
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):

February 23, 2005

PROTEIN DESIGN LABS, INC.

(Exact name of registrant as specified in its charter)

Delaware

000-19756

94-3023969

(State or other jurisdiction of
incorporation)

(Commission File No.)

(I.R.S. Employer Identification
No.)

34801 Campus Drive

Fremont, California 94555

(Address of principal executive offices)

Registrant's telephone number, including area code:

(510) 574-1400

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

- 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))
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Item 1.01 Entry into a Material Definitive Agreement.

On February 23, 2005, Protein Design Labs, Inc., a Delaware corporation (“PDL” or the “Company”) entered into a commitment letter (the “Commitment Letter”) with ESP Pharma Holding Company, Inc. (“ESP Pharma”), pursuant to which PDL has committed to provide ESP Pharma with short term funding, if required, for the purchase price under ESP Pharma’s previously-disclosed agreement (the “Retavase Agreement”) with Centocor, a biopharmaceutical operating company of Johnson & Johnson, to purchase certain product rights and assets relating to a product known as Retavase®. The Commitment Letter is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

Pursuant to the Commitment Letter, upon ESP Pharma’s request on or after March 23, 2005, PDL will lend up to \$110,000,000 to ESP Pharma in a single advance. The funding under the Commitment Letter is subject to certain conditions and would be provided at the closing of the transaction under the Retavase Agreement. The loan would bear interest equal to the three-month LIBOR rate plus three percent (3%) per annum, would be due sixty (60) days after PDL’s initial funding to ESP Pharma and would be secured by the assets purchased by ESP Pharma under the Retavase Agreement.

PDL previously announced that it has entered into an Agreement and Plan of Merger, dated as of January 24, 2005 and amended as of January 31, 2005 (the “Agreement”) by and among PDL, Big Dog Bio, Inc., a Delaware corporation and a wholly-owned subsidiary of PDL (“Merger Sub”), ESP Pharma Holding, and certain other individuals and entities, pursuant to which Merger Sub will be merged with and into ESP Pharma (the “Merger”), with ESP Pharma surviving the Merger as a wholly-owned subsidiary of PDL.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant

See disclosure under Item 1.01 of this Current Report on Form 8-K, which is incorporated by reference in this Item 2.03.

Item 9.01 Financial Statements and Exhibits.**(c) Exhibits.**

Exhibit No.	Description
99.1	Commitment letter from Protein Design Labs, Inc. to ESP Pharma Holding Company, Inc., dated as of February 23, 2005.

SIGNATURES

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

Date: February 24, 2005

PROTEIN DESIGN LABS, INC.

By: /s/ SERGIO GARCIA-RODRIGUEZ

Sergio Garcia-Rodriguez
Vice President, Legal, General Counsel and
Assistant Secretary

Protein Design Labs, Inc

February 23, 2005

Mr. Andrew J. Einhorn
Chief Financial Officer,
ESP Pharma Holding Company, Inc.
2035 Lincoln Highway, Suite 2150
Edison, NJ 08817

Dear Andrew,

This letter formalizes the irrevocable commitment of Protein Design Labs, Inc. ("PDL") to provide certain financing to ESP Pharma Holding Company, Inc. ("ESP"). PDL and ESP are parties to an Agreement and Plan of Merger dated January 24, 2005 (the "Agreement") and an Agreement Regarding Certain Assets of the same date (the "Asset Agreement"). Capitalized terms used herein will have the meanings provided in the Agreement or the Asset Agreement unless otherwise defined in this commitment letter.

ESP, or its subsidiary, including ESP Pharma, Inc. ("Subsidiary") has entered into the Retavase[®] Asset Purchase Agreement ("Retavase Agreement"). The purchase price due at closing of the Retavase Agreement is \$110,000,000 in cash.

Subject to the terms in Exhibit A, PDL will provide "bridge financing" to ESP in the amount of \$110,000,000 simultaneous with the closing of the transactions contemplated by the Retavase Agreement if ESP or Subsidiary do not have the financing necessary to close such transaction.

The bridge financing would be due in 60 days from initial funding, and would be secured by the assets purchased under the Retavase[®] Agreement. The terms of the bridge financing are summarized in a term sheet attached hereto as Exhibit A.

Very truly yours

/s/ GLEN Y. SATO

Glen Y. Sato
Senior Vice President and CFO

EXHIBIT A
BRIDGE LOAN FINANCING

TERM SHEET

January 31, 2005

This Term Sheet summarizes the principal terms of a proposed bridge loan financing by Protein Design Labs, Inc. ("PDL") to ESP Pharma Holding Company, Inc. (the "Company"). It is qualified in its entirety by the terms of the final financing documents. If there is a conflict or inconsistency between this Term Sheet and the financing documents, the financing documents' terms will govern.

<u>Principal Commitment:</u>	PDL will lend up to \$110,000,000 in a single advance.
<u>Borrower:</u>	ESP, or any wholly-owned direct or indirect subsidiary designated by ESP.
<u>Condition to Advance:</u>	The Company may request the advance upon three (3) business days prior notice provided that the advance will be made on <u>or after March 23rd, 2005</u> upon the closing of the transaction contemplated by the Retavase Asset Purchase Agreement between ESP or one of its subsidiaries and the owners of the Retevase Assets (the "Retavase Agreement"). PDL will make the advance provided that (i) customary closing conditions are satisfied, including that the Company's entry into the credit facility and receipt of the advance will not cause a breach or default under any existing contract to which the Company is a party or by which its property is bound. and (ii) that a "closing" occurs in accordance with the terms and conditions in the Retavase Asset Purchase Agreement.
<u>Interest:</u>	Three-month LIBOR plus three percent (3%) interest per annum, calculated on the basis of the actual number of days elapsed in a 360 day year.
<u>Maturity Date:</u>	60 days after the advance (or, if such day is not a Business Day, the next succeeding Business Day).
<u>Payment Schedule:</u>	Principal and all accrued interest due on Maturity Date.

Voluntary Prepayment:

Company may prepay at any time without penalty, but prepayment must be of the entire amount of the principal in any event.

Collateral:

First priority security interest in all of the assets acquired under the (the Retavase Agreement).

Events of Default:

Events of default to include if (i) the Company does not pay the principal amount or any interest when due (subject to the customary grace period), (ii) the Company breaches any representation or warranty or covenant it makes in the loan documents in any material respect, (iii) the Company becomes the subject of bankruptcy or other insolvency proceedings, or (iv) a default with respect to any other indebtedness of the Company that entitles the holders thereof to accelerate the payment thereof.

Default Interest:

Interest rate shall increase by 5% per annum when an Event of Default has occurred and throughout the period of the default.

Expenses:

PDL and the Company shall each be responsible for their own fees and expenses.
