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): October 18, 2013

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 1.01 Entry into a Material Definitive Agreement.

The disclosure set forth in Item 2.02 is incorporated into this Item 1.01 by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On October 18, 2013, PDL BioPharma, Inc. (the Company) entered into a royalty purchase and sale agreement (the Royalty Agreement) with Depomed, Inc. (Depomed) and Depo DR Sub, LLC, a wholly owned subsidiary of Depomed (Seller, and together with Depomed, the Selling Parties), whereby the Company acquired the rights to receive royalties and milestones payables on sales of Type 2 diabetes products licensed by Depomed in exchange for a $240.5 million cash payment (the Transaction). The Transaction closed simultaneously with the execution of the Royalty Agreement.

Under the terms of the Royalty Agreement, the Company will receive all royalty and milestone payments due under the license agreements until the Company has received payments equal to two times the cash payment made to Depomed, after which all net payments received will be shared evenly between the Company and Depomed.

The rights acquired include Depomed's royalty and milestone payments accruing from and after October 1, 2013, from: (a) Santarus with respect to sales of Glumetza® (metformin HCL extended-release tablets) in the United States; (b) Merck with respect to sales of Janumet® XR (sitagliptin and metformin HCL extended-release); (c) Janssen Pharmaceutica with respect to potential future development milestone payments and sales of its investigational fixed-dose combination of Invokana® (canagliflozin) and extended-release metformin; (d) Boehringer Ingelheim with respect to potential future development milestone payments and sales of the investigational fixed-dose combinations of drugs and extended-release metformin subject to Depomed's license agreement with Boehringer Ingelheim; and (e) LG Life Sciences and Valeant Pharmaceuticals for sales of extended-release metformin in Korea and Canada, respectively. Under the terms of the Royalty Agreement, the Company will also have certain rights to direct the Selling Parties to take actions, such as audit Depomed's licensees.

Pursuant to the terms of the Royalty Agreement, the Selling Parties also agreed during the term of the Royalty Agreement to provide, among other things, the Company with certain notices in respect of the license agreements and any violations thereof by the particular licensor. The Royalty Agreement also requires the Selling Parties to establish a separate collection account and enter into a control agreement with the depository bank in favor of the Company, and substantially all payments under the license agreements will be paid into such collection account to be held for the benefit of the Company until such amounts are swept on a no less frequently than weekly basis into an account controlled by the Company. The Royalty Agreement also provides that the Selling Parties will honor their obligations under the license agreements and keep them in force. In the event of a termination of a license agreement, the Selling Parties have agreed, under certain circumstances, to enter into a replacement license agreement and any royalty and milestone payments in connection therewith will become subject to the Royalty Agreement. The Royalty Agreement terminates on the third anniversary following the date upon which the later of the following occurs: (a) October 25, 2021, and (b) at such time as no royalty payments remain payable under any license agreement and each of the license agreements has expired by its terms.

Item 8.01 Other Events.

On October 18, 2013, the Company issued a press release announcing the Transaction. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Cautionary Statements

This filing, the press release and the Company's statements herein and in the attached press release include and constitute "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 and limit the Company's ability to pay dividends, purchase income generating assets and take other corporate actions are disclosed in the "Risk Factors" contained in the Company's 2012 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 1, 2013, and updated in 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.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press Release

SIGNATURES

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

PDL BIOPHARMA, INC.
(Company)

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

Dated: October 21, 2013

Exhibit Index

Exhibit No.	Description
99.1	Press Release

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PDL BioPharma Acquires Portfolio of Diabetes Royalty Rights and Milestones from Depomed

INCLINE VILLAGE, Nev., October 21, 2013, PDL BioPharma, Inc. (PDL) (NASDAQ: PDLI) announced today that it has acquired the rights to receive royalties and milestones payable on sales of Type 2 diabetes products licensed by Depomed (NASDAQ: DEPO) in exchange for a $240.5 million cash payment. PDL will receive all royalty and milestone payments due under the agreements until it has received payments equal to two times the cash payment made to Depomed, after which all payments received will be shared evenly between PDL and Depomed.

The rights acquired include Depomed's royalty and milestone payments accruing from and after October 1, 2013: (a) from Santarus with respect to sales of Glumetza® (metformin HCL extended-release tablets) in the United States; (b) from Merck with respect to sales of Janumet® XR (sitagliptin and metformin HCL extended-release); (c) from Janssen Pharmaceutica with respect to potential future development milestones and sales of its investigational fixed-dose combination of Invokana® (canagliflozin) and extended-release metformin; (d) from Boehringer Ingelheim with respect to potential future development milestones and sales of the investigational fixed-dose combinations of drugs and extended-release metformin subject to Depomed's license agreement with Boehringer Ingelheim; and (e) from LG Life Sciences and Valeant Pharmaceuticals for sales of extended-release metformin in Korea and Canada, respectively.

The most recent American Diabetes Association, NIH and CDC estimates are that 8.3 percent of the US population has diabetes and 1.9 million new diagnoses occur per year in people aged 20 years and older.[i] "The acquisition of Depomed's diabetes royalty rights is a significant addition to our income generating assets," said John McLaughlin, chief executive officer of PDL BioPharma. "This acquisition allows PDL to participate in a potentially lengthy, diversified stream of royalties on products in different classes across the diabetes area. Our goal is to be the financial partner of choice to leading life science companies and other institutions seeking to access non-dilutive capital by monetizing their royalty assets, and we are actively looking to expand our portfolio."

Glumetza, a once-daily extended release metformin product approved for the treatment for adults with type 2 diabetes, is licensed by Depomed to Santarus, Inc. in the United States. For the year ended 2012, Depomed reported royalty revenues of $42.8 million based upon net sales of Glumetza by Santarus. PDL will receive Depomed's royalties on net sales of Glumetza of 32 percent for the remainder of 2013 and full year 2014, and 34.5 percent in 2015 and beyond. In the event of generic entry of a Glumetza product in the United States, PDL will share proceeds equally with Santarus based on a gross margin split. In addition to Glumetza royalties due from Santarus, PDL will receive Depomed's royalties due from Valeant Pharmaceuticals for sales in Canada and from LG Life Sciences for sales in Korea.

Janumet XR is Merck's fixed-dose combination product for type 2 diabetes containing sitagliptin, an extended release metformin that was approved by the FDA in February 2012. Depomed granted Merck a license as well as other rights to certain of its patents directed to metformin extended release technology for Janumet XR. PDL will receive Depomed's very low single digit royalty on Merck's net sales of Janumet XR in the United States and other licensed territories through the expiration of the licensed patents pursuant to Depomed's license arrangement with Merck.

PDL also acquired certain rights to royalties and milestones on products currently in development by Boehringer Ingelheim and Janssen Pharmaceutica. Boehringer Ingelheim has worldwide rights to Depomed's Acuform® delivery technology for the development and commercialization of certain fixed dose combination products which include extended release metformin and proprietary Boehringer Ingelheim compounds currently in development for type 2 diabetes. Subject to clinical development and

product approval, PDL may receive Depomed's milestone payments based on regulatory filings and approval events, as well as royalties on worldwide net sales of products sold by Boehringer Ingelheim. Janssen Pharmaceutica has worldwide rights to Acuform delivery technology for the development and commercialization of a fixed dose combination formulation of Janssen's type 2 diabetes product candidate, Invokana (canagliflozin), a Sodium Glucose Transport 2 (SGLT2) inhibitor, and extended-release metformin. Subject to clinical development and product approval, PDL may receive Depomed's milestone payments and royalties on worldwide net sales of products sold by Janssen under the Depomed license.

About PDL BioPharma

PDL BioPharma manages a portfolio of patents and royalty assets, consisting primarily of its Queen et al. antibody humanization patents and license agreements with various biotechnology and pharmaceutical companies. 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 receives significant royalty revenue. PDL is currently focused on intellectual property asset management, investing in new income generating assets, and maximizing value for its shareholders.

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.

In 2011, PDL initiated a strategy to bring in new income generating assets from the healthcare sector. To accomplish this goal, PDL seeks to provide non-dilutive growth capital and financing solutions to late stage public and private healthcare companies and offers immediate financial monetization of royalty streams to companies, academic institutions, and inventors. PDL successfully executed on this strategy by deploying over $125 million in 2012 and continues to pursue this strategic initiative. PDL is focused on the quality of the income generating assets and potential returns on investment.

For more information, please visit www.pdl.com.

Cautionary Statements Concerning Forward-Looking Statements

This Press Release contains "forward-looking" statements as defined in the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations or predictions of future conditions, events or results based on various assumptions and management's estimates of trends and economic factors in the markets in which we are active, as well as our business plans. Words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "projects", "forecasts", "may", "should", variations of such words and similar expressions are intended to identify such forward-looking statements. The forward-looking statements may include, without limitation, statements regarding product development, product potential or financial performance. The forward-looking statements are subject to risks and uncertainties, which may cause results to differ materially from those set forth in the statements. Forward-looking statements in this release should be evaluated together with the many uncertainties that affect the business of each of Depomed and PDL and their markets, particularly those discussed in the risk factors and cautionary statements in filings made by PDL with the Securities and Exchange Commission. Forward-looking statements are not guarantees of future performance, and actual results may differ materially from those projected. The forward-looking statements are representative only as of the date they are made, and PDL assumes no responsibility to update any forward-looking statements, whether as a result of new information, future events or otherwise.

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[i] http://www.diabetes.org/diabetes-basics/diabetes-statistics/