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): November 2, 2018

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Item 2.02 Results of Operations and Financial Condition.

On November 6, 2018, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the third quarter ended September 30, 2018. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on November 6, 2018, during which the Company will discuss its financial results for the third quarter ended September 30, 2018.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

On November 2, 2018, John McLaughlin informed the Company that he intends to retire as the Company's Chief Executive Officer as of December 31, 2018, while continuing to serve as a member of the Company's board of directors (the "Board") beyond such date.

Also on November 2, 2018, the Board appointed Dominique Monnet, age 60, the Company's current President, to succeed Mr. McLaughlin as Chief Executive Officer and President of the Company, effective December 31, 2018. The Board also appointed Mr. Monnet as a member of the Board, effective as of December 31, 2018. Mr. Monnet will become a Class II member of the Board with an initial term ending at the Company's annual meeting of stockholders in 2021.

There are no family relationships between Mr. Monnet and any director or executive officer of the Company, and he has no direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

The Compensation Committee and the Board intends to review and approve compensation arrangements for Mr. Monnet at a future date. Until such time, all other terms of Mr. Monnet's compensation and employment with the Company will remain unchanged. A description of such compensation and employments terms, as well as Mr. Monnet's biography, is available in the Company definitive proxy statement, filed with the Securities and Exchange Commission on April 26, 2018, and incorporated by reference herein.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On November 6, 2018, 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 September 30, 2018. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On November 6, 2018, the Company distributed to analysts covering the Company's securities a summary of certain information regarding the Company's financial results and business (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 Items 2.02, 7.01 and 9.01 of this report, including the exhibits, 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.

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

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 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 16, 2018 and 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.

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: November 6, 2018

Exhibit Index

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

Exhibit 99.1

Contacts:

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

Jody Cain
LHA Investor Relations
310-691-7100
jcain@lhai.com

PDL BioPharma Reports Third Quarter 2018 Financial Results

Announces CEO succession plan

INCLINE VILLAGE, Nev. (November 6, 2018) – PDL BioPharma, Inc. ("PDL" or "the Company") (NASDAQ: PDLI) reports financial results for the three and nine months ended September 30, 2018 including:

Third Quarter Financial Highlights

- Total revenues of $67.9 million.
- GAAP net income attributable to PDL's shareholders of $25.6 million or $0.18 per share.
- Non-GAAP net income attributable to PDL's shareholders of $12.3 million. A reconciliation of GAAP to non-GAAP financial results can be found in Table 3 at the end of this news release.
- Cash and cash equivalents of $401.0 million as of September 30, 2018.
- Completed a $25.0 million share repurchase program authorized in September 2017 by repurchasing 0.6 million shares of common stock in the open market during the quarter for $1.4 million.
- Announced new share repurchase program of up to $100.0 million.

"Our third quarter revenues increased 8% from the prior year to $68 million, reflecting higher product sales and $42 million in royalty rights revenue that included an increase in fair value of the royalty rights from Assertio Therapeutics, formerly known as Depomed, as a result of our purchase of the remaining interest in royalty payments of this asset," said John P. McLaughlin, CEO of PDL. "We benefitted from a particularly strong showing during the quarter from the type 2 diabetes drug Glumetza®, and I'm pleased to report that overall the Assertio asset has performed substantially better than we expected. With Tekturna®, we are cautiously optimistic about the transition to a non-personal promotion campaign from a direct sales model, which we completed mid-way through the third quarter. Tekturna sales remained stable throughout the quarter, with the new sales strategy reducing costs and increasing profitability."

"We announced a new $100 million share repurchase program in late September after completing the previous program early in the third quarter," he added. "While to date we have been unable to execute any share buybacks under the new program due to blackout periods, we plan to begin aggressively repurchasing shares once the blackout is lifted."

"After serving as CEO for more than 10 years, I have informed the board of directors of my intention to retire as CEO at year-end 2018 while continuing to serve on the board," said McLaughlin. "It has been a pleasure to serve PDL and its shareholders. I'm gratified to announce our plan for PDL President, Dominique Monnet, to succeed me as CEO effective December 31, 2018 and to simultaneously join the PDL board. Dominique is a seasoned industry veteran with a track record of commercial success in biopharmaceutical development and has been an integral part of our management team for more than a year. I'm confident in Dominique's leadership abilities and am delighted to be transferring the CEO responsibilities to his very capable hands."

Mr. Monnet joined PDL as President in September 2017, bringing more than 30 years of leadership experience in the biotech and pharmaceutical industries. He was instrumental in overseeing global commercialization operations, including successful new product launches, while serving in senior management positions at Alexion Pharmaceuticals, Amgen and Schering-Plough.

“It is a privilege to succeed John as we continue to execute our strategy to accelerate PDL’s growth and deliver value to our shareholders,” said Monnet. “Under John’s leadership, PDL built a very strong balance sheet and an impressive track-record of investments. As a result, we are exceptionally well positioned to pursue exciting acquisition and partnership opportunities and invest and nurture companies and products that have the potential to grow, succeed and return superior shareholder value. I am delighted that John has agreed to remain on the Board, and I look forward to my continued partnership with the teams at PDL, Noden and Lensar.”

Revenue Highlights

- Total revenues of $67.9 million for the three months ended September 30, 2018 included:
  - Product revenues of $24.4 million, which consisted of $17.8 million from sales of Tekturna® and Tekturna HCT® in the U.S. and Rasilez® and Rasilez HCT® in the rest of the world (collectively, the Noden Products), and $6.6 million for product revenue from the LENSAR® Laser System;
  - Net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets of $42.2 million, primarily related to the Assertio royalty asset;
  - Royalties from PDL’s licensees to the Queen et al. patents of $0.5 million, which consisted of royalties earned on sales of Tysabri®; and
  - Interest revenue from note receivable investment to CareView Communications (“CareView”) of $0.8 million.

- Total revenues for the third quarter of 2018 were $67.9 million, compared with $62.7 million for the third quarter of 2017, reflecting PDL’s strategic shift to a pharmaceutical business model.
  - Product revenue was $24.4 million, a 22% increase from $20.1 million for the comparable prior-year quarter due to sales of the Noden Products and the LENSAR Laser System, the latter of which PDL did not begin to recognize until May 2017. Product revenues accounted for 36% of total revenues compared with 32% in the third quarter of 2017;
  - Product revenue from the Noden Products was $9.7 million in the U.S. and $8.1 million in the rest of the world;
  - PDL recognized $42.2 million in revenue from royalty rights - change in fair value, compared with $35.4 million in the prior-year period. The increase was due to the increased fair value of the Assertio royalty rights as a result of the purchase of all of Assertio’s remaining interest in royalty and milestone payments payable on sales of type 2 diabetes products licensed by Assertio, offset by declines in fair value adjustments for certain other royalty right assets;
    - PDL received $19.1 million in net cash royalties from its royalty rights for the third quarter of 2018, compared with $26.3 million for the prior-year period. The decrease is mainly due to higher royalties in 2017 as a result of the launch of the authorized generic for Glumetza® in February 2017 sold by a subsidiary of Bausch Health Companies Inc. (formerly known as Valeant Pharmaceuticals International, Inc.);
  - Royalties from PDL’s licensees to the Queen et al. patents were $0.5 million, compared with $1.4 million for the third quarter of 2017 as product supply of Tysabri® manufactured prior to patent expiry in the U.S. have been extinguished and ex-U.S. product supplies are rapidly being depleted; and
  - Interest revenue from the note receivable investment to CareView was $0.8 million. Interest revenue decreased from $5.3 million in the prior-year due to the sale of the kaléo, Inc. note receivable in September 2017.

- Total revenues for the nine months ended September 30, 2018 were $153.0 million, compared with $252.0 million for the nine months ended September 30, 2017:
  - Product revenue was $79.5 million, a 54% increase from $51.5 million for the prior-year period. Product revenue for 2018 consisted of $62.0 million from sales of the Noden Products and $17.5 million from sales of the LENSAR® Laser System;
  - PDL recognized $66.1 million in revenue from royalty rights - change in fair value, compared with $132.2 million for the prior-year period;
    - PDL received $57.0 million in net cash royalties from its royalty rights year-to-date 2018, compared with $74.4 million for the prior-year period;

- Royalties from PDL's licensees to the Queen et al. patents were $4.5 million, compared with $31.9 million for the prior-year period; and
- Interest revenue from note receivable investment to CareView was $2.3 million. Interest revenue decreased from $17.0 million in the comparable nine-month period of 2017 due to the above-noted sale of the kaléo, Inc. note receivable in September 2017.
- License and other revenue decreased by $18.9 million primarily due to a $19.5 million payment received in 2017 from Merck as part of the previously announced settlement agreement to resolve the patent infringement lawsuits related to Keytruda®.

Operating Expense Highlights

- Operating expenses for the three months ended September 30, 2018 of $31.2 million increased $1.0 million from $30.1 million for the three months ended September 30, 2017. The increase was a result of the Noden Products and LENSAR contributing additional cost of product revenue of $6.0 million and $0.4 million, respectively, due to increased revenue from the Noden Products and recognition of costs of product revenue for ex-U.S. revenue and increased revenue from LENSAR, as well as general and administrative expenses increasing 10%, or $1.2 million, primarily due to stock-based compensation awards granted in the period, partially offset by lower asset management and asset purchase professional expenses. The increase in operating expenses was partially offset by lower intangible asset amortization expense due to the second quarter of 2018 impairment of the intangible assets related to the Noden Products, as well as by reduced sales and marketing expenses related to the change in marketing strategy of the Noden Products.
- Operating expenses for the nine months ended September 30, 2018 were $237.1 million, a $149.0 million increase from $88.1 million for the prior-year period. The increase was primarily a result of the impairment of the Noden intangible asset of $152.3 million, as well as the Noden Products and LENSAR contributing additional cost of product revenue of $20.0 million and $4.4 million, respectively, which was due to increased revenue from the Noden Products and recognition of costs of product revenue for ex-U.S. revenue and increased revenue from LENSAR, which PDL did not begin to recognize until May 2017, partially offset by the decrease in fair value of the contingent liability.

Stock Repurchase Programs

- From July 1, 2018 to July 5, 2018, the Company completed its $25.0 million stock repurchase program with the repurchase of 0.6 million shares of its common stock at a weighted average price of $2.44 per share, for a total of $1.4 million.
- PDL repurchased 8.7 million shares of its common stock under the $25.0 million share repurchase program during the nine months ended September 30, 2018, for an aggregate purchase price of $25.0 million, or an average cost of $2.86 per share, including trading commission. All shares repurchased were retired.
- Since initiating its first stock repurchase program in March 2017, the Company has used $55.0 million to repurchase a total of 22.1 million shares of its common stock.
- On September 21, 2018, the Company's board of directors authorized the repurchase of issued and outstanding shares of the Company's common stock having an aggregate value of up to $100.0 million pursuant to a new share repurchase program.

Other Financial Highlights

- PDL had cash and cash equivalents of $401.0 million as of September 30, 2018, compared with cash, cash equivalents and short-term investments of $532.1 million as of December 31, 2017.
- The reduction in cash balance for the nine months ended September 30, 2018 was primarily a result of retiring the remaining $126.4 million of principal from PDL's 4.0% Convertible Senior Notes due 2018, plus $2.6 million of accrued interest, common stock repurchases of $25.0 million and the $20.0 million purchase of Assertio's remaining interest in royalty and milestone payments payable on sales of type 2 diabetes products licensed by Assertio, partially offset by the proceeds from royalty rights of $57.0 million.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results and provide a business update at 4:30 p.m. Eastern time today, November 6, 2018. Slides to accompany the conference call are available in the Investor Relations section of www.pdl.com.

To access the live conference call via phone, please dial 844-535-4071 from the U.S. and Canada or 706-679-2458 internationally. The conference ID is 6461756. A telephone replay will be available beginning approximately one hour after the call through one week following the call and may be accessed by dialing 855-859-2056 from the U.S. and Canada or 404-537-3406 internationally. The replay passcode is 6461756.

To access the live and subsequently archived webcast of the conference call, go to the Company's website at www.pdl.com and go to the Investor Relations section and select "Events & Presentations."

About PDL BioPharma, Inc.

We seek to provide a significant return for our stockholders by acquiring and managing a portfolio of companies, products, royalty agreements and debt facilities in the biotechnology, pharmaceutical and medical device industries. In 2012 we began providing alternative sources of capital through royalty monetizations and debt facilities, and in 2016 we began acquiring commercial-stage products and launching specialized companies dedicated to the commercialization of these products. To date, we have consummated 17 of such transactions, of which nine are active and outstanding. We have one debt transaction outstanding, representing deployed capital of $20.0 million: CareView; we have one hybrid royalty/debt transaction outstanding, representing deployed capital of $44.0 million: Wellstat Diagnostics; and we have five royalty transactions outstanding, representing deployed capital of $416.1 million, respectively: KYBELLA®, AcelRx, University of Michigan, Viscogliosi Brothers and Depomed (now Assertio Therapeutics). Our equity and loan investments in the Noden Products represent deployed capital of $191.2 million, respectively, and our converted equity and loan investment in LENSAR represents deployed capital of $40.0 million.

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 assets and 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 16, 2018 and 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.

TABLE 1
PDL BIOPHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS DATA
(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
Revenues				
Royalties from Queen et al. patents	$ 533	$ 1,443	$ 4,534	$ 31,884
Royalty rights - change in fair value	42,184	35,353	66,117	132,224
Interest revenue	754	6,051	2,254	16,968
Product revenue, net	24,387	20,067	79,472	51,477
License and other	40	(165)	614	19,471
Total revenues	67,898	62,749	152,991	252,024
Operating Expenses				
Cost of product revenue (excluding intangible amortization and impairment)	11,926	5,565	37,016	12,632
Amortization of intangible assets	1,577	6,275	14,254	18,438
General and administrative expenses	13,211	11,989	39,401	35,853
Sales and marketing	3,469	4,994	14,367	11,194
Research and development	672	605	2,149	6,652
Impairment of intangible assets	—	—	152,330	—
Change in fair value of anniversary payment and contingent consideration	302	700	(22,433)	3,349
Total operating expenses	31,157	30,128	237,084	88,118
Operating income (loss)	36,741	32,621	(84,093)	163,906
Non-operating expense, net				
Interest and other income, net	1,581	238	4,871	726
Interest expense	(2,866)	(5,096)	(9,262)	(15,082)
Gain (loss) on bargain purchase	—	(2,276)	—	3,995
Total non-operating expense, net	(1,285)	(7,134)	(4,391)	(10,361)
Income (loss) before income taxes	35,456	25,487	(88,484)	153,545
Income tax expense (benefit)	9,900	4,755	(3,346)	65,180
Net income (loss)	25,556	20,732	(85,138)	88,365
Less: Net loss attributable to noncontrolling interests	—	—	—	(47)
Net income (loss) attributable to PDL's shareholders	$ 25,556	$ 20,732	$ (85,138)	$ 88,412
Net income (loss) per share				
Basic	$ 0.18	$ 0.14	$ (0.58)	$ 0.56
Diluted	$ 0.18	$ 0.14	$ (0.58)	$ 0.56
Shares used to compute income per basic share	143,171	151,146	147,159	156,802
Shares used to compute income per diluted share	144,224	152,317	147,159	157,529

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

	September 30, 2018	December 31, 2017
Cash, cash equivalents and short-term investments	$ 400,984	$ 532,114
Total notes receivable	$ 70,966	$ 70,737
Total royalty rights - at fair value	$ 378,291	$ 349,223
Total assets	$ 984,427	$ 1,243,123
Total convertible notes payable	$ 122,780	$ 243,481
Total stockholders’ equity	$ 739,387	$ 845,890

TABLE 3
PDL BIOPHARMA, INC.
GAAP to NON-GAAP RECONCILIATION:
NET INCOME AND DILUTED EARNINGS PER SHARE
(Unaudited)
(In thousands)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
GAAP net income (loss) attributed to PDL's shareholders as reported	$ 25,556	$ 20,732	$ (85,138)	$ 88,412
Adjustments to Non-GAAP net income (loss) (as detailed below)	(13,249)	975	126,925	(14,730)
Non-GAAP net income attributed to PDL's shareholders	$ 12,307	$ 21,707	$ 41,787	$ 73,682

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	**2017**	**2018**	**2017**
GAAP net income (loss) attributed to PDL's shareholders as reported	$ 25,556	$ 20,732	$ (85,138)	$ 88,412
Adjustments:				
Mark-to-market adjustment to fair value assets	(23,128)	(9,011)	(9,068)	(57,820)
Non-cash interest revenues	(79)	(670)	(229)	(823)
Non-cash stock-based compensation expense	2,596	939	4,814	3,014
Non-cash debt offering costs	1,834	2,801	5,745	8,195
Mark-to-market adjustment on warrants held	(40)	165	(114)	29
Impairment of intangible assets	—	—	152,330	—
Amortization of intangible assets	1,577	6,275	14,254	18,438
Mark-to-market adjustment of anniversary payment and contingent consideration	302	700	(22,433)	3,349
Income tax effect related to above items	3,689	(224)	(18,374)	10,888
Total adjustments	(13,249)	975	126,925	(14,730)
Non-GAAP net income	$ 12,307	$ 21,707	$ 41,787	$ 73,682

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) impairment of intangible assets, (7) amortization of intangible assets, (8) mark-to-market adjustment related to acquisition-related contingent considerations, and to adjust (9) 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

Third Quarter 2018
Financial Results Conference Call

November 6, 2018

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 and LENSAR, Inc.;
- 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;
- Our ability to utilize our net operating loss carryforwards and certain other tax attributes;
- The outcome of litigation or disputes, including potential product liability; 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.

Assertio (Depomed) Royalties – Amended Agreement

- Original agreement:
  - In October 2013, PDL paid $240.5 million for 100% of royalties and milestones on sales of type 2 diabetes products until cash flows reached $481 million (two times original investment) after which proceeds would be split evenly between PDL and Depomed.
- Amended agreement:
  - PDL will now receive 100% of royalties and milestones beyond the $481 million mark, rather than split 50/50.
  - PDL paid $20 million for these additional royalty rights.
- PDL is very familiar with and has had great success with the Depomed assets.
- PDL has received cash returns of approximately $361 million from inception (October 2013) through September 2018.

PDL

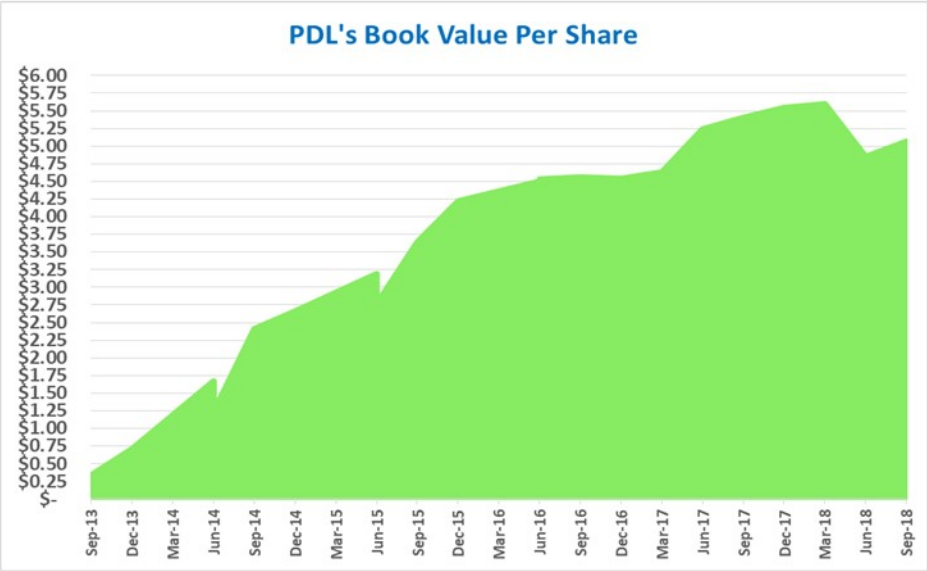
Share Repurchase Programs

- Completed a $25 million program in July 2018
  - Since March 2017, we have repurchased 22.1 million shares for a total of $55.0 million.
    - Average repurchase share price of $2.49.
    - 146.0 million shares outstanding as of October 30, 2018.
- Announced a new $100 million share repurchase program on September 24, 2018.
- While our focus is on the strategic acquisition of biopharma assets, given the significant discount of PDL's stock price to its book value, we have implemented share repurchase programs to return value to shareholders.
- Will balance the stock repurchases with the opportunities of acquiring businesses or products.

PDL

Q3 18 Increase in Royalty Rights Fair Value Results in a Book Value Increase of $0.22 vs. Prior Quarter

PDL's book value for the period ending September 30, 2018 was $5.07



Does not include asset value of royalties from Queen et al patents.

Business Development Strategy Details

- **Pursuing transactions that:**
  - Generate profitable revenue growth;
  - Deliver attractive risk/reward returns on our invested capital; and
  - Leverage our expertise in the biopharma space.
- **Pursuing the following key categories:**
  - Products or companies that have the potential of generating growing, profitable revenue streams.
  - Companies that have a strong commercial franchise that may be expanded through acquisitions.
  - Technological platforms that may lead to multiple, differentiated product applications.
  - Pre-commercialization products.

PDL

Noden: Focus on Profitability

- **Reported revenues on the Noden products for Q318 of $17.8 million.**
  - $9.7 million from U.S. sales and $8.1 million from ROW.
- **No update on Anchen's progress in developing a generic aliskiren.**
- **Noden planning an authorized generic version of Tekturna that will allow it to effectively compete should a generic competitor enter the market.**
- **Discontinued contract sales force and transitioned to a comprehensive program of non-personal promotion with Archer Healthcare.**
  - Reduced S&M expenses by $1.6 million in Q3 2018.
- **Q3 Noden was profitable**
  - GAAP Net Income of $4.1 million.
  - EBITDA of $5.6 million.
- **International sales of Rasilez tracking to plan; launch in China in 1H19.**

PDL

LENSAR Update

- **LENSAR reported revenues of $6.6 million in Q3 2018.**
  - 33 percent increase in product revenues over Q3 2017.
  - 13 percent increase over Q2 2018.
- **Q3 2018 GAAP net loss of approx. $900,000.**
  - Effectively break-even on an EBITDA basis.
- **7 LENSAR Laser Systems sold in Q3 2018.**

Third Quarter 2018 Financials

(In thousands, except per share amounts)	Three Months Ended September 30, 2018	2017	Nine Months Ended September 30, 2018	2017
Royalties from Queen et al. patents	$ 533	$ 1,443	$ 4,534	$ 31,884
Royalty rights - change in fair value	42,184	35,353	66,117	132,224
Interest revenue	754	6,051	2,254	16,968
Product revenue, net	24,387	20,067	79,472	51,477
License and other	40	(165)	614	19,471
Total revenues	67,898	62,749	152,991	252,024
Cost of product revenue	11,926	5,565	37,016	12,632
Amortization of intangible assets	1,577	6,275	14,254	18,438
General and administrative expenses	13,211	11,989	39,401	35,853
Sales and marketing	3,469	4,994	14,367	11,194
Research and development	672	605	2,149	6,652
Impairment of intangible assets	-	-	152,330	-
Change in fair value of anniversary payment and contingent consideration	302	700	(22,433)	3,349
Total operating expenses	31,157	30,128	237,084	88,118
Operating income (loss)	36,741	32,621	(84,093)	163,906
Interest and other income, net	1,581	238	4,871	726
Interest expense	(2,866)	(5,096)	(9,262)	(15,082)
Gain (loss) on bargain purchase	-	(2,276)	-	3,995
Income (loss) before income taxes	35,456	25,487	(88,484)	153,545
Income tax expense (benefit)	9,900	4,755	(3,346)	65,180
Net income (loss)	25,556	20,732	(85,138)	88,365
Less: Net loss attributable to noncontrolling interests	-	-	-	(47)
Net income (loss) attributable to PDL's shareholders	$ 25,556	$ 20,732	$ (85,138)	$ 88,412
Net income (loss) per share - Basic	$ 0.18	$ 0.14	$ (0.58)	$ 0.56
Net income (loss) per share - Diluted	$ 0.18	$ 0.14	$ (0.58)	$ 0.56

PDL

Third Quarter 2018 Financials

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
GAAP net income (loss) attributed to PDL's shareholders as reported	$ 25,556	$ 20,732	$ (85,138)	$ 88,412
Adjustments:				
Mark-to-market adjustment to fair value assets	(23,128)	(9,011)	(9,068)	(57,820)
Non-cash interest revenues	(79)	(670)	(229)	(823)
Non-cash stock-based compensation expense	2,596	939	4,814	3,014
Non-cash debt offering costs	1,834	2,801	5,745	8,195
Mark-to-market adjustment on warrants held	(40)	165	(114)	29
Impairment of intangible assets	-	-	152,330	-
Amortization of the intangible assets	1,577	6,275	14,254	18,438
Mark-to-market adjustment of anniversary payment and contingent consideration	302	700	(22,433)	3,349
Income tax effect related to above items	3,689	(224)	(18,374)	10,888
Total adjustments	(13,249)	975	126,925	(14,730)
Non-GAAP net income	$ 12,307	$ 21,707	$ 41,787	$ 73,682

PDL

Third Quarter 2018 Financials

Condensed consolidated balance sheet (unaudited)	September 30, 2018	June 30, 2018	December 31, 2017
Cash, cash equivalents and investments	$ 400,984	$ 395,653	$ 532,114
Total notes receivable	$ 70,966	$ 70,887	$ 70,737
Royalty rights - at fair value	$ 378,291	$ 335,163	$ 349,223
Intangible assets, net	$ 52,895	$ 54,472	$ 215,823
Total assets	$ 984,427	$ 945,995	$ 1,243,123
Convertible notes payable	$ 122,780	$ 120,945	$ 243,481
Total stockholders's equity	$ 739,387	$ 712,628	$ 845,890

PDL

PDL BioPharma, Inc.
Q3 2018
November 6, 2018

Following are some of the key points regarding the third quarter 2018 financial and business results for PDL BioPharma, Inc. ("PDL", or "the Company").

Highlighted Financial Results from Q3 2018

- Total revenues of $67.9 million.
- GAAP net income attributable to PDL's shareholders of $25.6 million or $0.18 per share.
- Non-GAAP net income attributable to PDL's shareholders of $12.3 million.
- Cash and cash equivalents of $401.0 million as of September 30, 2018.
- Acquired all of Assertio Therapeutic's (formerly known as Depomed) remaining rights to royalties and milestones payable on sales of type 2 diabetes products for $20 million.
- Completed a $25.0 million share repurchase program authorized in September 2017 by repurchasing 0.6 million shares of common stock in the open market during the quarter for $1.4 million in July 2018.
- Announced new share repurchase program of up to $100.0 million.

Recent Developments

- CEO Succession Plan

  John McLaughlin announced his intention to retire as CEO at year-end 2018, while continuing to serve on the PDL board. Dominique Monnet, PDL's current President, will succeed Mr. McLaughlin as CEO effective December 31, 2018 and will simultaneously join the PDL board.

  Mr. Monnet joined PDL BioPharma as President in September 2017, bringing more than 30 years of leadership experience in the biotech and pharmaceutical industries. He was instrumental in overseeing global commercialization operations, including successful new product launches, while serving in senior management positions at Alexion Pharmaceuticals, Amgen and Schering-Plough.

- Stock Repurchase Programs

  In early July, PDL completed the $25.0 million share repurchase program by repurchasing approximately 0.6 million shares of its common stock at a weighted average price of $2.44 per share for a total of $1.4 million. The total amounts repurchased by the Company under the $25.0 million share repurchase program equal approximately 8.7 million shares of its common stock at an average cost of $2.86 per share, including trading commissions. Since initiating its first stock repurchase program in March 2017, the Company has used $55.0 million to repurchase a total of 22.1 million shares of its common stock.

  On September 21, 2018, the PDL's board of directors authorized the repurchase of issued and outstanding shares of the Company's common stock having an aggregate value of up to $100.0 million pursuant to a new share repurchase program. The Company expects to aggressively repurchase shares after its Q3 earnings blackout has been lifted.

- Depomed Royalty Rights

  In August 2018, PDL amended the Royalty Purchase and Sale Agreement (the "Royalty Agreement") with Depomed, under which the Company acquired all of Depomed's remaining rights to royalties and milestones payable on sales of type 2 diabetes products licensed by Depomed for $20.0 million. Under the original Royalty Agreement, PDL would have shared future royalties equally with Depomed after total cash received by PDL reached $481.0 million, or two times the Company's original investment.

Noden Pharma

- Noden US is commercializing Tekturna® and Tekturna HCT® in the United States and Noden Pharma DAC, an Ireland based company, assumed commercialization responsibilities for Rasilez® and Rasilez HCT® in the rest of the world, starting in November of 2017. The products are indicated for the treatment of hypertension.
- Noden and PDL are evaluating additional pharma products to acquire for Noden.
- Noden net revenue for the quarter ended September 30, 2018 was $17.8 million, with $9.7 million in US revenue and $8.1 million in the rest of world, compared to $15.1 million for the same period in 2017.
    - Noden product revenues increased 18 percent and accounted for approximately 26 percent of total revenues compared to approximately 24 percent in the third quarter of 2017.
    - Gross margins on revenue in the third quarter were 56 percent, 83 percent in the U.S. on Tekturna and Tekturna HCT and 24 percent ex-U.S. on Rasilez and Rasilez HCT.
    - In June 2018, Noden Pharma DAC entered into a settlement agreement with Anchen Pharmaceuticals, Inc. and its affiliates to resolve the patent litigation relating to Anchen's Abbreviated New Drug Application ("ANDA") seeking approval from the U.S. Food and Drug Administration ("FDA") to market a generic version of aliskiren. Under the settlement agreement, Anchen agreed to not commercialize its generic version of aliskiren prior to March 1, 2019, but is not permitted to commercialize a copy of Tekturna. Anchen is the sole ANDA filer for aliskiren of which the Company is aware.
    - Due to the increased probability of a generic version of aliskiren being launched in the United States in 2019. Noden determined that long-lived assets with a carrying amount of $192.5 million were impaired and wrote them down to their estimated fair value of $40.1 million, resulting in a non-cash pre-tax impairment charge of $152.3 million in the second quarter of 2018. This write-down is included in "Impairment of intangible asset" on the Condensed Consolidated Statement of Income for the nine months ended September 30, 2018.
    - As of September 30, 2018, the remaining balance of Noden Products intangible assets is $38.9 million and is being amortized straight-line over the remaining life of 8 years.
    - Offsetting the impairment was a $22.5 million decrease in fair value of the contingent liability related to the reduced estimate in the probability in paying milestones to Novartis for Tekturna.
    - There is no update on Anchen's progress in developing a generic Tekturna but, there has yet to be an FDA approval of a generic version of the drug and there have been no announcements on commercialization plans or dates.

LENSAR

- LENSAR Laser System revenue for the quarter ended September 30, 2018 was $6.6 million compared to $5.0 million for the quarter ended September 30, 2017.
- Gross margins on LENSAR revenue in the third quarter were 38 percent.

Updates on Income Generating Assets

Royalty Rights Assets

On August 2, 2018, PDL Investment Holding, LLC, a wholly-owned subsidiary of PDL, purchased all of Depomed's remaining interests in royalty and milestone payments payable on sales of Type 2 diabetes products licensed by Depomed for $20.0 million. Prior to the amendment, the Depomed Royalty Agreement provided that we would have received all royalty and milestone payments due under license agreements between Depomed and its licensees until we received payments equal to two times the cash payment made to Depomed, or approximately $481.0 million, after which all net payments received by Depomed would have been shared equally between us and Depomed. Following the amendment, the Depomed Royalty Agreement provides that we will receive all royalty and milestone payments due under the license agreements between Depomed and its licensees.

The following table provides additional details with respect to the fair value of the PDL royalty rights assets as of September 30, 2018 and with changes from December 31, 2017 as reflected in our Balance Sheet:

(in thousands)	Fair Value as of December 31, 2017	Purchase of Royalty Assets	Royalty Rights - Change in Fair Value	Fair Value as of September 30, 2018
Assertio (formerly Depomed)	$ 232,038	$ 20,000	$ 13,665	$ 265,703
VB	14,380	—	(494)	13,886
U-M	26,769	—	755	27,524
AcelRx	72,894	—	(4,619)	68,275
Avinger	396	—	(396)	—
KYBELLA	2,746	—	157	2,903
	$ 349,223	$ 20,000	$ 9,068	$ 378,291

The following table provides a summary of activity with respect to our royalty rights - change in fair value for the three and nine months ended September 30, 2018:

	Three Months Ended September 30, 2018		
(in thousands)	Cash Royalties	Change in Fair Value	Royalty Rights - Change in Fair Value
Assertio (formerly Depomed)	$ 17,482	$ 31,631	$ 49,113
VB	277	(779)	(502)
U-M	1,152	1,375	2,527
AcelRx	70	(9,158)	(9,088)
KYBELLA	77	57	134
	$ 19,058	$ 23,126	$ 42,184

	Nine Months Ended September 30, 2018		
(in thousands)	Cash Royalties	Change in Fair Value	Royalty Rights - Change in Fair Value
Assertio (formerly Depomed)	$ 52,077	$ 13,665	$ 65,742
VB	820	(494)	326
U-M	3,437	755	4,192
AcelRx	190	(4,619)	(4,429)
Avinger	366	(396)	(30)
KYBELLA	159	157	316
	$ 57,049	$ 9,068	$ 66,117

Updates on Royalty Rights Assets

PDL received $19.1 million in net cash royalties from its royalty rights in the third quarter of 2018, compared to $26.3 million for the same period of 2017.

Assertio (formerly Depomed, Inc.) To date (through September 30, 2018), we have received cash royalty payments of approximately $361 million from the $240.5 million investment.

- Glumetza (and authorized generic version) royalty: 50% of net sales less COGS continue so long as the products are being commercialized.

- Low to mid-single digit royalties to PDL on new product approvals expected to continue to 2023 for Invokamet XR® US, 2026 for Jentadueto XR® and Synjardy XR®, and 2027 for Invokamet XR® ex-US.

Updates on royalty-bearing products relating to Queen et al. Patents

Tysabri® (Approved royalty-bearing product relating to Queen et al. patents)

- The Queen et al. patents have expired and the resulting royalty revenue has dropped substantially since the first quarter of 2016. We continue to receive royalty revenue from one product under the Queen et al. patent licenses, Tysabri, as a result of sales of the product that was manufactured prior to patent expiry.
- PDL recorded revenue of $0.5 million from Tysabri in Q3 2018.
- Royalties from PDL's licensees to the Queen et al. patents were $0.9 million lower than in the third quarter of 2017 as product supply of Tysabri manufactured prior to patent expiry in the United States have been extinguished and ex-U.S. product supplies are rapidly being exhausted. As a result, we expect royalties from product sales of Tysabri to cease in the fourth quarter of 2018.

Notes Receivable

The following table presents the fair value of assets not subject to fair value recognition by level within the valuation hierarchy:

	September 30, 2018		December 31, 2017	
(In thousands)	**Carrying Value**	**Fair Value Level 3**	**Carrying Value**	**Fair Value Level 3**
Wellstat Diagnostics note receivable	$ 50,191	$ 59,881	$ 50,191	$ 51,308
Hyperion note receivable	1,200	1,200	1,200	1,200
CareView note receivable	19,575	19,723	19,346	18,750
	$ 70,966	$ 80,804	$ 70,737	$ 71,258

Forward-looking Statements

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important risks and uncertainties with respect to the Company's business are disclosed in the risk factors contained in the Company's Annual Report on Form 10-K, as updated by subsequent 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.

Queen et al. Royalties

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

Tysabri	Q1	Q2	Q3	Q4	Total
2018	2,783	1,218	533	—	4,534
2017	14,156	16,284	1,443	4,531	36,414
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
2018	92,769	40,602	17,738	—	151,109
2017	471,877	398,382	194,563	177,379	1,242,201
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.