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PDL BioPharma, Inc. Q1 2009 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) Your first question comes from Geoff Meacham with JP Morgan.

Terry Kline – JP Morgan

Hi guys, thanks for taking the question. This is Terry Kline for Geoff today. Just a question on potential to monetize the royalty stream, I guess as you see the credit markets improved, have you thought about starting another process to monetize that and has there been any discussions with third parties on that front?

John McLaughlin

Yes. This is John. We actually have started the process of least exploring it. So, we're looking at talking – or we are talking actually with some of the royalty buyers, as well as looking at a securitization process and frankly we are encouraged as you point out there has been some improvements in the credit markets. It is still little too early for us to tell us at this point whether or not we can generate the kind of returns that we think are going to be attractive for our shareholders, but we are making some nice progress.

Terry Kline – JP Morgan

Okay. And then, I believe you said that it is not yet clear how the Genentech royalty may improve, is that to imply that you do expect it to improve in some way?

John McLaughlin

Sure. Cris Larson, our CFO was referring to was there is a differential in the royalty rates between the products, which are made and sold in the United States versus those which are made and sold ex-US. And specifically applicable to the products that are made inside the United States is a tiered royalty and as sales increase the royalty goes down. Whereas for sales, excuse for products that is made outside the United States it is a flat 3% royalty with no decrease based on volume. And so there has been speculations like many multi-nationals, so we'll have to see what happens after the President's most recent multinational tax plan, but money multinational ship manufacturing overseas as we have sort of keeping their exposure to US tax rates low that is certainly a possibility we don't know whether it's going to occur, but that is because who is referring to.

Terry Kline – JP Morgan

Okay thanks.

John McLaughlin

Sure.

Operator

Your next question comes from the line of Phil Nadeau from Cowen and Company.

Phil Nadeau – Cowen and Company

Good afternoon and thanks for taking my question. It's on the monetization of royalty stream, you said in your prepared remarks that you are going back to that process, could you give us some idea of, if you are seeing anything different now versus what we are saying when the process was tried last and just give us any sense of the timing for completing a deal?

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