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 1, 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 March 1, 2017, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the fourth quarter ended December 31, 2016. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on March 1, 2017, during which the Company will discuss its financial results for the fourth quarter ended December 31, 2016.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On March 1, 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 December 31, 2016. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On March 1, 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: March 1, 2017

Exhibit Index

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

Exhibit 99.1

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PDL BioPharma Announces Fourth Quarter and Year End 2016 Financial Results

INCLINE VILLAGE, NV, March 1, 2017 – PDL BioPharma, Inc. (PDL or the Company) (NASDAQ: PDLI) today reported financial results for the fourth quarter and year ended December 31, 2016 including:

- Total revenues of $66.5 million and $244.3 million for the three and twelve months ended December 31, 2016, respectively.
- GAAP diluted EPS of ($0.06) and $0.39 for the three and twelve months ended December 31, 2016, respectively.
- GAAP net loss attributable to PDL's shareholders of $10.3 million and net income of $63.6 million for the three and twelve months ended December 31, 2016, respectively.
- Non-GAAP net loss attributable to PDL's shareholders of $8.6 million and net income of $108.1 million for the three and twelve months ended December 31, 2016, respectively. 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.

The loss attributable to the three months ended December 31, 2016 was a result of a $51.1 million impairment charge relating to our Direct Flow Medical note receivable investment.

"2016 was a transformational year for PDL; one in which we took advantage of opportunities in the specialty pharma space as another tool to increase shareholder value," said John P. McLaughlin, president and chief executive officer of PDL. "As we look to 2017, we will focus our efforts on Noden product commercialization, along with acquiring additional specialty pharma assets, to drive value creation for PDL and our shareholders."

Recent Developments

- PDL announced today that the company's board of directors has authorized the repurchase of up to $30 million of the company's common stock through March 2018.
- As a result of ARIAD Pharmaceuticals, Inc. being acquired by Takeda Pharmaceuticals Company Limited on February 16, 2017, PDL exercised its put option with ARIAD and will be repaid an estimated $110 million, which is 1.2 times the original investment less any sums paid to date. We received $9.3 million of royalty payments through December 31, 2016. The cash repayment is expected in late March or early April of 2017.
- 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.
- In January 2017 PDL monetized $7.0 million of certain assets of Direct Flow Medical acquired through its foreclosure.

Revenue Highlights

- Total revenues of $66.5 million for the three months ended December 31, 2016 included:
  - Royalties from PDL's licensees to the Queen et al. patents of $15.5 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 $28.1 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 $17.5 million from sales of Tekturna® and Tekturna HCT® in the United States and Rasilez® and Rasilez HCT® in the rest of the world (collectively, the Noden Products).
- Total revenues decreased by 63 percent for the three months ended December 31, 2016, when compared to the same period in 2015.
  - The decrease in royalties from PDL's licensees to the Queen et al. patents is due to the expiration of the patent license agreement with Genentech, Inc.
  - The decrease in royalty rights - change in fair value was primarily due to the $27.8 million decrease in fair value of the University of Michigan Cerdelga® royalty right asset and the decrease in fair value of the AcelRx Zalviso® royalty rights asset, partially offset by an increase in the fair value of the ARIAD Pharmaceuticals, Inc. royalty right asset.
  - PDL received $25.3 million in net cash royalty and milestone payments from its royalty rights in the fourth quarter of 2016, compared to $34.4 million for the same period of 2015.
  - The decrease in interest revenues was primarily due to the early repayment of the Paradigm Spine, LLC notes receivable investment.
  - Product revenues were derived from sales of the Noden Products.
- Total revenues decreased by 59 percent for the twelve months ended December 31, 2016, when compared to the same period in 2015.
  - The decrease in royalties from PDL's licensees to the Queen et al. patents is due to the expiration of the patent license agreement with Genentech, Inc.
  - The decrease in royalty rights - change in fair value was primarily driven by a $36.6 million decrease in the fair value of the University of Michigan royalty rights Cerdelga asset, a $23.1 million decrease in the fair value of the Depomed royalty rights asset and a $3.0 million decrease in the fair value of the Viscogliosi Brothers, LLC royalty right asset, partially offset by a $14.8 million increase in the fair value of the ARIAD Pharmaceuticals, Inc. royalty right asset.
  - PDL received $72.6 million in net cash royalty payments and milestone payments from its acquired royalty rights in the twelve months ended December 31, 2016, compared to $43.4 million for the same period of 2015.
  - Product revenues and interest revenue variances were the same as the three months ended December 31, 2016.

Operating Expense Highlights

- Operating expenses were $74.2 million for the three months ended December 31, 2016, compared to $16.5 million for the same period of 2015. The increase in operating expenses for the three months ended December 31, 2016, as compared to the same period in 2015, was primarily a result of a $51.1 million impairment charge relating to our Direct Flow Medical note receivable investment and $11.4 million in expenses related to the Noden operations.
- Operating expenses were $114.9 million for the twelve months ended December 31, 2016, compared to $40.1 million for the same period of 2015. The increase in operating expenses for the twelve months ended December 31, 2016, as compared to the same period in 2015, was the result of the Direct Flow Medical impairment and $25.6 million in expenses related to the acquisition of the Noden Products and its operations.

Other Financial Highlights

- PDL had cash, cash equivalents, and investments of $242.1 million at December 31, 2016, compared to $220.4 million at December 31, 2015.
- Net cash provided by operating activities in the twelve months ended December 31, 2016 was $101.7 million, compared with $301.5 million in the same period in 2015.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results at 4:30 p.m. Eastern Time today, March 1, 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 77416821. Please dial in approximately 10 minutes prior to the start of the call. A telephone replay will be available beginning approximately one hour after the call through March 8, 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 77416821.

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.

PDL BioPharma, Inc. and its subsidiaries (collectively, the "Company") seek to provide a significant return for its 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, the Company began providing alternative sources of capital through royalty monetizations and debt facilities, and in 2016, the Company began acquiring commercial-stage products and launching specialized companies dedicated to the commercialization of these products. To date, the Company has consummated 16 of such transactions. Of these transactions, five have concluded with an average annual internal rate of return of 18.4%: Merus Labs International, Inc., Durata Therapeutics, Inc., AxoGen, Inc., Avinger, Inc. and Paradigm Spine, LLC. The Company has four debt transactions outstanding, representing deployed and committed capital of $269.0 million and $309.0 million, respectively: CareView Communications, Inc., kaléo, Inc., Direct Flow Medical, Inc., and LENSAR, Inc.; it has one hybrid royalty/debt transaction outstanding, representing deployed and committed capital of $44.0 million: Wellstat Diagnostics, LLC; and it has six royalty transactions outstanding representing deployed and committed capital of $496.1 million and $537.1 million, respectively: KYBELLA®, AcelRx Pharmaceuticals, Inc., ARIAD Pharmaceuticals, Inc., The Regents of the University of Michigan, Viscogliosi Brothers, LLC and Depomed, Inc. The Company's equity and loan investments in Noden Pharma DAC and Noden Pharma USA, Inc. (together, "Noden") represent deployed and committed capital of $110.0 million and $202.0 million, respectively.

The Company was formerly known as Protein Design Labs, Inc. and changed its name to PDL BioPharma, Inc. in 2006. PDL was founded in 1986 and is headquartered in Incline Village, Nevada. PDL pioneered the humanization of monoclonal antibodies and, by doing so, enabled the discovery of a new generation of targeted treatments for cancer and immunologic diseases for which it has received significant royalty revenue.

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. 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.
CONSOLIDATED STATEMENTS OF INCOME DATA
(In thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
Revenues				
Royalties from Queen et al. patents	$ 15,513	$ 121,240	$ 166,158	$ 485,156
Royalty rights - change in fair value	28,068	49,069	16,196	68,367
Interest revenue	5,503	7,606	30,404	36,202
Product revenue, net	17,541	—	31,669	—
License and other	(133)	143	(126)	723
Total revenues	66,492	178,058	244,301	590,448
Operating Expenses				
Cost of product revenue (excluding amortization of intangible assets)	4,065	—	4,065	—
Amortization of intangible assets	6,014	—	12,028	—
General and administrative expenses	12,597	12,545	39,790	36,090
Sales and marketing	527	—	538	—
Research and development	1,887	—	3,820	—
Change in fair value of anniversary payment and contingent consideration	(5,799)	—	(3,716)	—
Asset impairment loss	3,735	—	3,735	—
Acquisition-related costs	59	—	3,564	—
Loss on extinguishment of notes receivable	51,075	3,979	51,075	3,979
Total operating expenses	74,160	16,524	114,899	40,069
Operating income/(loss)	(7,668)	161,534	129,402	550,379
Non-operating expense, net				
Interest and other income, net	184	74	588	368
Interest expense	(4,743)	(5,349)	(18,267)	(27,059)
Gain (loss) on extinguishment of debt	(2,353)	6,450	(2,353)	6,450
Total non-operating expense, net	(6,912)	1,175	(20,032)	(20,241)
Income/(loss) before income taxes	(14,580)	162,709	109,370	530,138
Income tax expense	(4,300)	62,135	45,711	197,343
Net income/(loss)	(10,280)	100,574	63,659	332,795
Less: Net income attributable to noncontrolling interests	56	—	53	—
Net income/(loss) attributable to PDL's shareholders	$ (10,336)	$ 100,574	$ 63,606	$ 332,795
Net income/(loss) per share				
Basic	$ (0.06)	$ 0.61	$ 0.39	$ 2.04
Diluted	$ (0.06)	$ 0.61	$ 0.39	$ 2.03
Shares used to compute income per basic share	163,975	163,601	163,805	163,386
Shares used to compute income per diluted share	164,549	163,801	164,192	163,554
Cash dividends declared per common share	$ —	$ —	$ 0.10	$ 0.60

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

	December 31, 2016	December 31, 2015
Cash, cash equivalents and investments (includes restricted cash)	$ 242,141	$ 220,352
Total notes receivable	$ 270,950	$ 364,905
Total royalty rights - at fair value	$ 402,318	$ 399,204
Total assets	$ 1,215,387	$ 1,012,205
Total term loan payable	$ —	$ 24,966
Total convertible notes payable	$ 232,443	$ 228,862
Total PDL's stockholders' equity	$ 755,423	$ 695,952

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

	Twelve Months Ended December 31,	
	2016	2015
Net income	$ 63,659	$ 332,795
Adjustments to reconcile net income to net cash provided by (used in) operating activities	52,738	(40,521)
Changes in assets and liabilities	(14,679)	9,191
Net cash provided by operating activities	$ 101,718	$ 301,465

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 December 31,		Twelve Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
GAAP net income/(loss) attributed to PDL's shareholders as reported	$ (10,336)	$ 100,574	$ 63,606	$ 332,795
Adjustments to Non-GAAP net income/(loss) (as detailed below)	1,716	(7,561)	44,518	(10,201)
Non-GAAP net income/(loss) attributed to PDL's shareholders	$ (8,620)	$ 93,013	$ 108,124	$ 322,594

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2016	**2015**	**2016**	**2015**
GAAP net income/(loss) attributed to PDL's shareholders as reported	$ (10,336)	$ 100,574	$ 63,606	$ 332,795
Adjustments:				
Mark-to-market adjustment to fair value assets	(2,726)	(14,632)	56,386	(24,960)
Non-cash interest revenues	(121)	(533)	(2,864)	(5,307)
Non-cash stock-based compensation expense	1,093	697	3,742	2,045
Non-cash debt offering costs	3,942	3,219	10,009	12,963
Mark-to-market adjustment on warrants held	31	(985)	906	(985)
Amortization of the intangible assets	6,014	—	12,028	—
Mark-to-market adjustment of anniversary payment and contingent consideration	(5,799)	—	(3,716)	—
Income tax effect related to above items	(718)	4,673	(31,973)	6,043
Total adjustments	1,716	(7,561)	44,518	(10,201)
Non-GAAP net income/(loss)	$ (8,620)	$ 93,013	$ 108,124	$ 322,594

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

Fourth Quarter and Year-End 2016 Financial Results Conference Call

March 1, 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.
  - Initial products already being marketed by Noden in U.S.
  - Noden acts as tax-efficient vehicle and foundation for additional spec pharma products.
  - Transaction was accretive to PDL's cash earnings given PDL's majority ownership.

PDL

Noden Background

- Noden Pharma
  - Formed for the purpose of acquiring specialty pharma products.
  - Domiciled in Ireland and has operating companies in US and EU.
  - Recruited strong and seasoned management team many of whom are in place.
  - PDL holds three of five board seats.

PDL

Tekturna, Noden's Flagship Product

- Tekturna, for the treatment of hypertension
  - Tekturna and Tekturna HCT (known as Rasilez® in EU) consist of the direct renin inhibitor, aliskiren, as a monotherapy and as a fixed-dose combination with the diuretic hydrochlorothiazide, respectively.
  - Tekturna is indicated for the treatment of hypertension. Product has not been actively marketed for several years.

PDL

Transitioning from Novartis

Commercialization

- **US**
  - Noden USA fielded a contract sales force of ~40 reps and 4 district managers, dedicated solely to these products, in late February 2017.
  - Novartis distributed through September 30, 2016 and Noden received a transfer of profit.
  - Noden USA assumed commercialization responsibilities on October 5, 2016.
- **Ex-US**
  - Novartis distributing until transfer of marketing authorizations (1H17) and Noden receiving a transfer of profit.
  - Noden DAC assuming commercialization responsibilities after marketing authorization transfer.

PDL

16 Royalty & Debt Investments

11 Current Deals

Royalty Acquisition	Royalty Acquisition	Royalty Acquisition	Senior Secured Financing	Royalty Acquisition	Royalty Acquisition
kybella	AcelRx Pharmaceuticals, Inc.	ARIAD	CAREVIEW COMMUNICATIONS	University of Michigan	VB Viscogliosi Bros., LLC
$9,500,000 July 2016	$65,000,000 September 2015	Up to $140,000,000 July 2015	$40,000,000 June 2015	$65,600,000 November 2014	$15,500,000 June 2014

Senior Secured Note Purchase	Senior Secured Financing	Royalty Acquisition	Senior Secured Financing	Royalty Transaction/ Senior Secured Financing
kaléo	DIRECT FLOW MEDICAL, INC.	Depomed	LENSAR	Wellstat Diagnostics, LLC
$150,000,000 April 2014	$50,000,000 November 2013	$240,500,000 October 2013	$60,000,000 October 2013	$44,000,000 November 2012

5 Concluded Deals

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

Concluded deals have yielded an average IRR of 18.4%

PDL

Concluding ARIAD Transaction

- Synthetic royalty transaction signed in July 2015.
- Have funded $100 million.
- Acquisition of ARIAD by Takeda closed last month.
- PDL exercised put option which will result in repayment of 1.2x multiple of the $100 million, less royalty payments received by PDL thus far.
- Repayment estimated to be $110mm, ~18% annualized return on our investment
- ARIAD's option to draw additional $40 million to terminate upon repayment of investment.

PDL

Foreclosure on Direct Flow Medical

- Senior secured financing transaction signed in November 2013.
- DFM shut down operations in December 2016 due to unexpected change in funding.
- PDL initiated foreclosure proceedings in January 2017 resulting in PDL's ownership of certain DFM assets through wholly owned PDL subsidiary.
- While pursuing sale or license of DFM assets, PDL took $51.1 million impairment charge to ordinary income in Q416.
- Monetized $7 million of the DFM assets in China in January 2017 and pursuing further monetization of remaining assets in territories other than China.

PDL

Wellstat Diagnostics Litigation Continues

- **Background**
  - Point of care diagnostics company.
  - $44 million hybrid debt-royalty transaction but PDL advanced additional sums to maintain asset during sale process.
  - Owners of company diverted funds in violation of the terms of the loan contract and have since refused to repay PDL principal and accrued interest.
- **Update**
  - In a 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 judgement, 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 has commenced a non-judicial foreclosure process to collect on the sale of certain Virginia real estate assets owned by the guarantors of the loan.
  - Carrying value of the loan is $50.2 million and is based upon the available collateral from Wellstat and its guarantors.

PDL

LENSAR Reacquires Assets

- **Background**
  - Medtech company with high speed laser technology used in cataract surgery, among other procedures.
  - $49 million debt structure.
  - Subsidiary of Alphaeon acquired substantially all of LENSAR's assets in late 2015 in return for assuming PDL's debt and shares of Alphaeon common stock.
- **Update**
  - 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.
  - Bankruptcy proceeding expected to conclude by second quarter of 2017.

PDL

Fourth Quarter 2016 Financials

(In thousands, except per share amounts) (unaudited)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Twelve Months Ended December 31, 2016	Twelve Months Ended December 31, 2015
Royalties from Queen et al. patents	$ 15,513	$ 121,240	$ 166,158	$ 485,156
Royalty rights - change in fair value	28,068	49,069	16,196	68,367
Interest revenue	5,503	7,606	30,404	36,202
Product revenue, net	17,541	-	31,669	-
License and other	(133)	143	(126)	723
Total revenues	66,492	178,058	244,301	590,448
Cost of product revenue	4,065	-	4,065	-
Amortization of intangible assets	6,014	-	12,028	-
General and administrative expenses	12,597	12,545	39,790	36,090
Sales and marketing	527	-	538	-
Research and development	1,887	-	3,820	-
Change in fair value of anniversary payment and contingent consideration	(5,799)	-	(3,716)	-
Asset impairment loss	3,735	-	3,735	-
Acquisition-related costs	59	-	3,564	-
Loss on extinguishment of notes receivable	51,075	3,979	51,075	3,979
Total operating expenses	74,160	16,524	114,899	40,069
Operating income	(7,668)	161,534	129,402	550,379
Interest and other income, net	184	74	588	368
Interest expense	(4,743)	(5,349)	(18,267)	(27,059)
Loss on extinguishment of debt	(2,353)	6,450	(2,353)	6,450
Income before income taxes	(14,580)	162,709	109,370	530,138
Income tax expense	(4,300)	62,135	45,711	197,343
Net income	(10,280)	100,574	63,659	332,795
Less: Net income attributable to noncontrolling interests	56	-	53	-
Net income attributable to PDL's shareholders	$ (10,336)	$ 100,574	$ 63,606	$ 332,795
Net income per share - Basic	$ (0.06)	$ 0.61	$ 0.39	$ 2.04
Net income per share - Diluted	$ (0.06)	$ 0.61	$ 0.39	$ 2.03

PDL

Fourth Quarter 2016 Financials

Condensed consolidated balance sheet (unaudited)	December 31, 2016		December 31, 2015
Cash, cash equivalents and investments	$ 242,141	(1)	$ 220,352
Total notes receivable	$ 270,950		$ 364,905
Total royalty rights - at fair value	$ 402,318		$ 399,204
Total assets	$ 1,215,387		$ 1,012,205
Total term loan payable	$ -		$ 24,966
Convertible notes payable	$ 232,443		$ 228,862
Total stockholders's equity	$ 755,423		$ 695,952

(1) Includes $75MM certificate of deposit restricted until August 2017.

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Question and Answer Session

PDL BioPharma, Inc.
Q4 / Full Year 2016
March 1, 2017

Following are some of the key points regarding PDL's fourth quarter and year-end 2016 financial and business results.

Highlighted Financial Results from Q4 and FY 2016

- Total revenues of $66.5 million and $244.3 million for the three and 12 months ended December 31, 2016, respectively.
- GAAP diluted EPS of ($0.06) and $0.39 for the three and 12 months ended December 31, 2016, respectively.
- GAAP net loss attributable to PDL's shareholders of $10.3 million and net income of $63.6 million for the three and 12 months ended December 31, 2016, respectively.
- Non-GAAP net loss attributable to PDL's shareholders of $8.6 million and net income of $108.1 million for the three and 12 months ended December 31, 2016, respectively.

The loss attributable to the three months ended December 31, 2016 was a result of a $51.1 million impairment charge relating to our Direct Flow Medical note receivable investment.

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.
- Historical royalty and sales data are listed [in the table below.]

Noden Pharma

- On July 1, 2016, Noden Pharma DAC, a newly-formed company organized under the laws of Ireland purchased from Novartis the exclusive worldwide rights to manufacture, market, and sell the branded prescription medicine product sold under the name Tekturna® and Tekturna HCT® in the United States and Rasilez® and Rasilez HCT® in the rest of the world, and is indicated for the treatment of hypertension.
- PDL is a majority owner of Noden and holds three of five board seats. Noden has filled critical leadership positions over the past six months, and the companies are evaluating additional specialty pharma products in the form of optimized, established medicines, to acquire for Noden.
- Responsibilities related to Tekturna are actively transitioning from Novartis to Noden. As it relates to commercialization of Tekturna, Noden assumed commercialization responsibilities for the US in early October and has hired a dedicated contract sales force of approximately 40 reps and four district managers that began commercialization efforts at the end of February 2017. Initially, the deal called for Novartis to continue to distribute the four products on behalf of Noden worldwide, and Noden would receive a profit split on such sales. In the United States, the duration of the profit split ran from July 1, 2016 through October 4, 2016.
- Ex-US, Novartis companies will continue to distribute the products through transfer of the marketing authorizations in such countries (expected to occur in the first half of 2017) and Noden Pharma DAC will receive the profit transfer from Novartis. Novartis and Noden Pharma DAC are working to transfer the marketing authorizations from Novartis companies to Noden Pharma DAC. The primary focus of Noden Pharma DAC's commercialization efforts will be EU, Switzerland and Canada. Noden Pharma DAC will likely seek distributors for certain territories, such as Japan.

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, 2015 and with changes to December 31, 2016 as reflected in our Balance Sheet:

(in thousands)	Fair Value as of December 31, 2015	New Assets	Royalty Rights - Change in Fair Value	Fair Value as of December 31, 2016
Depomed	$ 191,865	$ —	$ (27,795)	$ 164,070
VB	17,133	—	(2,136)	14,997
U-M	70,186	—	(34,800)	35,386
ARIAD	50,041	50,000	8,590	108,631
AcelRx	67,437	—	46	67,483
Avinger	2,542	—	(904)	1,638
KYBELLA	—	9,500	613	10,113
	$ 399,204	$ 59,500	$ (56,386)	$ 402,318

The following tables provides a summary of activity with respect to our royalty rights - change in fair value for the year ended December 31, 2016:

	Cash Royalties	Change in Fair Value	Royalty Rights - Change in Fair Value
Depomed	$ 59,342	$ (27,796)	$ 31,546
VB	1,468	(2,135)	(667)
U-M	3,013	(34,799)	(31,786)
ARIAD	7,508	8,590	16,098
AcelRx	8	46	54
Avinger	1,220	(905)	315
KYBELLA	23	613	636
	$ 72,582	$ (56,386)	$ 16,196

Updates on Royalty Rights Assets

Depomed, Inc.

- Glumetza royalty audit is on-going.
- Monthly payments from Valeant continue to fluctuate from $2 million to $8 million.
- Recent product approvals, Jentadueto XR, Invokamet XR and Synjardy XR have yielded $17 million in milestones in 2016 and will begin 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.

ARIAD Pharmaceuticals, Inc.

- Ariad acquired by Takeda in February 2017.
- PDL has exercised its put option and will be repaid an estimated $110 million which is 1.2 times the $100 million advanced to Ariad less any sums already repaid. It is currently estimated that our annualized internal rate of return on this investment will be 18%.
- Repayment expected in late March or early April 2017.

KYBELLA Royalty Agreement

- On July 8, 2016, PDL entered into a royalty purchase agreement with an individual, whereby the Company acquired that individual's rights to receive certain royalties on sales of KYBELLA® by Allergan, in exchange for a

$9.5 million cash payment and up to $1.0 million in future milestone payments based upon product sales targets. The first revenues on this transaction were recognized in Q3 2016. Royalties to be paid out every six months.

Notes Receivable

The following tables present the fair value of assets and liabilities not subject to fair value recognition by level within the valuation hierarchy:

	December 31, 2016			December 31, 2015		
	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	$ —	$ 52,260	$ 50,191	$ —	$ 55,970
Hyperion note receivable	1,200	—	1,200	1,200	—	1,200
LENSAR note receivable	43,909	—	43,900	42,271	—	42,618
Direct Flow Medical note receivable	10,000	—	10,000	51,852	—	51,992
Paradigm Spine note receivable	—	—	—	53,973	—	54,250
kaléo note receivable	146,685	—	142,539	146,778	—	146,789
CareView note receivable	18,965	—	19,200	18,640	—	19,495
Total	$ 270,950	$ —	$ 269,099	$ 364,905	$ —	$ 372,314

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 has commenced a non-judicial foreclosure process to collect on the sale of certain Virginia real estate assets owned by the guarantors of the loan.

Direct Flow Medical, Inc.

- Potential lead investor unexpectedly withdrew its term sheet for tranched $65 million equity investment and certain ex-US rights to Direct Flow Medical (DFM) products.
- DFM shut down operations in December 2016.
- PDL initiated foreclosure proceedings in January 2017 which resulted in obtaining ownership of certain of the Direct Flow Medical 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 $7.0million of those assets. PDL expects to further monetize assets, the amount of which, if any, is unknown.

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. We estimate that this proceeding will be concluded in 2Q17.

- 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.

Paradigm Spine Credit Agreement

- On August 26, 2016, the Company received $57.5 million in connection with the prepayment of the loans under the Paradigm Spine Credit Agreement, which included a repayment of the full principal amount outstanding of $54.7 million, plus accrued interest and a prepayment fee.

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.
- Evzio sales have been much stronger than projected so far. This is secondary source of repayment to PDL.
- kaléo has publicly announced that Auvi-Q has returned to the market in February 2017.

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, 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.