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): May 9, 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 May 9, 2018, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the first quarter ended March 31, 2018. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on May 9, 2018, during which the Company will discuss its financial results for the first quarter ended March 31, 2018.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On May 9, 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 March 31, 2018. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On May 9, 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 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.

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: May 9, 2018

Exhibit Index

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

Exhibit 99.1

Contacts:

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PDL BioPharma Announces First Quarter 2018 Financial Results

INCLINE VILLAGE, NV, May 9, 2018 – PDL BioPharma, Inc. (PDL or the Company) (NASDAQ: PDLI) today reported financial results for the first quarter ended March 31, 2018 including:

- Total revenues of $38.5 million for the three months ended March 31, 2018.
- GAAP diluted EPS of $0.01 for the three months ended March 31, 2018.
- GAAP net income attributable to PDL's shareholders of $1.6 million for the three months ended March 31, 2018.
- Non-GAAP net income attributable to PDL's shareholders of $13.4 million for the three months ended March 31, 2018. A full reconciliation of all components of the GAAP to non-GAAP financial results can be found in Table 3 at the end of the release.

Revenue Highlights

- Total revenues of $38.5 million for the three months ended March 31, 2018 included:
  - Product revenues of $23.3 million, which consisted of $18.3 million from sales of Tekturna® and Tekturna HCT® in the United States, Rasilez® and Rasilez HCT® in the rest of the world (collectively, the Noden Products) and $5.0 million for product sales of the LENSAR® Laser System;
  - Net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets of $11.1 million, which consisted of the change in estimated fair value of our royalty right assets, primarily related to the Depomed royalty asset;
  - Royalties from PDL's licensees to the Queen et al. patents of $2.8 million, which consisted of royalties earned on sales of Tysabri®; and
  - Interest revenue from note receivable investment to CareView Communications of $0.7 million.

- Total revenues decreased by 15 percent or $6.9 million for the three months ended March 31, 2018, when compared to the same period in 2017. The evolution of our revenues reflects PDL's strategic shift to a specialty biopharmaceutical business model and the residual decline in royalty income from our expired Queen et al. patents.
  - The 85 percent increase in product revenues was derived from the 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 approximately 61 percent of total revenues compared to approximately 28 percent in the first quarter of 2017. Rasilez and Rasilez HCT revenues were $7.8 million, which was the first full quarter of revenue recognized from the ex-U.S. commercialization by Noden, having assumed commercialization from Novartis in November 2017;
  - PDL received $18.6 million in net cash royalties from its royalty rights in the first quarter of 2018, compared to $13.5 million for the same period of 2017. The increase in cash royalties is mainly due to royalties from Glumetza® sold by Valeant Pharmaceuticals International, Inc., partially offset by the decrease of royalties from ARIAD Pharmaceuticals, Inc. as royalties ceased when the asset was sold in the first quarter of 2017;

- Royalties from PDL's licensees to the Queen et al. patents were 80 percent or $11.4 million lower than in the first 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; and
- The decrease in interest revenues was primarily due to the sale of the kaléo, Inc. note receivable in September 2017.

Operating Expense Highlights

- Operating expenses were $34.2 million for the three months ended March 31, 2018, compared to $26.9 million for the same period of 2017. The increase in operating expenses for the three months ended March 31, 2018, as compared to the same period in 2017, was primarily a result of Noden Products and LENSAR contributing additional cost of product revenue of $5.6 million and $2.4 million, respectively, which was the result of increased revenue and recognition of costs of goods for ex-U.S. revenue from Noden Products and increased revenue from LENSAR, which PDL did not begin to recognize until May 2017. Sales and marketing expenses at Noden and LENSAR increased an additional $1.4 million and $1.5 million, respectively, and research and development expenses increased an additional $0.6 million due to LENSAR clinical studies. These increases were partially offset by a decrease in the fair value of acquisition-related contingent consideration of $2.0 million, a decrease in research and development costs for the completion of a pediatric trial for Tekturna and a decrease in general and administration asset management and legal expenses related to the Merck litigation.

Recent Developments

Stock Repurchase Program

- From April 1, 2018 to May 8, 2018, the Company repurchased approximately 2.8 million shares of its common stock under the share repurchase program at a weighted average price of $3.03 per share for a total of $8.4 million.
- Since the inception of the share repurchase program in March 2018, the Company has repurchased approximately 4.2 million shares of its common stock for a total of $12.6 million.
- Approximately $12.4 million remains available under the current share repurchase program.

Other Financial Highlights

- PDL had cash, cash equivalents, short-term investments and other investments of $405.1 million at March 31, 2018, compared to $532.1 million at December 31, 2017. The change in cash balance for the quarter was primarily a result of PDL retiring the remaining $126.4 million of principal of its 4.0% Convertible Senior Notes due 2018 at their stated maturity by making a payment to the noteholders of $129.0 million, which included $2.6 million of accrued interest.

Conference Call and Webcast Details

PDL will hold a conference call to discuss financial results at 4:30 p.m. Eastern Time today, May 9, 2018.

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 1798597. 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 one week following the call, and may be accessed by dialing (855) 859-2056 from the United States and Canada or (404) 537-3406 internationally. The replay passcode is 1798597.

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 the Investor Relations section and select "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.

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 monetization 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 seventeen 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 $396.1 million: KYBELLA®, AcelRx, University of Michigan, Viscogliosi Brothers and Depomed. Our equity and loan investment in Noden represents deployed capital of $179.0 million, 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, filed with the Securities and Exchange Commission on March 16, 2018. 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 INCOME DATA
(In thousands, except per share amounts)

	Three Months Ended March 31,	
	2018	**2017**
Revenues		
Royalties from Queen et al. patents	$ 2,783	$ 14,156
Royalty rights - change in fair value	11,091	13,146
Interest revenue	749	5,457
Product revenue, net	23,324	12,581
License and other	571	100
Total revenues	38,518	45,440
Operating Expenses		
Cost of product revenue (excluding intangible amortization)	10,566	2,552
Amortization of intangible assets	6,293	6,015
General and administrative expenses	11,661	12,576
Sales and marketing	5,513	2,584
Research and development	793	1,766
Change in fair value of anniversary payment and contingent consideration	(600)	1,442
Total operating expenses	34,226	26,935
Operating income	4,292	18,505
Non-operating expense, net		
Interest and other income, net	1,914	212
Interest expense	(3,585)	(4,971)
Total non-operating expense, net	(1,671)	(4,759)
Income before income taxes	2,621	13,746
Income tax expense	1,019	6,552
Net income	1,602	7,194
Less: Net income/(loss) attributable to noncontrolling interests	—	(47)
Net income attributable to PDL's shareholders	$ 1,602	$ 7,241
Net income per share		
Basic	$ 0.01	$ 0.04
Diluted	$ 0.01	$ 0.04
Shares used to compute income per basic share	151,473	163,745
Shares used to compute income per diluted share	152,579	163,992
Cash dividends declared per common share	$ —	$ —

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

	March 31, 2018	December 31, 2017
Cash, cash equivalents and short-term investments	$ 405,078	$ 532,114
Total notes receivable	$ 70,811	$ 70,737
Total royalty rights - at fair value	$ 341,691	$ 349,223
Total assets	$ 1,100,401	$ 1,243,123
Total convertible notes payable	$ 119,166	$ 243,481
Total stockholders’ equity	$ 843,109	$ 845,890

TABLE 3
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 March 31,	
	2018	**2017**
GAAP net income attributed to PDL's shareholders as reported	$ 1,602	$ 7,241
Adjustments to Non-GAAP net income (as detailed below)	11,776	5,971
Non-GAAP net income attributed to PDL's shareholders	$ 13,378	$ 13,212

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

	Three Months Ended March 31,	
	2018	**2017**
GAAP net income attributed to PDL's shareholders as reported	$ 1,602	$ 7,241
Adjustments:		
Mark-to-market adjustment to fair value assets	7,532	348
Non-cash interest revenues	(74)	(75)
Non-cash stock-based compensation expense	957	1,112
Non-cash debt offering costs	2,132	2,675
Mark-to-market adjustment on warrants held	(71)	(100)
Amortization of the intangible assets	6,293	6,015
Mark-to-market adjustment of anniversary payment and contingent consideration	(600)	1,442
Income tax effect related to above items	(4,393)	(5,446)
Total adjustments	11,776	5,971
Non-GAAP net income	$ 13,378	$ 13,212

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

First Quarter 2018
Financial Results Conference Call

May 9, 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.

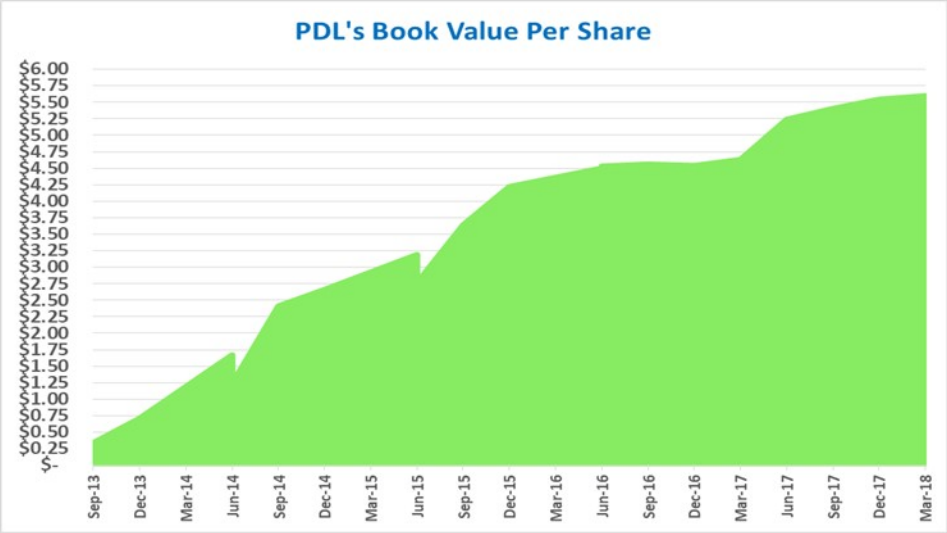
Building Value Through Investments

- **Focused on growth in order to continue value creation for shareholders.**
- **Pleased with our success in replacing the revenues from the expired Queen et al patents.**
  - Strategic decisions have enabled income generating assets to fund PDL's business of today.
  - 93 percent of revenues are non-Queen et al patent revenue.
- **Have completed two significant equity transactions since summer of 2016—Noden Pharma and LENSAR.**
- **Very optimistic about the current market opportunities.**
- **Strong financial position enables us to continue to seek high quality acquisition candidates.**
  - Ended first quarter with over $400MM in cash and reduced debt.

PDL

Building Value Through Investments

PDL's book value increased to $5.60 in the period ending March 31, 2018



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

PDL

Share Repurchase Programs

Previous Program

- In March 2017, PDL's board authorized the repurchase of PDL common stock having an aggregate value of up to $30 million through March 2018.
- Total repurchased under this program over 4 months was approximately 13.3 million shares at an average price of $2.25 per share. All shares repurchased were retired as of June 30, 2017.

Current Program

- In September 2017, PDL's board authorized the repurchase of PDL common stock having an aggregate value of up to $25 million through September 2018.
- We previously were not able to implement this program due to trading restrictions, but began to implement this program on March 21, 2018, shortly after the filing of our 2017 10-K.
- We have used $12.6 million to repurchase 4.2 million shares through May 8, 2018.

PDL

Noden Background

Noden Pharma

- Platform upon which to build a pharmaceutical company.
- PDL now owns 100% of Noden companies.
- Noden already has two products on the market—both indicated for hypertension.
  - Tekturna® and Tekturna HCT®, as they are known in the U.S., and Rasilez® and Rasilez HCT®, as they are known in the rest of the world.
- Domiciled in Ireland with related operating company in the U.S. and a distribution network ex-U.S.

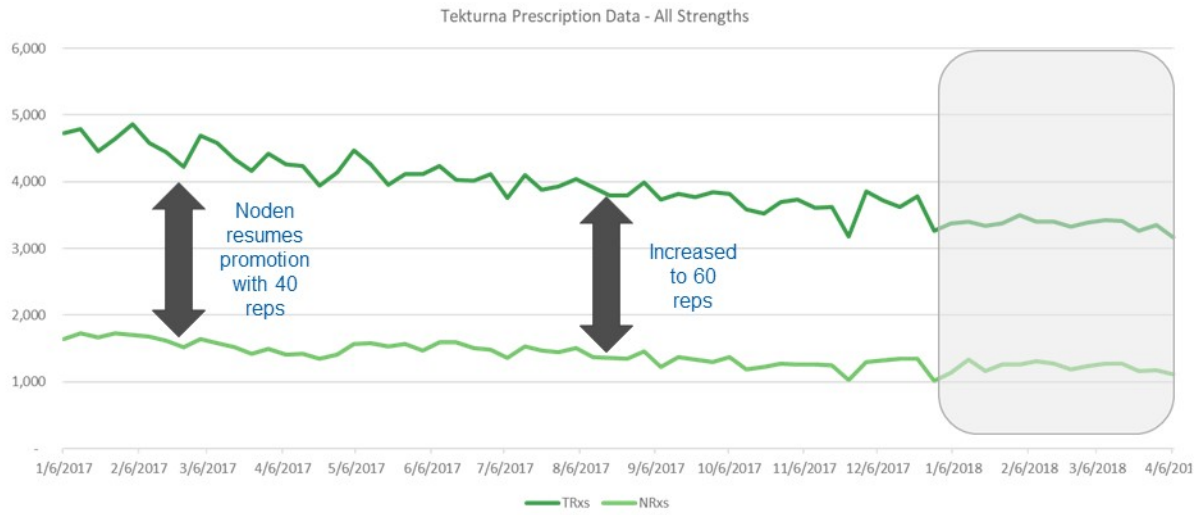
PDL

Noden: Building Profitable Growth

- **Reported revenues on the Noden products for Q118 of $18.3 million.**
  - $10.5 million from US sales and $7.8 million from ROW.
  - 46 percent increase in product revenues year over year.
- **Ex-U.S. results reflect completed transfer of commercialization rights from Novartis to Noden.**
- **In an effort to improve profitability ex-U.S., Rasilez was deregistered in those markets where it was not sufficiently profitable.**
- **Tekturna's managed care coverage in U.S. continues to improve, accompanied by Gross-to-Net improvement.**
- **Noden entered into sales agreements with Lee's Pharma and Orphan Pacific for distribution of Rasilez in certain Asian countries.**

PDL

Tekturna & Tekturna HCT Prescriptions
Weekly TRxs decline appears to be slowing



Source: IQVIA Xponent Weekly Data

PDL

Tekturna
Executing Targeted Patient-Type Strategy

ACE / ARB Intolerant:

SWITCH

Estimated 6 million patients

CCB Not at Goal:

ADD

Estimated 3.3 million patients

Continued Progress at LENSAR

- **Achieved quarterly revenue of $5.0 million.**
- **LENSAR EBITDA was positive this quarter.**
- **Two systems sold in Q1 2018.**
- **Acquired laser business unit of Precision Eye Services (PES).**
  - Consolidates LENSAR's customer base for greater optimization, efficiency and speed to market.
  - LENSAR and PES' first commercial alliance dates back to 2014.
- **Early clinical development efforts have begun.**

PDL

Royalty Investments

- **Royalties relating to Depomed continue to exceed our expectations.**
  - Cash returns of $325.4 million since inception through March 2018.
  - We received $16.9 million in cash royalties in Q1 2018.
  - Glumetza and its authorized generic account for bulk of returns.
  - Expect other Depomed products, including Jentadueto XR®, Invokamet XR® and Synjardy XR® to begin to yield higher royalties.
- **Other acquired royalties ramping slower than expected but continue to generate revenue for us.**
- **Tysabri royalties expected to end in 2018.**

PDL

First Quarter 2018 Income Statement

(In thousands, except per share amounts)	Three Months Ended March 31, 2018	2017
Royalties from Queen et al. patents	$ 2,783	$ 14,156
Royalty rights - change in fair value	11,091	13,146
Interest revenue	749	5,457
Product revenue, net	23,324	12,581
License and other	571	100
Total revenues	38,518	45,440
Cost of product revenue	10,566	2,552
Amortization of intangible assets	6,293	6,015
General and administrative expenses	11,661	12,576
Sales and marketing	5,513	2,584
Research and development	793	1,766
Change in fair value of anniversary payment and contingent consideration	(600)	1,442
Total operating expenses	34,226	26,935
Operating income	4,292	18,505
Interest and other income, net	1,914	212
Interest expense	(3,585)	(4,971)
Income before income taxes	2,621	13,746
Income tax expense	1,019	6,552
Net income	1,602	7,194
Less: Net loss attributable to noncontrolling interests	-	(47)
Net income attributable to PDL's shareholders	$ 1,602	$ 7,241
Net income per share - Basic	$ 0.01	$ 0.04
Net income per share - Diluted	$ 0.01	$ 0.04

First Quarter 2018
Non- GAAP Financials

	Three Months Ended March 31, 2018	2017
GAAP net income attributed to PDL's shareholders as reported	$ 1,602	$ 7,241
Adjustments:		
Mark-to-market adjustment to fair value assets	7,532	348
Non-cash interest revenues	(74)	(75)
Non-cash stock-based compensation expense	957	1,112
Non-cash debt offering costs	2,132	2,675
Mark-to-market adjustment on warrants held	(71)	(100)
Amortization of the intangible assets	6,293	6,015
Mark-to-market adjustment of anniversary payment and contingent consideration	(600)	1,442
Income tax effect related to above items	(4,393)	(5,446)
Total adjustments	11,776	5,971
Non-GAAP net income	$ 13,378	$ 13,212

PDL

First Quarter 2018 Financials

Condensed consolidated balance sheet (unaudited)	March 31, 2018	December 31, 2017
Cash, cash equivalents and investments	$ 405,078	$ 532,114
Total notes receivable	$ 70,811	$ 70,737
Total royalty rights - at fair value	$ 341,691	$ 349,223
Total assets	$ 1,100,401	$ 1,243,123
Convertible notes payable	$ 119,166	$ 243,481
Total stockholders's equity	$ 843,109	$ 845,890

PDL

PDL®

Question and Answer Session

PDL BioPharma, Inc.
Q1 2018
May 9, 2018

Following are some of the key points regarding PDL's first quarter 2018 financial and business results.

Highlighted Financial Results from Q1/2018

- Total revenues of $38.5 million for the three months ended March 31, 2018.
- GAAP diluted EPS of $0.01 for the three months ended March 31, 2018.
- GAAP net income attributable to PDL's shareholders of $1.6 million for the three months ended March 31, 2018.
- Non-GAAP net income attributable to PDL's shareholders of $13.4 million for the three months ended March 31, 2018.
- PDL had cash, cash equivalents, short-term investments and other investments of $405.1 million at March 31, 2018, compared to $532.1 million at December 31, 2017. The change in cash balance for the quarter was primarily a result of PDL retiring the remaining $126.4 million of principal of its 4.0% Convertible Senior Notes due 2018 at their stated maturity by making a payment to the noteholders of $129.0 million, which included $2.6 million of accrued interest.
- On March 31, 2018, PDL had a net book value of approximately $5.60 per share.

Recent Developments

- From April 1, 2018 to May 8, 2018, the Company repurchased approximately 2.8 million shares of its common stock under the share repurchase program at a weighted average price of $3.03 per share for a total of $8.4 million.
- Since the inception of the share repurchase program in March 2018, the Company has repurchased approximately 4.2 million shares of its common stock for a total of $12.6 million.
- Approximately $12.4 million remains available under the current share repurchase program.

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.
- PDL owns 100 percent of Noden and continues to hold three of five board seats.
- Noden and PDL are evaluating additional pharma products in the form of optimized, established medicines, to acquire for Noden.
- Noden net revenue for the quarter ended March 31, 2018 was $18.3 million, with $10.5 million in US revenue and $7.8 million in the rest of world, compared to $12.6 for the same period in 2017.
    - Noden product revenues increased 46 percent and accounted for approximately 61 percent of total revenues compared to approximately 28 percent in the first quarter of 2017.
    - Rasilez and Rasilez HCT revenues were $7.8 million, which was the first full quarter of revenue recognized from the ex-U.S. commercialization by Noden, having assumed commercialization from Novartis in November 2017;
    - Gross margins on revenue in the first quarter were 55.4 percent, 80 percent in the U.S. on Tekturna and Tekturna HCT and 24 percent ex-U.S. on Rasilez and Rasilez HCT.
    - Noden's overall goal is to maximize profits generated from its portfolio, and this led us to de-register the products in those few European countries where Rasilez was either not or only marginally profitable. Although this has had a negative impact on revenue, it has improved operating margins.
- In December of 2017, Noden entered into an agreement with Lee's Pharmaceutical Holdings Ltd. granting them exclusive sales rights to Rasilez in China, Hong Kong, Macau and Taiwan, with guaranteed payments due to Noden. We had not forecasted sales in these territories during our acquisition of Rasilez, so this agreement represents an incremental opportunity.

- Also in December, 2017, Noden entered into an agreement with Orphan Pacific for the distribution of Rasilez in Japan. The marketing authorization has been transferred from Novartis, and Orphan Pacific started shipping products in the Japanese market at the end of February, 2018.

LENSAR

- LENSAR Laser System revenue for the for the quarter ended March 31, 2018 was $5.0 million. PDL did not begin recognizing revenue from LENSAR until May 2017.
- Gross margins on LENSAR revenue in the first quarter were 52.2 percent.

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 March 31, 2018 and with changes from December 31, 2017 as reflected in our Balance Sheet:

(in thousands)	Fair Value as of December 31, 2017	Royalty Rights - Change in Fair Value	Fair Value as of March 31, 2018
Depomed	$ 232,038	$ (9,430)	$ 222,608
VB	14,380	137	14,517
U-M	26,769	(187)	26,582
AcelRx	72,894	2,237	75,131
Avinger	397	(295)	102
KYBELLA	2,745	6	2,751
	$ 349,223	$ (7,532)	$ 341,691

The following table provides a summary of activity with respect to our royalty rights - change in fair value for the quarter ended March 31, 2018:

(in thousands)	Cash Royalties	Change in Fair Value	Royalty Rights - Change in Fair Value
Depomed	$ 16,907	$ (9,430)	$ 7,477
VB	280	137	417
U-M	996	(187)	809
AcelRx	52	2,237	2,289
Avinger	305	(295)	10
KYBELLA	83	6	89
	$ 18,623	$ (7,532)	$ 11,091

Updates on Royalty Rights Assets

PDL received $18.6 million in net cash royalties from its royalty rights in the first quarter of 2018, compared to $13.5 million for the same period of 2017. The increase in cash royalties is mainly due to royalties from Glumetza® sold by Valeant Pharmaceuticals International, Inc., partially offset by the decrease of royalties from ARIAD Pharmaceuticals, Inc. as royalties ceased when the asset was sold in the first quarter of 2017;

Depomed, Inc. To date (through December 31, 2017), we have received cash royalty payments of $325.4 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® and 2026 for Jentadueto XR® and Synjardy XR®.

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

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

- While 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.
- Royalties from PDL's licensees to the Queen et al. patents were 80 percent or $11.4 million lower than in the first 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.
- PDL recorded revenue of $2.8 million from Tysabri in Q1 2018.

Notes Receivable

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

		March 31, 2018		December 31, 2017	
(In thousands)		Carrying Value	Fair Value Level 3	Carrying Value	Fair Value Level 3
Wellstat Diagnostics note receivable		$ 50,191	$ 52,412	$ 50,191	$ 51,308
Hyperion note receivable	1,200	1,200	1,200	1,200	1,200
CareView note receivable	19,245	19,420	19,100	19,346	18,750
		$ 70,811	$ 72,712	$ 70,737	$ 71,258

Updates on Notes Receivable

CareView

- In February 2018, we entered into a modification agreement with CareView whereby we agreed, effective as of December 28, 2017, to modify the credit agreement before remedies could otherwise have become available to us under the credit agreement in relation to certain obligations of CareView that would potentially not be met, including the requirement to make principal payments. Under the modification agreement we agreed that (i) a lower liquidity covenant would be applicable and (ii) principal repayment would be delayed for a period of up to December 31, 2018. In exchange for agreeing to these modifications, among other things, the exercise price of our warrants to purchase 4.4 million shares of common stock of CareView was reduced and, subject to the occurrence of certain events, CareView agreed to grant us additional equity interests.

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. On appeal, the appellate division of the NY court reversed on procedural grounds the portion of the decision granting PDL summary judgment, remanding the case to the trial division for a plenary action. The action is currently before the NY trial court and in the pre-trial phase. The parties will have the opportunity to conduct discovery and file dispositive motions prior to trial. No trial date has been set yet.
- In September 2017, Wellstat Therapeutics, one of the Wellstat Guarantors, obtained a decision against BTG International, Inc. in a breach of contract case which set the damages at $55.8 million plus interest and fees. Wellstat Therapeutics will only receive the award in a final court decision or settlement between the parties, and BTG has appealed the decision.
- On February 6, 2018, the NY Court issued an order from the bench which enjoins the Wellstat Diagnostics Guarantors from selling, encumbering, removing, transferring or altering the collateral, and further precludes PDL from foreclosing on certain collateral during the pendency of the case.

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	—	—	—	2,783
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	—	—	—	92,769
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.