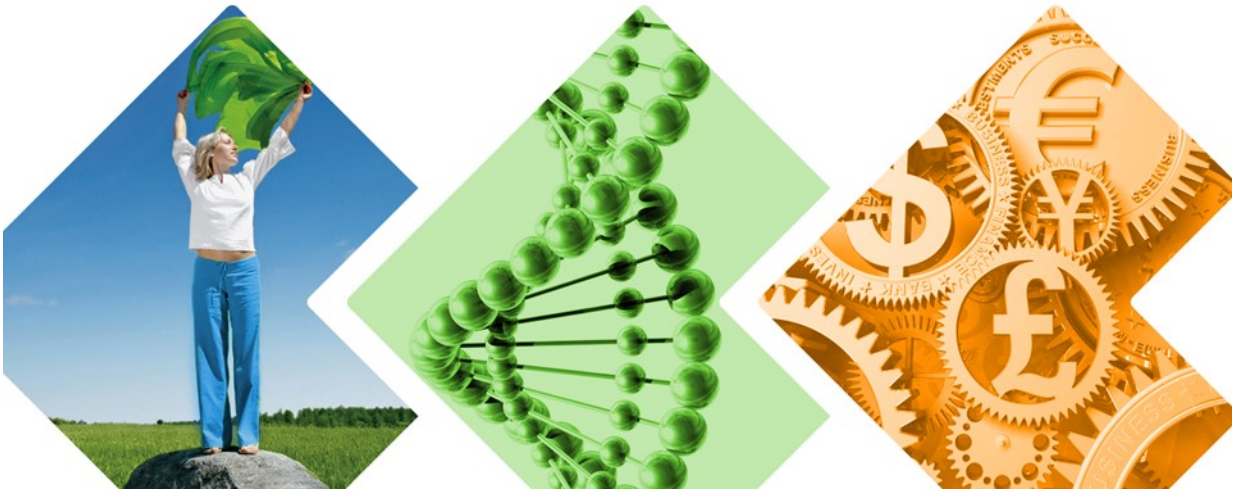
- **Regular quarterly dividend program will total 60 cents per share in 2014**
- **Highest dividend yield among biotech / pharma companies**
  - 2012 and 2013: paid regular, quarterly dividends totaling $0.60/share
  - 2014: paid regular, quarterly dividend of $0.15/share on March 12 and June 12, and will pay the same amount in dividends on September 12 and December 12
- **Paid second of four regular dividends on June 12th to all stockholders of record as of June 5th for a total of $24 million**



PDL BioPharma

PDL BioPharma

# QUESTION AND ANSWER SESSION



# PDL BioPharma, Inc.
# Q2 2014
# August 19, 2014

Following are some of the key points regarding PDL's second quarter 2014 financial and business results.

**Net Income**

Net income in the second quarter of 2014 was $92.1 million, or $0.52 per diluted share as compared with net income in the second quarter of 2013 of $93.7 million, or $0.62 per diluted share. Net income for the first six months of 2014 was $164.9 million, or $0.94 per diluted share as compared with net income in the first six months of 2013 of $147.2 million, or $0.96 per diluted share.

**2014 Dividends**

- On January 29, 2014, PDL's Board of Directors declared regular quarterly dividends of $0.15 per share of common stock, payable on March 12, June 12, September 12 and December 12 of 2014 to all stockholders who own shares of PDL on March 5, June 5, September 5 and December 5 of 2014, the record dates for each of the dividend payments, respectively. On June 12, 2014, PDL paid the second quarterly dividend to stockholders of record totaling $24.0 million using earnings generated in the second quarter of 2014.

**Accounting for Depomed Transaction**

- In the second quarter of 2014, after consultation with our auditor's and the Office of Chief Accountant of the SEC, PDL recorded a change in accounting related to its acquisition of royalty rights from Depomed. As part of this change, PDL has elected to measure these assets at fair value. The change in fair value along with net cash royalties received from Depomed is currently presented as a component of "royalty rights - change in fair value" in PDL's condensed consolidated statements of income. Of the $34.5 million recognized in royalty rights for the quarter ended June 30, 2014, $25.8 million were net cash royalty receipts from Depomed and $8.7 million was the net increase in fair value including prior period adjustments.
- The cost of revenue caption, previously reported in the first quarter of 2014 was reversed in the second quarter and will no longer be reported.
- The change in accounting is further described in **Correction of an Immaterial Error** section below.

**Accounting Reclassification**

- In recognition of its transitioning business model to acquire new revenue generating assets, PDL reclassified $12.6 million in interest income in the quarter ended June 30, 2014 related to interest from its notes receivable to interest revenue, which compares to $4.9 million in interest revenue for the second quarter of 2013. The reclassification of $21.7miilion and $8.7milllion was also made for the six months ended June 30, 2014 and 2013, respectively.

**Updates on Approved Royalty Bearing Products**

- The second quarter 2014 royalty payment received from Genentech products was for worldwide net sales in the first quarter 2014. Prior to 2014, PDL's second quarter royalty revenue was historically the highest amount of any quarter because the applicable tiered royalty rate was three percent. However, as aggregate net sales increased with each subsequent quarter, the tiered royalty rate declined, dropping to one percent in PDL's third, fourth and first quarters. As a result, the blended royalty rate for all of 2013 for Genentech Products was 1.9 percent. The settlement with Genentech resulted in a single fixed royalty rate of 2.125 percent, which results in more uniform royalty revenue on a quarter to-quarter basis in the current fiscal year. Thus, this decrease in Queen et al. related royalties between the second quarters of 2013 and 2014 is a function of the transition to the new fixed royalty rate, which new royalty rate is anticipated to result in greater royalties to PDL when measured on an annual basis

*Avastin® (bevacizumab):*

- On July 24, 2014, Genentech/Roche reported that 1H14 worldwide sales were $3.778 billion* and increased by 6%.

- On July 21, 2014, Genentech announced that its application for approval for the treatment of recurrent platinum-resistant **ovarian cancer** in US had been granted priority review with a PDUFA date of November 19, 2014.
- On August 6, 2014, Roche reported EU approval for the treatment of **ovarian cancer** that is resistant to platinum-based chemotherapy.
- On August 14, 2014, Genentech announced US approval for the treatment of persistent, recurrent or metastatic **cervical cancer** in the US in combination with chemotherapy.

*Herceptin® (trastuzumab):*
- On July 24, 2014, Genentech/Roche reported that 1H14 worldwide sales were $3.76 billion* and increased by 6%.
- Subcutaneous formulation being rapidly adopted in vast majority of EU.

*Lucentis® (ranibizumab):*
- On July 24, 2014, Genentech/Roche reported that 1H14 US sales were $1 billion* and increased by 6%.
    - AMD and RVO: Stable use and increasing size of market but potential competition in BRVO in 2H14.
    - DME: Increasing patient share but also expecting competition in 2H14.
- On July 17, 2014, Novartis reported that 2Q14 ex-US sales were $619 million and increased by 7% over 2Q13.
- On August 7, 2014, Genentech filed in US for approval for treatment of **diabetic retinopathy**.
    - Diabetic retinopathy is the leading cause of new cases of blindness of working-age people.

*Tysabri® (natalizumab):*
- On July 23, 2014, Biogen Idec reported that 2Q14 worldwide sales were $533 million.

*Xolair® (omalizumab):*
- On July 24, 2014, Genentech/Roche reported that 1H14 US sales were $533 million* and increased by 19%.
- On July 17, 2014, Novartis reported that 2Q14 ex-US sales were $197 million and increased by 30% over 2Q13.
- On March 6, 2014, Novartis reported that the EU had approved Xolair as an add on therapy for **chronic spontaneous idiopathic urticaria**.
- On March 21, 2014, Genentech/Roche announced that the FDA had approved Xolair for chronic idiopathic urticaria.

*Actemra® (tocilizumab):*
- On July 24, 2014, Genentech/Roche reported that 1H14 worldwide sales were $693 million* and increased by 22% year over year.
- On April 28, 2014, Roche announced approval of the subcutaneous formulation in EU.
- On October 21, 2013, Genentech/Roche announced approval of the subcutaneous formulation in US.

*Perjeta® (pertuzumab):*
- On July 24, 2014, Genentech/Roche reported 1H14 worldwide sales were $473 million* and increased by 276% year over year.

*Kadcyla® (TDM-1 or ado-trastuzumab emtansine):*
- On July 24, 2014, Genentech/Roche reported 1H14 worldwide sales were $277 million* and increased by 188%.

*Gazyva™ (Obinutuzumab or GA101):*
- On July 24, 2014, Genentech/Roche announced 1H14 US sales of $22 million.
    - Gazyva was approved in the US on November 1, 2013, for previously untreated **chronic lymphocytic leukemia** (CLL) in combination with chlorambucil.
- On July 29, 2014, Roche announced EU approval for first line treatment of CLL with chlorambucil.

*** Assumes CHF1=USD1.22**

**Update on Wellstat Diagnostics**

In June of 2014, PDL received information from Wellstat Diagnostics that showed that it was generally unable to pay its debts as they became due. This constituted an Event of Default under the amended and restated credit agreement. Wellstat Diagnostics entered into a transaction involving another lender in coordination with PDL, pursuant to which Wellstat Diagnostics obtained additional short term funding for its operations. At the same time, PDL entered into the First Amendment to Amended and Restated Credit Agreement with Wellstat Diagnostics. The material terms of the amendment include the following: (1) Wellstat Diagnostics acknowledged that an Event of Default had occurred, (2) PDL agreed to forbear from immediately enforcing its rights for up to sixty (60) days, so long as the other lender provided agreed levels of interim funding to Wellstat Diagnostics; and (3) PDL obtained specified additional information rights with regard to Wellstat Diagnostics' financial matters and investment banking activities.

On August 5, 2014, PDL received notice that the short term funding being provided pursuant to the agreement with the other lender entered into during June 2014, was being terminated. Wellstat Diagnostics remained in default because it was still unable to pay its debts as they became due. Accordingly, PDL delivered a notice of default to Wellstat Diagnostics, due to its on-going failure to pay its debts as they become due and Wellstat Diagnostics' failure to comply with certain covenants by the contractually specified deadlines. The notice given accelerates all obligations under the amended and restated credit agreement and demands immediate payment in full in an amount equal to approximately $54 million and demands that Wellstat Diagnostics protect and preserve all collateral securing its obligations.

PDL's intent in these actions is to place the Company in the best possible position to recover the full amount due. Our actions are designed to preserve and protect the collateral in the event that PDL elects to pursue a foreclosure sale and to put the guarantors on notice of our intent to collect on the loan from them to the extent possible. We will remain flexible in determining our ultimate course of action. For example, we may forbear in exercising our remedies if Wellstat Diagnostics is able to secure additional funding, either through a third party loan or through an equity placement. We would note that Wellstat Diagnostics has been successful in the past in finding third party funding to continue its operations, but we are unable to ascribe a likelihood of success to their current efforts.

Other examples of actions that PDL may take include:

- We may proceed with a foreclosure sale of the assets of Wellstat Diagnostics in which PDL holds a perfected first priority lien. The Wellstat Diagnostics collateral includes, for example, hard assets of the company, such as models of their diagnostics systems, their assays, computers and lab equipment; intellectual property such as patents, trade secrets, experimental data and engineering plans; and licenses to intellectual property covering aspects of Wellstat Diagnostics' assay technology. A sale process would be conducted in accordance with applicable law as well as certain conditions on the transfer of intellectual property licenses owned by Wellstat Diagnostics. If PDL finds a buyer at an acceptable price, it may conduct a private foreclosure sale under Article 9 of the UCC. If not, PDL may conduct a public foreclosure sale and at any such public sale PDL would have the right to credit bid part or all of its secured claims.

- If PDL's credit bid results in PDL owning the asset, PDL would evaluate its options with regard to monetizing such assets at that time.

- We may elect to collect amounts due from the guarantors of the loans which include certain affiliates and related companies of Wellstat Diagnostics as well as two shareholders of Wellstat Diagnostics and related companies. Such an action may be subject to higher priority liens of third party lenders to the Wellstat affiliated companies. It is also possible that efforts to collect from guarantors will require legal action. Further, we would decide to seek to collect any deficiency in the amount generated in a foreclosure sale of Wellstat Diagnostics' assets from one or more of the guarantors after the foreclosure sale is completed and the amount of the deficiency, if any, is determined.

**Correction of an Immaterial Error**

We previously disclosed that we had received a comment letter from SEC staff regarding our accounting for the Depomed Royalty Agreement and were engaged in discussions with them. The SEC staff asked us to explain why the transaction was accounted for as the acquisition of intangible assets as opposed to that of financial assets.

While significant judgment is required to determine the appropriate accounting for this transaction as either the acquisition of intangible assets or financial assets, we have concluded, after consultation with our auditor's and the Office of Chief Accountant of the SEC, that it should be treated as a Level 3 financial asset. This is a change to the previously reported accounting as an intangible asset. An important fact in this determination is that we only receive the rights to cash (and not necessarily the intellectual property of the asset).

We expect that future royalty transactions (where we do not acquire intellectual property rights) will be accounted for in a manner similar to that now being applied to Depomed, including our recent royalty transaction with the Viscogliosi Brothers.

Based upon this treatment as a financial asset, we recorded a correction to an error related to our acquisition of royalty rights from Depomed. Consistent with accounting for Depomed as a financial asset, we will now measure it at fair value. The change in fair value along with net cash royalties received from Depomed is currently presented as a component of "royalty rights - change in fair value" in PDL's income statements. The estimated fair value is determined by using a discounted cash flow analysis related to the expected future cash flows to be received. In addition, the previously recorded non-cash cost of royalty revenues (amortization of the intangible asset) was reversed and will no longer be reported.

Of the $34.5 million recognized in royalty rights for the quarter ended June 30, 2014, $25.8 million were net cash royalty receipts from Depomed and $8.7 million was the net increase in fair value including prior period adjustments. The change in fair value includes a reduction in fair value of $4.9 million in Q2 offset by a gain of $13.6 million from the prior period adjustments booked in Q2. Going forward, we would expect the net royalty receipts received from Depomed to be offset by a similar reduction in fair value to Q2 unless we increase our cash flow analysis and or change inputs related to timing of future sales and discount rates applied to the cash flow.

We determined that a retrospective revision due to the correction of an error was not required. The prospective change is reflected in the current period ending June 30, 2014 as a component of "Royalty rights - change in fair value" in our condensed consolidated statements of income.

The following tables detail the adjustments if they were affected in the prior period:

**For the year ended December 31, 2013 (in thousands)**

| Amounts in 000's | As Filed | Adjustments | As Corrected | % Change |
|---|---|---|---|---|
| Total Revenues | $ 442,921 | $ 190 | $ 443,111 | 0 % |
| Operating Income | $ 407,529 | $ 5,013 | $ 412,542 | 1.2 % |
| Pre-tax Income | $ 401,876 | $ 5,013 | $ 406,889 | 1.2 % |
| Net Income | $ 264,530 | $ 3,184 | $ 267,714 | 1.2 % |
| EPS: | | | | |
| Basic | $ 1.89 | $ 0.02 | $ 1.91 | 1.1 % |
| Diluted | $ 1.66 | $ 0.02 | $ 1.68 | 1.2 % |

**For the three months ended March 31, 2014 (in thousands)**

| Amounts in 000's | As Filed | Adjustments | As Corrected | % Change |
|---|---|---|---|---|
| Total Revenues | $ 139,664 | $ 1,669 | $ 141,333 | 1.2 % |
| Operating Income | $ 123,151 | $ 12,786 | $ 135,937 | 10.4 % |
| Pre-tax Income | $ 115,604 | $ 12,786 | $ 128,390 | 11.1 % |
| Net Income | $ 72,883 | $ 8,121 | $ 81,004 | 11.1 % |
| EPS: | | | | |
| Basic | $ 0.48 | $ 0.05 | $ 0.53 | 10.4 % |
| Diluted | $ 0.44 | $ 0.05 | $ 0.49 | 11.4 % |

Adjustments for the three months ended March 31, 2014 include the unadjusted effects for the year ended December 31, 2013.

**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 factors that could impair the value of the Company's royalty assets, restrict or impede the ability of the Company to invest in new income generating 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, 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.

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

| Avastin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 40,538 | 38,924 | — | — | 79,462 |
| 2013 | 33,234 | 46,720 | 32,224 | 32,287 | 144,464 |
| 2012 | 23,215 | 41,670 | 25,955 | 30,041 | 120,882 |
| 2011 | 22,283 | 41,967 | 23,870 | 22,886 | 111,006 |
| 2010 | 16,870 | 44,765 | 29,989 | 24,922 | 116,547 |
| 2009 | 13,605 | 35,161 | 21,060 | 15,141 | 84,966 |
| 2008 | 9,957 | 30,480 | 19,574 | 12,394 | 72,405 |
| 2007 | 8,990 | 21,842 | 17,478 | 9,549 | 57,859 |
| 2006 | 10,438 | 15,572 | 15,405 | 12,536 | 53,952 |

| Herceptin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 37,863 | 38,292 | — | — | 76,155 |
| 2013 | 30,287 | 47,353 | 30,961 | 33,038 | 141,640 |
| 2012 | 25,702 | 44,628 | 30,433 | 28,307 | 129,070 |
| 2011 | 25,089 | 42,209 | 31,933 | 21,812 | 121,042 |
| 2010 | 23,402 | 38,555 | 27,952 | 25,441 | 115,350 |
| 2009 | 16,003 | 32,331 | 26,830 | 18,615 | 93,779 |
| 2008 | 14,092 | 34,383 | 28,122 | 20,282 | 96,880 |
| 2007 | 19,035 | 28,188 | 22,582 | 14,802 | 84,608 |
| 2006 | 15,142 | 19,716 | 21,557 | 20,354 | 76,769 |

| Lucentis | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 17,104 | 16,777 | — | — | 33,881 |
| 2013 | 12,032 | 30,066 | 13,536 | 12,127 | 67,760 |
| 2012 | 10,791 | 27,938 | 12,552 | 11,097 | 62,377 |
| 2011 | 8,878 | 24,313 | 12,157 | 10,750 | 56,099 |
| 2010 | 7,220 | 19,091 | 10,841 | 8,047 | 45,198 |
| 2009 | 4,621 | 12,863 | 8,123 | 6,152 | 31,759 |
| 2008 | 3,636 | 11,060 | 7,631 | 4,549 | 26,876 |
| 2007 | 2,931 | 6,543 | 6,579 | 3,517 | 19,570 |
| 2006 | — | — | 289 | 3,335 | 3,624 |

| Xolair | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 9,559 | 9,099 | — | — | 18,658 |
| 2013 | 5,930 | 10,025 | 7,334 | 7,330 | 30,619 |
| 2012 | 5,447 | 8,609 | 6,504 | 6,145 | 26,705 |
| 2011 | 4,590 | 7,621 | 5,916 | 5,823 | 23,949 |
| 2010 | 3,723 | 6,386 | 4,980 | 4,652 | 19,741 |
| 2009 | 2,665 | 5,082 | 4,085 | 3,722 | 15,553 |
| 2008 | 1,488 | 4,866 | 3,569 | 2,927 | 12,850 |
| 2007 | 1,684 | 3,942 | 3,332 | 2,184 | 11,142 |
| 2006 | 2,263 | 2,969 | 3,041 | 2,495 | 10,768 |

| Perjeta | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 3,892 | 4,385 | — | — | 8,277 |
| 2013 | 340 | 1,414 | 748 | 879 | 3,381 |
| 2012 | — | — | 58 | 250 | 308 |

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

| Kadcyla | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 2,393 | 2,491 | — | — | 4,884 |
| 2013 | — | 551 | 830 | 859 | 2,240 |

| Tysabri | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 12,857 | 13,350 | — | — | 26,207 |
| 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 |

| Actemra | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 3,446 | 3,932 | — | — | 7,378 |
| 2013 | 2,631 | 2,816 | 2,939 | 3,744 | 12,131 |
| 2012 | 1,705 | 2,074 | 2,145 | 2,462 | 8,385 |
| 2011 | 913 | 1,136 | 1,401 | 1,460 | 4,910 |
| 2010 | 1,587 | 237 | 315 | 688 | 2,827 |
| 2009 | 585 | 537 | 909 | 1,197 | 3,228 |
| 2008 | 44 | — | 146 | 369 | 559 |
| 2007 | 32 | — | — | 17 | 49 |
| 2006 | — | — | — | — | — |

| Gazyva | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 51 | 283 | — | — | 334 |

*** As reported to PDL by its licensees**

**Totals may not sum due to rounding**

**Q1 2014 royalty revenue by product above do not include a $5 million payment received from Genentech in Q1 2014 for a retroactive settlement payment from 2013.**

**Reported Net Sales Revenue by Product ($ in 000's) ***

| Avastin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 1,786,912 | 1,838,764 | — | — | 3,625,676 |
| 2013 | 1,653,108 | 1,694,678 | 1,746,135 | 1,819,877 | 6,913,798 |
| 2012 | 1,502,757 | 1,573,727 | 1,551,327 | 1,662,977 | 6,290,788 |
| 2011 | 1,597,461 | 1,582,705 | 1,581,095 | 1,469,994 | 6,231,255 |
| 2010 | 1,506,788 | 1,596,892 | 1,594,707 | 1,646,218 | 6,344,605 |
| 2009 | 1,345,487 | 1,295,536 | 1,439,730 | 1,514,053 | 5,594,806 |
| 2008 | 980,715 | 1,084,930 | 1,180,427 | 1,239,382 | 4,485,454 |
| 2007 | 678,068 | 746,587 | 797,013 | 875,084 | 3,096,752 |
| 2006 | 439,318 | 516,052 | 570,551 | 592,897 | 2,118,817 |

| Herceptin | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 1,731,564 | 1,801,990 | — | — | 3,533,554 |
| 2013 | 1,681,574 | 1,744,145 | 1,681,860 | 1,726,551 | 6,834,130 |
| 2012 | 1,515,255 | 1,625,313 | 1,663,695 | 1,650,495 | 6,454,759 |
| 2011 | 1,391,568 | 1,559,975 | 1,642,898 | 1,432,771 | 6,027,211 |
| 2010 | 1,270,846 | 1,349,512 | 1,300,934 | 1,409,310 | 5,330,602 |
| 2009 | 1,210,268 | 1,133,993 | 1,226,435 | 1,278,626 | 4,849,323 |
| 2008 | 1,105,426 | 1,195,215 | 1,211,982 | 1,186,806 | 4,699,428 |
| 2007 | 891,761 | 949,556 | 979,602 | 1,015,033 | 3,835,952 |
| 2006 | 529,585 | 659,719 | 761,099 | 803,576 | 2,753,979 |

| Lucentis | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 818,376 | 789,483 | — | — | 1,607,859 |
| 2013 | 1,203,179 | 1,171,423 | 1,200,791 | 1,212,651 | 4,788,045 |
| 2012 | 1,079,092 | 1,086,543 | 1,097,541 | 1,109,695 | 4,372,871 |
| 2011 | 887,757 | 943,418 | 1,052,809 | 1,075,015 | 3,958,999 |
| 2010 | 721,967 | 698,890 | 745,376 | 804,684 | 2,970,917 |
| 2009 | 462,103 | 469,736 | 555,296 | 615,212 | 2,102,347 |
| 2008 | 363,615 | 393,682 | 460,167 | 454,922 | 1,672,386 |
| 2007 | 224,820 | 219,579 | 299,995 | 322,300 | 1,066,695 |
| 2006 | — | — | 10,689 | 157,742 | 168,431 |

| Xolair | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 425,243 | 428,171 | — | — | 853,414 |
| 2013 | 341,309 | 365,778 | 391,900 | 401,333 | 1,500,321 |
| 2012 | 310,234 | 314,638 | 347,796 | 340,431 | 1,313,100 |
| 2011 | 267,754 | 277,642 | 310,874 | 314,911 | 1,171,182 |
| 2010 | 228,859 | 225,878 | 251,055 | 263,389 | 969,179 |
| 2009 | 184,669 | 181,086 | 211,006 | 219,693 | 796,454 |
| 2008 | 137,875 | 169,521 | 177,179 | 183,753 | 668,329 |
| 2007 | 129,172 | 130,700 | 144,250 | 147,754 | 551,876 |
| 2006 | 95,241 | 99,354 | 112,608 | 118,002 | 425,204 |

| Perjeta | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 158,809 | 206,333 | — | — | 365,142 |
| 2013 | 34,008 | 55,076 | 66,353 | 87,949 | 243,386 |
| 2012 | — | — | 5,080 | 25,000 | 30,079 |

**Reported Net Sales Revenue by Product ($ in 000's) ***

| Kadcyla | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 91,031 | 117,212 | — | — | 208,243 |
| 2013 | — | 21,459 | 73,626 | 85,906 | 180,991 |

| Tysabri | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 428,561 | 442,492 | — | — | 871,053 |
| 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 |

| Actemra | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 114,865 | 124,736 | — | — | |
| 2013 | 87,703 | 91,374 | 97,961 | 124,815 | 401,852 |
| 2012 | 56,662 | 66,624 | 71,505 | 82,053 | 276,843 |
| 2011 | 30,433 | 35,370 | 46,709 | 48,671 | 161,183 |
| 2010 | 52,908 | 5,405 | 10,493 | 22,919 | 91,725 |
| 2009 | 19,504 | 17,920 | 30,313 | 39,888 | 107,625 |
| 2008 | 1,452 | 1,377 | 5,981 | 12,305 | 21,115 |
| 2007 | — | — | — | 1,137 | 1,137 |

| Gazyva | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| 2014 | 3,095 | 8,697 | — | — | 11,792 |

*** As reported to PDL by its licensee**
**Totals may not sum due to rounding**