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 22, 2016

PDL BioPharma, Inc.

(Exact name of Company as specified in its charter)

000-19756
(Commission File Number)

Delaware	94-3023969
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

932 Southwood Boulevard
Incline Village, Nevada 89451
(Address of principal executive offices, with zip code)

(775) 832-8500
(Company's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the Company under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On February 22, 2016, PDL BioPharma, Inc. (the Company) issued a press release announcing its financial results for the fourth quarter ended December 31, 2015. A copy of this earnings release is furnished hereto as Exhibit 99.1. The Company will host an earnings call and webcast on February 22, 2016, during which the Company will discuss its financial results for the fourth quarter ended December 31, 2015.

Item 7.01 Regulation FD Disclosure.

Presentation Materials

On February 22, 2016, 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. A copy of this presentation is attached hereto as Exhibit 99.2.

Information Sheet

On February 22, 2016, the Company distributed to analysts covering the Company's securities a summary of certain information regarding the Company's net income, dividends, recent transactions and licensed product development and sales (the Information Sheet) to assist those analysts in valuing the Company's securities. The Information Sheet and its associated tables are attached hereto as Exhibit 99.3.

Limitation of Incorporation by Reference

In accordance with General Instruction B.2. of Form 8-K, the information in this report, including the exhibits, is furnished pursuant to Items 2.02 and 7.01 and shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section and shall not be deemed to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended or the Exchange Act.

Cautionary Statements

This filing and its exhibits include "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Important factors that could impair the Company's royalty assets or business are disclosed in the "Risk Factors" contained in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

Item 9.01 Financial Statements and Exhibits.

The following exhibits are furnished with this report:

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

SIGNATURES

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

PDL BIOPHARMA, INC.
(Company)

By: /s/ Peter S. Garcia
Peter S. Garcia
Vice President and Chief Financial Officer

Dated: February 22, 2016

Exhibit Index

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

Exhibit 99.1

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PDL BioPharma Announces Fourth Quarter and Full Year 2015 Financial Results

- Record Annual and Quarterly Revenues Achieved -
- Nine Percent Annual EPS Growth -

INCLINE VILLAGE, NV, February 22, 2016 – PDL BioPharma, Inc. (PDL) (NASDAQ: PDLI) today reported financial results for the fourth quarter and twelve months ended December 31, 2015.

Total revenues in 2015 increased two percent to $590.4 million from $581.2 million in 2014. Revenues for the year ended December 31, 2015 included $485.2 million in royalties from PDL's licensees to the Queen et al. patents, $68.4 million in net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets, which included approximately $43.4 million in net cash royalty payments, $36.2 million in interest revenue from notes receivable debt financings to late-stage healthcare companies, and $0.7 million in realized gains from the sale of PDL's investment in AxoGen Inc. common stock. During the years ended December 31, 2015 and 2014, our Queen et al. royalty revenues consisted of royalties and maintenance fees earned on sales of products under license agreements associated with our Queen et al. patents. During the years ended December 31, 2015 and 2014, royalty rights - change in fair value consisted of revenues associated with the change in estimated fair value of our royalty right assets, primarily Depomed, Inc., The Regents of the University of Michigan, Viscogliosi Brothers, LLC, ARIAD Pharmaceuticals Inc. and AcelRx Pharmaceuticals, Inc. The full year 2015 revenue growth over the full year 2014 is driven by increased sales of Perjeta®, Xolair®, and Kadcyla® by PDL's licensees, an increase in the estimated fair value of the acquired royalty rights from the Company's purchase of Depomed's diabetes-related royalties, as well as a foreign exchange gain and lower rebate paid to Novartis AG for Lucentis®, partially offset by decreased interest revenues due to the early payoff of the AxoGen and Durata Therapeutics, Inc. notes receivables.

Total revenues for the fourth quarter of 2015 increased 52 percent, to $178.1 million from $117.1 million in the fourth quarter of 2014. Revenues for the fourth quarter of 2015 included $121.2 million in royalty payments from PDL's licensees to the Queen et al. patents, $49.1 million in net royalty payments from acquired royalty rights and a change in fair value of the royalty rights assets, which included approximately $34.4 million in net cash royalty payments, $7.6 million in interest revenue from notes receivable debt financings to late-stage healthcare companies, and $0.1 million in realized gains from the sale of PDL's investment in AxoGen common stock. The fourth quarter of 2015 revenue growth over the fourth quarter of 2014 is driven by the change in estimated fair value of our royalty right assets, primarily Depomed, Inc.

Operating expenses in 2015 were $40.1 million, compared with $34.9 million in 2014. Operating expenses in the fourth quarter of 2014 were $16.5 million, compared with $17.7 million in 2014. The increase in operating expenses for the year ended December 31, 2015, when compared to the year ended December 31, 2014, was a result of total restructuring costs of $7.9 million in connection with the LENSAR notes receivable extinguishment, which is comprised of a loss on extinguishment of notes receivable of $4.0 million primarily related to a lower estimated fair value of the ALPHAEON Class A common stock, and additional general and administrative expenses of $3.9 million for closing and legal fees related to the LENSAR notes receivable restructuring, and other legal expenses mostly related to $1.2 million in funding the ongoing operation management of Wellstat Diagnostics, partially offset by a decrease in professional services from asset acquisition expenses. The decrease in operating expenses for the quarter ended December 31, 2015, when compared to the quarter ended December 31, 2014, was a result of a decrease in professional services from asset acquisition expenses and a decrease in compensation related expenses,

partially offset by the LENSAR restructuring loss and other closing fees, and an increase for legal expenses mostly related to Wellstat ongoing operation management.

Net income in 2015 was $332.8 million, or $2.03 per diluted share as compared with net income in 2014 of $322.2 million, or $1.86 per diluted share. Net income for the fourth quarter of 2015 was $100.6 million, or $0.61 per diluted share, as compared with net income of $55.1 million in the same period of 2014, or $0.32 per diluted share.

Net cash provided by operating activities in 2015 was $301.5 million, compared with $292.3 million in the same period in 2014. PDL had cash, cash equivalents and short-term investments of $220.4 million and $293.7 million at December 31, 2015 and 2014, respectively. The decrease was primarily attributable to the extinguishment of convertible notes of $220.4 million, purchase of royalty rights at fair value of $115.0 million, payment of dividends of $98.3 million, repayment of a portion of the March 2015 Term Loan of $75.0 million, purchase of notes receivable of $35.2 million, and payment of debt issuance costs related to the February 2018 Note issuance of $0.6 million, partially offset by proceeds from the March 2015 Term Loan of $100.0 million, proceeds from royalty rights of $43.4 million, repayment of notes receivables of $25.2 million, sale of investments of $1.9 million, and cash generated by operating activities of $301.5 million.

Recent Developments

In December 2015, Lion Buyer, a wholly owned subsidiary of ALPHAEON assumed $42.0 million in loans as part of the borrowings under PDL’s prior credit agreement with LENSAR and changed its name to LENSAR, LLC in connection with ALPHAEON's acquisition of substantially all of the assets of LENSAR. In addition, ALPHAEON issued 1.7 million shares of its Class A common stock to PDL for an estimated fair value of $3.84 per share.

In December 2015 and January 2016, PDL and Direct Flow Medical modified the existing credit agreement. PDL funded an additional $5.0 million to Direct Flow Medical in the form of a short-term secured promissory note that we expect will be converted into a loan under the credit agreement with substantially the same interest and payment terms as the existing loans.

PDL's $100.0 million term loan entered into on March 20, 2015 with the Royalty Bank of Canada was repaid with the final principal payment of $25.0 million plus accrued interest paid on February 12, 2016.

On February 18, 2016, PDL was advised that Sanofi and kaléo will terminate their license and development agreement later this year. At that time, all U.S. and Canadian commercial and manufacturing rights to Auvi-Q® will be returned to kaléo, and they intend to evaluate the timing and options for bringing Auvi-Q back to the market. PDL entered into a secured note purchase agreement with Accel 300, a wholly-owned subsidiary of kaléo, which as of December 31, 2015, had a principal balance of $144.8 million due to PDL. An interest reserve account previously set up as part of the note agreement will substantially cover interest payments due to PDL through the end of the second quarter of 2016, and kaléo has indicated that it intends to make payments due to PDL under the note agreement until Auvi-Q is returned to the market.

2016 Dividends

On January 26, 2016, our board of directors declared a quarterly dividend to be paid to our stockholders in the first quarter of 2016 of $0.05 per share of common stock, payable on March 11, 2016 to stockholders of record on March 4, 2016, the record date of the dividend payment. At the same time our board of directors elected to announce its future dividend plans on a quarter by quarter basis, rather than for the full year as was the previous practice, to allow greater flexibility and focus on long term growth. Our board of directors evaluates the financial condition of the Company and considers the economic outlook, profitability, corporate cash flow, the Company’s liquidity needs and the health and stability of credit markets when determining the dividend.

Conference Call Details

PDL will hold a conference call to discuss financial results at 4:30 p.m. Eastern Time today, February 22, 2016.

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 44070710. 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 February 29, 2016, and may be accessed by dialing (855) 859-2056 from the United States and Canada or (404) 537-3406 internationally. The replay passcode is 44070710.

To access the live and subsequently archived webcast of the conference call, go to the Company’s website at http://www.pdl.com and go to “Events & Presentations.” Please connect to the website at least 15 minutes prior to the call to allow for any software download that may be necessary.

About PDL BioPharma, Inc.

PDL manages a portfolio of patents and royalty assets, consisting of its Queen et al. patents, license agreements with various biotechnology and pharmaceutical companies, and royalty and other assets acquired. To acquire new income generating assets, PDL provides non-dilutive growth capital and financing solutions to late-stage public and private healthcare companies and offers immediate financial monetization of royalty streams to companies, academic institutions, and inventors. PDL has committed over $1 billion and funded approximately $937 million in these investments to date. PDL evaluates its investments based on the quality of the income generating assets and potential returns on investment. PDL is currently focused on acquiring new income generating assets, the management of its intellectual property and income generating assets, and maximizing value for its stockholders.

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

Forward-looking Statements

This press release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important factors that could impair the value of the Company's royalty assets, restrict or impede the ability of the Company to invest in new royalty bearing assets and limit the Company's ability to pay dividends are disclosed in the risk factors contained in the Company's Annual Report on Form 10-K, filed with the Securities and Exchange Commission. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.

PDL BIOPHARMA, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME DATA
(Unaudited)
(In thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	**2014**	**2015**	**2014**
Revenues				
Royalties from Queen et al. patents	$ 121,240	$ 131,880	$ 485,156	$ 486,888
Royalty rights - change in fair value	49,069	(28,065)	68,367	45,742
Interest revenue	7,606	13,260	36,202	48,020
License and other	143	—	723	575
Total revenues	178,058	117,075	590,448	581,225
Operating Expenses				
General and administrative expenses	12,545	17,726	36,090	34,914
Loss on extinguishment of notes receivable	3,979	—	3,979	—
Total operating expenses	16,524	17,726	40,069	34,914
Operating income	161,534	99,349	550,379	546,311
Non-operating expense, net				
Interest and other income, net	74	108	368	315
Interest expense	(5,349)	(9,441)	(27,059)	(39,211)
Gain (loss) on extinguishment of debt	6,450	—	6,450	(6,143)
Total non-operating expense, net	1,175	(9,333)	(20,241)	(45,039)
Income before income taxes	162,709	90,016	530,138	501,272
Income tax expense	62,135	34,945	197,343	179,028
Net income	$ 100,574	$ 55,071	$ 332,795	$ 322,244
Net income per share				
Basic	$ 0.61	$ 0.34	$ 2.04	$ 2.04
Diluted	$ 0.61	$ 0.32	$ 2.03	$ 1.86
Shares used to compute income per basic share	163,601	161,174	163,386	158,224
Shares used to compute income per diluted share	163,801	169,863	163,554	173,110
Cash dividends declared per common share	$ —	$ —	$ 0.60	$ 0.60

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

	December 31, 2015	December 31, 2014
Cash, cash equivalents and short-term investments	$ 220,352	$ 293,687
Total notes receivable	$ 364,905	$ 363,212
Total royalty rights - at fair value	$ 399,204	$ 259,244
Total assets	$ 1,016,178	$ 962,350
Total term loan payable	$ 24,966	$ —
Total convertible notes payable	$ 232,835	$ 451,724
Total stockholders' equity	$ 695,952	$ 460,437

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

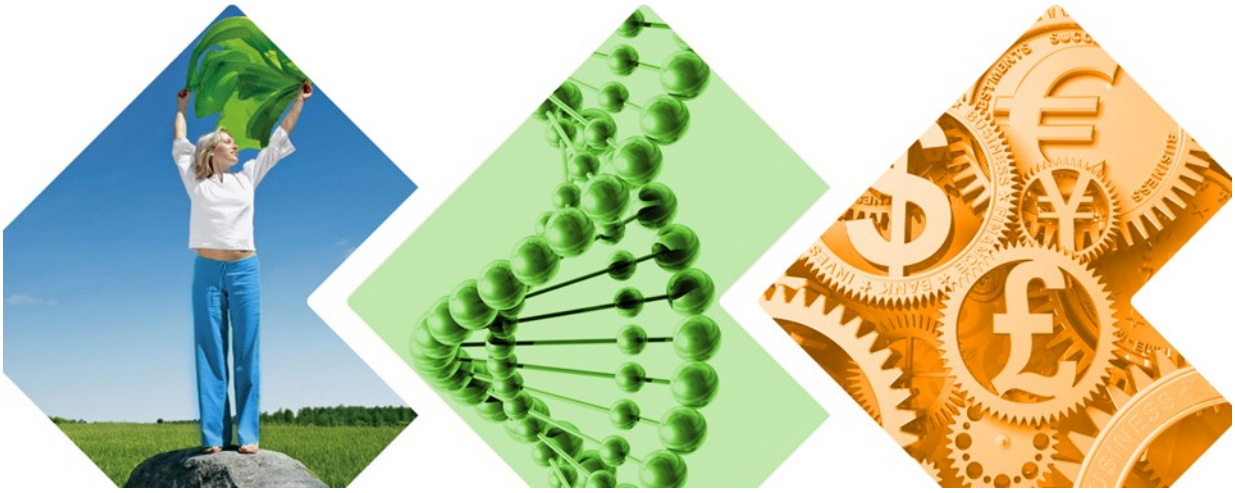
	Twelve Months Ended December 31,	
	2015	2014
Net income	$ 332,795	$ 322,244
Adjustments to reconcile net income to net cash used in operating activities	(40,521)	(38,598)
Changes in assets and liabilities	9,191	8,635
Net cash provided by operating activities	$ 301,465	$ 292,281

Exhibit 99.2

PDL BioPharma®

Fourth Quarter / Year End 2015
FINANCIAL RESULTS CONFERENCE CALL

February 22, 2016



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;
- The ability of PDL's licensees to receive regulatory approvals to market and launch new royalty-bearing products and whether such products, if launched, will be commercially successful;
- Failure to acquire additional sources of revenues sufficient to continue operations;
- Competitive or market pressures on our licensees, borrowers and royalty counterparties;
- The productivity of acquired income generating assets may not fulfill our revenue forecasts and, if secured by collateral, we may be undersecured and unable to recuperate our capital expenditures in the transaction;
- Changes in any of the assumptions on which PDL's projected revenues are based;
- Changes in foreign currency rates;
- Positive or negative results in PDL's attempt to acquire income generating assets;
- The outcome of litigation or disputes; and
- The failure of licensees to comply with existing license agreements, including any failure to pay royalties due.

Other factors that may cause PDL's actual results to differ materially from those expressed or implied in the forward-looking statements in this presentation are discussed in PDL's filings with the SEC, including the "Risk Factors" sections of its annual and quarterly reports filed with the SEC. Copies of PDL's filings with the SEC may be obtained at the "Investors" section of PDL's website at www.pdl.com. PDL expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in PDL's expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based for any reason, except as required by law, even as new information becomes available or other events occur in the future. All forward-looking statements in this presentation are qualified in their entirety by this cautionary statement.

Focused on Long-term Growth

- Top priority remains bringing in additional income-generating assets to increase long term value to our shareholders
- Have committed over $1 billion since embarking on this strategy in 2012, including over $300 million in 2015
- We have become a financial partner of choice to leading life science companies and other institutions seeking to access non-dilutive capital
- We are seeing more attractive assets, larger deals and a growing interest in royalty arrangements
- We may consider equity investment opportunities

PDL BioPharma

Diverse Portfolio of Income Generating Deals

Transaction	Already Deployed*	Additional Committed*	Total of Deployed & Committed*	Deployed & Committed as Percent of Total	Optional or Milestoned Tranche*	Assets**	Counterparty
Debt							
Merus Labs	$ 55.0	$ -	$ 55.0	6%	$ -	2 drugs	Merus Labs
Durata	$ 40.0	$ -	$ 40.0	4%	$ -	1 drug	Durata
Avinger	$ 20.0	$ -	$ 20.0	2%	$ -	2 devices	Avinger
Lensar	$ 42.0	$ -	$ 42.0	4%	$ -	1 device and Alphaeon stock	Alphaeon
Direct Flow	$ 55.0	$ -	$ 55.0	6%	$ -	2 devices	Direct Flow
Paradigm Spine	$ 54.0	$ -	$ 54.0	5%	$ 3	1 device	Paradigm Spine
kaleo	$ 150.0	$ -	$ 150.0	15%	$ -	2 drug/device combos	kaleo
CareView	$ 20.0	$ -	$ 20.0	2%	$ 20	1 device	CareView
Royalty							
Depomed	$ 240.5	$ -	$ 240.5	24%	$ -	5 drugs	Depomed/Valeant/ Merck/ Janssen/ BI
VB	$ 15.5	$ -	$ 15.5	2%	$ -	same as Paradigm Spine	Paradigm Spine
Michigan	$ 65.6	$ -	$ 65.6	7%	$ -	1 drug	Genzyme/Sanofi
Ariad	$ 50.0	$ 50.0	$ 100.0	10%	$ 100	2 drugs	Ariad
AcelRx	$ 65.0	$ -	$ 65.0	7%	$ -	1 drug/device combo	Grünenthal
Hybrid							
AxoGen	$ 20.8	$ -	$ 20.8	2%	$ -	3 devices	AxoGen
Wellstat Diagnostics	$ 44.0	$ -	$ 44.0	4%	$ -	1 device, multiple assays, 2 drugs, land	Wellstat
Total	**$ 937.4**	**$ 50.0**	**$ 987.4**	**100%**	**$ 123.0**		

Concluded
On-Going

* $ in millions

**For debt deals, assets refers to collateral or guarantees.
For royalty deals, assets refer to the products on which royalties are calculated.

PDL BioPharma

Fourth Quarter Ended December 31, 2015 Overview

(In thousands, except per share amounts)	Three Months Ended December 31, 2015	2014	Twelve Months Ended December 31, 2015	2014
Royalties from Queen et al. patents	$ 121,240	$ 131,880	$ 485,156	$ 486,888
Royalty rights - change in fair value	49,069	(28,065)	68,367	45,742
Interest revenue	7,606	13,260	36,202	48,020
License and other	143	-	723	575
Total revenues	178,058	117,075	590,448	581,225
G&A expenses	12,545	17,726	36,090	34,914
Loss on extinguishment of notes receivable	3,979	-	3,979	-
Total operating expenses	16,524	17,726	40,069	34,914
Operating income	161,534	99,349	550,379	546,311
Interest and other income, net	74	108	368	315
Interest expense	(5,349)	(9,441)	(27,059)	(39,211)
Loss on extinguishment of debt	6,450	-	6,450	(6,143)
Income before income taxes	162,709	90,016	530,138	501,272
Income tax expense	62,135	34,945	197,343	179,028
Net income	$ 100,574	$ 55,071	$ 332,795	$ 322,244
Net income per share - Basic	$ 0.61	$ 0.34	$ 2.04	$ 2.04
Net income per share - Diluted	$ 0.61	$ 0.32	$ 2.03	$ 1.86

	December 31, 2015	December 31, 2014
Cash, cash equivalents and short-term investments	$ 220,352	$ 293,687
Total notes receivable	$ 364,905	$ 363,212
Total royalty rights - at fair value	$ 399,204	$ 259,244
Total assets	$ 1,016,178	$ 962,350
Total term loan payable	$ 24,966	$ -
Convertible notes payable	$ 232,835	$ 451,724
Total stockholders's equity	$ 695,952	$ 460,437

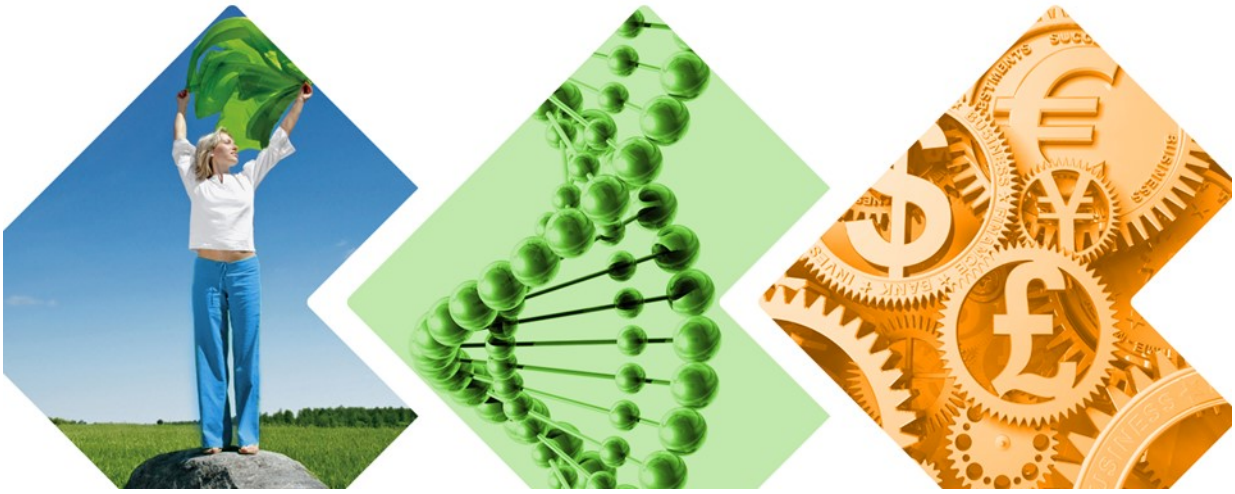
PDL BioPharma

Investment Highlights

- Fifteen income generating deals to date deploying approximately $937 million in capital with potential for additional deals.
- Adverse equity and debt markets represent the most favorable environment for PDL as an alternative provider of capital since the inception of its financing activities.
- Revenues from Queen licensed products in 1Q16 with potential new product royalties from solanzumab if it is approved.
- Set quarterly dividend of $0.05/share for 1Q16 and will review dividend in second month of each quarter thereafter.
- Liquidity – volume averages ~2.3 million shares/day.

PDL BioPharma

QUESTION AND ANSWER SESSION



PDL BioPharma, Inc.
Q4 2015
February 22, 2016

Following are some of the key points regarding PDL's fourth quarter and year end 2015 financial and business results.

Net Income
Net income in 2015 was $332.8 million, or $2.03 per diluted share as compared with net income in 2014 of $322.2 million, or $1.86 per diluted share. Net income for the fourth quarter of 2015 was $100.6 million, or $0.61 per diluted share, as compared with net income of $55.1 million in the same period of 2014, or $0.32 per diluted share.

Updates on Approved Royalty Bearing Products related to Queen et al. patents

Avastin® (bevacizumab):
- On January 28, 2016, Genentech/Roche reported that 2015 worldwide sales were CHF 6.684 billion and increased by 9%.

Herceptin® (trastuzumab):
- On January 28, 2016, Genentech/Roche reported that 2015 worldwide sales were CHF 6.538 billion and increased by 10%.

Xolair® (omalizumab):
- On January 28, 2016, Genentech/Roche reported that 2015 US sales were CHF 1.277 billion and increased by 25%.
- On January 27, 2016, Novartis reported that 2015 ex-US sales were $755 million and increased by 14%.

Tysabri® (natalizumab):
- On January 27, 2016, Biogen reported that 2015 worldwide sales were $1.9 billion, down from $2 billion in 2014.

Perjeta® (pertuzumab):
- On January 28, 2016, Genentech/Roche reported that 2015 worldwide sales were CHF 1.445 billion and increased by 61%.

Kadcyla® (TDM-1 or ado-trastuzumab emtansine):
- On January 28, 2016, Genentech/Roche reported that 2015 worldwide sales were CHF 769 million and increased by 51%.

Updates on Unapproved Royalty Bearing Products Related to Queen et al. patents

Solanezumab
- On January 5, 2016, Lilly re-affirmed that topline data from its Phase 3 trial in patients with mild Alzheimer's Disease is expected in late 2016.

Updates on Income Generating Assets

Wellstat Diagnostics, LLC

- PDL has moved for summary judgment in New York state court to enforce guarantees related to non-Wellstat Diagnostics' assets.

Depomed, Inc.

- In November, December and January, Valeant paid $5.3 million, $7.7 million and $13.1 million for royalties on net sales of Glumetza in October, November and December, respectively.
- Much of the increase in the last payment is related to the recently taken price increases.
- First generic introduction on February 1, 2016 is not expected to affect price significantly. Second and third generic introductions on August 1, 2016 typically have greater effect on price and sales.
    - Both generic introductions were modeled at the time of acquisition of this royalty using typical generic erosion curves.
    - Significant price increase implemented by Valeant recently was not modeled at time of acquisition so is an upside.
- Because revenues are exceeding PDL's internal models, even after the introduction of the first generic earlier this month, after consultation with an independent third party consultant that helps forecast these revenues, the company has increased the valuation of this asset in Q4 of 2015 by approximately $13 million as reflected in our financials.
- PDL and Depomed are commencing a royalty audit on Glumetza royalties owed by Valeant.

Direct Flow Medical, Inc.

- Hired Daniel Lemaitre as CEO, former CEO of CoreValve, one of the early pioneers in transcatheter aortic valves, which was sold to Medtronic.
- Hired David Boyle as CFO, formerly CFO of AVI BioPharma, Bionovo and Salix.
- In January 2016, PDL funded an additional $5.0 million in the form of a short term secured promissory note that we expect will be converted into a loan under the current credit agreement with substantially the same terms.

LENSAR, Inc.

- Assets of Lensar acquired by Alphaeon.
- $42 million loan to Lensar assumed by Alphaeon.
- Alphaeon issued 1.7 million shares of common stock to PDL as part of transaction.

kaleo, Inc.

- On February 18, 2016, PDL was advised that Sanofi has terminated its agreement with kaleo and returned the product to kaleo.
- kaleo intends to evaluate the timing and options for bringing Auvi-Q back to the market.
- In Q4 2015, PDL received $9.5 million payment from kaleo, which was both timely and payment in full for amounts due in 4Q15. It included $4.6 million in principal and $4.9 million in interest payment due.
- An interest reserve account provides interest payments to PDL through the end of 2Q16 if there are no further payments from kaleo on Auvi-Q.
- kaleo has indicated that it will make any payments due until Auvi-Q returns to the market.

ARIAD Pharmaceuticals, Inc.

- Data on ARIAD's second product, brigatinib, in a potentially pivotal trial in non small cell lung cancer, is expected at ASCO in summer of 2016.
- This is a back up source of repayment for PDL.
- On January 8, 2016, ARIAD reported that it had filed for approval of Iclusig in Japan.
- A percentage of Iclusig worldwide revenues are the primary source of repayment for PDL.

Forward-looking Statements

This document contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important factors that could impair the value of the Company's royalty assets, restrict or impede the ability of the Company to invest in new income generating assets and limit the Company's ability to pay dividends are disclosed in the risk factors contained in the Company's Annual Report on Form 10-K, as updated by subsequent quarterly reports filed with the Securities and Exchange Commission, as updated by subsequent filings. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward looking statement except as required by law.

Queen et al. Royalties

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

Avastin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	38,809	38,447	39,284	39,987	156,527
2014	38,122	38,924	38,864	40,723	156,632
2013	33,234	46,720	32,224	32,287	144,464
2012	23,215	41,670	25,955	30,041	120,882
2011	22,283	41,967	23,870	22,886	111,006
2010	16,870	44,765	29,989	24,922	116,547
2009	13,605	35,161	21,060	15,141	84,966
2008	9,957	30,480	19,574	12,394	72,405
2007	8,990	21,842	17,478	9,549	57,859
2006	10,438	15,572	15,405	12,536	53,952
Herceptin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	37,875	39,476	39,457	38,897	155,704
2014	36,646	38,292	39,407	40,049	154,394
2013	30,287	47,353	30,961	33,038	141,640
2012	25,702	44,628	30,433	28,307	129,070
2011	25,089	42,209	31,933	21,812	121,042
2010	23,402	38,555	27,952	25,441	115,350
2009	16,003	32,331	26,830	18,615	93,779
2008	14,092	34,383	28,122	20,282	96,880
2007	19,035	28,188	22,582	14,802	84,608
2006	15,142	19,716	21,557	20,354	76,769
Lucentis	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	15,920	—	—	—	15,920
2014	17,390	16,777	16,883	16,695	67,746
2013	12,032	30,066	13,536	12,127	67,760
2012	10,791	27,938	12,552	11,097	62,377
2011	8,878	24,313	12,157	10,750	56,099
2010	7,220	19,091	10,841	8,047	45,198
2009	4,621	12,863	8,123	6,152	31,759
2008	3,636	11,060	7,631	4,549	26,876
2007	2,931	6,543	6,579	3,517	19,570
2006	—	—	289	3,335	3,624
Xolair	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	10,971	11,075	12,407	12,749	47,202
2014	8,886	9,099	10,442	11,237	39,663
2013	5,930	10,025	7,334	7,330	30,619
2012	5,447	8,609	6,504	6,145	26,705
2011	4,590	7,621	5,916	5,823	23,949
2010	3,723	6,386	4,980	4,652	19,741
2009	2,665	5,082	4,085	3,722	15,553
2008	1,488	4,866	3,569	2,927	12,850
2007	1,684	3,942	3,332	2,184	11,142
2006	2,263	2,969	3,041	2,495	10,768
Perjeta	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	6,596	7,419	7,898	8,753	30,666
2014	3,375	4,385	5,157	5,850	18,767
2013	340	1,414	748	879	3,381
2012	—	—	58	250	308

Queen et al. Royalties

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

Kadcyla	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	3,852	4,177	4,319	4,535	16,883
2014	1,934	2,491	3,048	3,464	10,937
2013	—	551	830	859	2,240
Tysabri	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
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
Actemra	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	4,990	—	—	—	4,990
2014	3,446	3,932	4,419	5,406	17,202
2013	2,631	2,816	2,939	3,744	12,131
2012	1,705	2,074	2,145	2,462	8,385
2011	913	1,136	1,401	1,460	4,910
2010	1,587	237	315	688	2,827
2009	585	537	909	1,197	3,228
2008	44	—	146	369	559
2007	32	—	—	17	49
Gazyva	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	313	—	—	—	313
2014	51	283	325	436	1,094
Entyvio	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	2,223	—	—	—	2,223
2014	—	—	153	2,192	2,344

*** As reported to PDL by its licensees. Totals may not sum due to rounding.**

Q1 2014 royalty revenue by product above do not include a $5 million payment received from Genentech in Q1 2014 for a retroactive settlement payment from 2013.

Queen et al. Sales Revenue

Reported Licensee Net Sales Revenue by Product ($ in 000's) *

Avastin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	1,826,289	1,809,286	1,848,655	1,881,743	7,365,972
2014	1,786,912	1,838,764	1,828,900	1,916,353	7,370,929
2013	1,653,108	1,694,678	1,746,135	1,819,877	6,913,798
2012	1,502,757	1,573,727	1,551,327	1,662,977	6,290,788
2011	1,597,461	1,582,705	1,581,095	1,469,994	6,231,255
2010	1,506,788	1,596,892	1,594,707	1,646,218	6,344,605
2009	1,345,487	1,295,536	1,439,730	1,514,053	5,594,806
2008	980,715	1,084,930	1,180,427	1,239,382	4,485,454
2007	678,068	746,587	797,013	875,084	3,096,752
2006	439,318	516,052	570,551	592,897	2,118,817
Herceptin	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	1,789,404	1,857,696	1,856,803	1,830,424	7,334,326
2014	1,731,564	1,801,990	1,854,452	1,877,614	7,265,621
2013	1,681,574	1,744,145	1,681,860	1,726,551	6,834,130
2012	1,515,255	1,625,313	1,663,695	1,650,495	6,454,759
2011	1,391,568	1,559,975	1,642,898	1,432,771	6,027,211
2010	1,270,846	1,349,512	1,300,934	1,409,310	5,330,602
2009	1,210,268	1,133,993	1,226,435	1,278,626	4,849,323
2008	1,105,426	1,195,215	1,211,982	1,186,806	4,699,428
2007	891,761	949,556	979,602	1,015,033	3,835,952
2006	529,585	659,719	761,099	803,576	2,753,979
Lucentis	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	749,182	—	—	—	749,182
2014	818,376	789,483	794,505	785,669	3,188,031
2013	1,203,179	1,171,423	1,200,791	1,212,651	4,788,045
2012	1,079,092	1,086,543	1,097,541	1,109,695	4,372,871
2011	887,757	943,418	1,052,809	1,075,015	3,958,999
2010	721,967	698,890	745,376	804,684	2,970,917
2009	462,103	469,736	555,296	615,212	2,102,347
2008	363,615	393,682	460,167	454,922	1,672,386
2007	224,820	219,579	299,995	322,300	1,066,695
2006	—	—	10,689	157,742	168,431
Xolair	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	523,340	521,192	583,856	599,945	2,228,333
2014	425,243	428,171	491,372	521,726	1,866,512
2013	341,309	365,778	391,900	401,333	1,500,321
2012	310,234	314,638	347,796	340,431	1,313,100
2011	267,754	277,642	310,874	314,911	1,171,182
2010	228,859	225,878	251,055	263,389	969,179
2009	184,669	181,086	211,006	219,693	796,454
2008	137,875	169,521	177,179	183,753	668,329
2007	129,172	130,700	144,250	147,754	551,876
2006	95,241	99,354	112,608	118,002	425,204
Perjeta	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	310,410	349,125	371,668	411,912	1,443,115
2014	158,809	206,333	242,700	275,311	883,153
2013	34,008	55,076	66,353	87,949	243,386
2012	—	—	5,080	25,000	30,079

Queen et al. Sales Revenue

Reported Licensee Net Sales Revenue by Product ($ in 000's) *

Kadcyla	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	181,275	196,556	203,258	213,404	794,493
2014	91,031	117,212	143,414	163,028	514,685
2013	—	21,459	73,626	85,906	180,991
Tysabri	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
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
Actemra	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	166,338	—	—	—	166,338
2014	114,865	124,736	147,285	180,197	567,082
2013	87,703	91,374	97,961	124,815	401,852
2012	56,662	66,624	71,505	82,053	276,843
2011	30,433	35,370	46,709	48,671	161,183
2010	52,908	5,405	10,493	22,919	91,725
2009	19,504	17,920	30,313	39,888	107,625
2008	1,452	1,377	5,981	12,305	21,115
2007	—	—	—	1,137	1,137
Gazyva	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	9,627	—	—	—	9,627
2014	3,095	8,697	11,531	13,428	36,750
Entyvio	**Q1**	**Q2**	**Q3**	**Q4**	**Total**
2015	59,287	—	—	—	59,287
2014	—	—	5,347	58,500	63,848

*** 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.