

**CORPORATE GOVERNANCE GUIDELINES
OF PDL BIOPHARMA, INC.**
(Most Recently Amended December 7, 2018)

I. Purpose and Nature

The Board of Directors (the “Board”) of PDL BioPharma, Inc. (the “Company”) adopted the following Corporate Governance Guidelines (the “Guidelines”) on December 18, 2003, as amended from time to time. The Guidelines, along with the Company’s Restated Certificate of Incorporation, Amended and Restated Bylaws and Board Committee charters, provide the Company’s framework for corporate governance. These guidelines are not intended to change any Federal or state law or regulation applicable to the Company, including the Delaware General Corporation law, any provisions of the Company’s Restated Certificate of Incorporation or Amended and Restated Bylaws of the Company, or any rule or regulation of any stock exchange. The Board believes that the Guidelines, taken together with our Code of Business Conduct, will enhance our ability to increase stockholder value, achieve Company goals and govern the Company with high standards of integrity. The Nominating and Governance Committee reviews the adequacy of these corporate governance guidelines on an ongoing basis. The Board, or the Board through its Nominating and Governance Committee, reserves the right to modify these Guidelines from time to time as it deems necessary or advisable or as required by applicable laws and regulations.

II. Role of the Board

The Board, which is elected by the stockholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the stockholders. It selects the Chief Executive Officer and appoints or removes the remainder of the executive officers of the Company, which is charged with the conduct of the Company’s business. The Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

III. Board Composition

A. Director Qualifications. The Nominating and Governance Committee, in recommending new Board candidates, and the Board, in recommending new Board candidates, will evaluate and review with the Board the requisite skills and characteristics for new Board members. This assessment will include members’ independence as well as consideration of background, experience as a board member of another publicly held company, the strength of the candidate’s leadership skills, the candidate’s experience in finance and accounting or executive compensation practices, any Board skill needs, diversity and business experience, among other things, all in the context of an assessment of the perceived needs of the Board at that point in time.

B. Nomination of Directors. The Nominating and Governance Committee identifies and evaluates director candidates in light of the director qualifications approved by the Board and recommends them for nomination to the Board. The Nominating and Governance Committee also considers candidates that stockholders recommend for consideration in accordance with the

Procedures for Consideration of Stockholder Nominations and other procedures set forth in the Company's annual proxy statement.

C. **Director Responsibilities.** Board members are expected to rigorously prepare for, attend, and participate in all Board and applicable Committee meetings. Directors are also expected to attend the annual meeting of stockholders absent unusual circumstances. Each director is expected to spend the time and effort necessary to properly discharge his or her responsibilities. These include:

- exercising their business judgment in good faith;
- acting in what they reasonably believe to be the best interest of all stockholders;
- becoming and remaining well-informed about the Company's business and operations and general business and economic trends affecting the Company; and
- ensuring that the business of the Company is conducted so as to further the long-term interests of its stockholders.

D. **Director Independence.** A majority of the directors shall satisfy the independence requirements of Section 10A of the Securities Exchange Act of 1934, the Nasdaq Global Select Market and any other regulatory authority.

E. **Limits on Director Outside Activities.** It is each director's responsibility to ensure that other commitments do not conflict or materially interfere with the director's responsibilities to the Company. If a director has any concerns about whether serving as a director of another company, whether for-profit or not-for-profit, might conflict with his or her duties to the Company, such concerns should be raised at an executive session of the Board in advance of accepting an invitation to serve on the other company's board and the Nominating and Governance Committee should be informed of the outcome. No director shall sit on more than five public company boards or be a CEO of a public company and sit on the boards of more than two public companies besides their own.

F. **Retirement Age, Term Limits, Size of Board.** The Board does not believe it should establish mandatory retirement ages and term limits for directors nor any fixed Board size. While term limits and mandatory retirement ages could help to ensure that there are fresh ideas and viewpoints available to the Board, they present the disadvantage of losing directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and who, therefore, provide an increasing contribution to the Board as a whole.

As an alternative, the Nominating and Governance Committee shall monitor Board composition for size, competence, relevant skills, collegiality and independence, and individual Board member performance, as appropriate. This will also allow each director the opportunity to confirm his/her desire to continue as a member of the Board. It is important that each Board member be aware that Board membership is not an entitlement.

G. **Implementation of Majority Voting for Directors.** The Company's Amended and Restated Bylaws provide that, in the case of uncontested elections (i.e., those where the number of nominees is the same as the number of directors to be elected), directors are elected by the vote of a majority of the shares represented and entitled to vote. Any nominee for director who

fails to receive the requisite majority vote at an annual or special meeting held for the purpose of electing directors where the election is uncontested must, promptly following certification of the stockholder vote, tender his or her resignation to the Board. The independent directors (excluding the director who tendered the resignation) will evaluate any such resignation in light of the best interests of the Company and its stockholders in determining whether to accept or reject the resignation, or whether other action should be taken. In reaching its decision, the Board may consider any factors it deems relevant, including the director's qualifications, the director's past and expected future contributions to the Company, the overall composition of the Board and whether accepting the tendered resignation would cause the Company to fail to meet any applicable rule or regulation (including Nasdaq Stock Market Rules and federal securities laws). In contested elections, directors are elected by a plurality of the votes of the shares represented in person or by proxy at the meeting and entitled to vote on the election of directors.

The foregoing procedures will be summarized and disclosed in the proxy statement related to each annual meeting of stockholders.

H. **Change in Director Responsibilities.** Any director, including any director who is currently an officer or employee of the Company, who experiences a significant change in responsibilities or assignment in their roles outside of the Company or becomes aware of circumstances that may adversely reflect upon the director or will review and consult with the Chair of the Nominating and Governance Committee concerning the potential impact, if any, the change may have on continued Board service. The Nominating and Governance Committee will consider the circumstances, and may in certain cases recommend that the Board request that the director submit his or her resignation from the Board if, for example, continuing service on the Board by the individual is not consistent with the criteria deemed necessary for continuing service on the Board.

I. **Separation of Chairperson of the Board and/or Lead Director and CEO.** The Board is free to make the selection of Chairperson of the Board ("Chairperson"), Lead Director and Chief Executive Officer (the "CEO") in the manner and upon the criteria that the Board deems appropriate at the time of the selection. The Board has no policy with respect to the separation of the role of Chairperson and CEO. The Lead Director shall not concurrently hold the office of CEO.

J. **Lead Director.** The Board may, in its discretion, appoint a Lead Director either in lieu of or in addition to a Chairperson of the Board. The Lead Director, if there be such a position, shall be "independent" and shall exercise and perform such powers and duties as may be from time to time assigned to him or her by the Board. The Lead Director may introduce the agenda and call meetings of the Board to order.

K. **Confidentiality.** Directors must protect and hold confidential all non-public information that comes to them, from whatever source, in their capacity as a director of the Company, unless disclosure is authorized or required by law. Proceedings and deliberations of the Board and its committees are confidential.

IV. Board Meetings and Agenda

A. **Agenda.** The Chairperson establishes the agenda for each Board meeting, unless introduced by the Lead Director. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chairperson of that committee. Directors are encouraged to suggest the inclusion of items on the agenda. Directors are also free to raise subjects at a Board meeting that are not on the agenda for that meeting.

B. **Distribution and Review of Materials.** Board materials related to agenda items are provided to directors sufficiently in advance of Board meetings to allow directors to review and prepare for discussion of the items at the meeting. In some cases, due to timing or the sensitive nature of an issue, materials are presented only at the Board meeting.

C. **Meetings.** The Board holds regularly scheduled meetings throughout the year and holds additional meetings as necessary to carry out its responsibilities. Directors are expected to attend Board meetings and meetings of the Board committees on which they serve. A director who is unable to attend a meeting of the Board or a committee of the Board is expected to notify the Chairperson of the Board or the Chair of the appropriate committee in advance of such meeting, and, whenever possible, participate in such meeting via teleconference in the case of an in-person meeting.

D. **Executive Sessions of Independent Directors.** The independent directors, as defined under the Nasdaq Stock Market Rules, of the Company will meet at each regularly scheduled Board meeting in executive session, i.e., with no non-independent directors or management present. Executive sessions of the independent directors will be called and chaired by the Lead Director, and if there is no Lead Director, then the executive session shall be chaired by the director designated by a vote of the independent directors in attendance. These executive session discussions may include such topics as the independent directors determine.

E. **Access to Management.** The Board and Board committees will have complete access to the Company's management and employees. Any meetings or contacts that a director wishes to initiate may be arranged directly by the director or through the CEO or the Secretary. Directors will use their judgment to ensure that any contact with Company personnel is not disruptive to the Company's operations, and will apprise the CEO or the General Counsel of any material contact. The Board encourages the Company's management to invite members of the Company's management to Board meetings in order to (a) provide additional insight into matters discussed during the meeting or (b) expose to the Board key managers with future potential in the Company.

F. **Retention of Advisors and Consultants.** The Board, and each committee of the Board, shall have the authority to retain outside financial, legal or other advisors as they deem appropriate.

G. **Strategic Planning.** The Board reviews the Company's long-term strategic plan at least annually and monitors implementation of the strategic plan throughout the year.

H. **Political Contributions.** The Board oversees the Company's political contributions and its

policies and procedures regarding political contributions. The Board presents its policies regarding political contributions in the Company's Code of Business Conduct.

V. Board Self-Evaluation; Board Education

A. Evaluation of Board Performance. The Nominating and Governance Committee from time to time will propose to the Board, and each Board Committee, processes for evaluation by the directors of the Board's performance, and by each Board Committee member of each Board Committee member's performance. Any such proposals approved by the Board will be implemented by the Nominating and Governance Committee.

B. Director Education. The Company will provide for director orientation for new directors and the continuing education of all directors, and will periodically provide materials or educational seminars on matters relevant to the discharge of their duties. It is expected that each director will attend continuing education training at least once every two years, and the Company will reimburse expenses for such training.

VI. Director Compensation; Director and Executive Officer Stock Ownership; Succession Planning; Evaluation of CEO.

A. Review of Director Compensation. The Compensation Committee from time to time will periodically review director compensation and will make recommendations to the full Board. Director compensation will consist of an appropriate mix of cash and equity with a view to balancing the Company's long-term strategy and risk management. A director who is an officer or employee of the Company shall not receive additional compensation for service as a director of the Company.

B. Stock Ownership Guidelines. In order to align the interests of the Company's non-employee directors, its Chief Executive Officer and its officers ("Non-CEO Officers") with the Company's stockholders, the Board believes that such individuals should have a significant financial stake in the Company. Accordingly, the Board believes that:

- not later than five (5) years from the date that an individual initially becomes a non-employee director, such individual should own a number of shares of the Company's common stock with a value not less than one time (1x) the annual cash retainer paid by the Company to such non-employee director, and thereafter such individual should continue to own a number of shares with such value until he or she is no longer a non-employee director;
- not later than five (5) years from the date that an individual initially becomes (i) the Company's Chief Executive Officer, such individual should own a number of shares of the Company's common stock with a value of not less than three times (3x) the base cash compensation paid by the Company to the Chief Executive Officer and (ii) President, Chief Financial Officer or General Counsel, such individual should own a number of shares of the Company's common stock with a value not less than one time (1x) the base cash compensation paid by the

Company to such executive officer, and thereafter, in each case, such individual should continue to own a number of shares with such value until he or she is no longer the Company's Chief Executive Officer, President, Chief Financial Officer or General Counsel, as applicable; and

- not later than five (5) years from the date that an individual initially becomes an executive officer other than the Chief Executive Officer, President, Chief Financial Officer or General Counsel, such executive officer should own a number of shares of the Company's common stock with a value not less than one half (0.5x) the base cash compensation paid by the Company to such executive officer, and thereafter such individual should continue to own such number of shares with such value until he or she is no longer an executive officer.

For purposes of determining such minimum ownership levels, the Board will include the Company's common stock from all sources, including personal and trust holdings, and restricted stock, whether vested or unvested. At its discretion, the Board may evaluate whether these guidelines should be waived in the case of any individual, who, because of his or her personal circumstances, would incur a hardship by complying with these stock ownership guidelines. The Nominating and Governance Committee will continue annually to evaluate the stock ownership guidelines currently in effect.

C. **Succession Planning.** The Nominating and Governance Committee is responsible for oversight of succession planning for certain senior management positions. At least annually, the Nominating and Governance Committee reviews with the Board succession planning and management development, including recommendations and evaluations of potential successors to fill these positions. The succession planning process includes consideration of candidates who could assume the position of CEO in the event that he or she unexpectedly becomes unable to perform the duties of this position.

D. **Formal Evaluation of the CEO.** The Compensation Committee is responsible for setting annual and long-term performance goals for the CEO, evaluating the CEO's performance against those goals and approving, or recommending to the Board for approval, the CEO's compensation. The results of the evaluation are used by the Board in setting the CEO's compensation.

VII. Board Committees

A. **Committees.** The current committees of the Board are the Audit Committee, the Compensation Committee, the Litigation Committee, and the Nominating and Governance Committee. From time to time the Board may establish a new committee or disband a current committee depending upon the circumstances. Each committee has the authority to establish subcommittees, as appropriate.

B. **Committee Member Selection.** The Board will designate, or the Board will designate on recommendation of the Nominating and Governance Committee, the members and Chair of each committee, endeavoring to match the committee's function and needs for expertise with

individual skills and experience of the appointees to the committee. The membership of the Audit, Compensation and Nominating and Governance Committees shall consist solely of independent directors (the members of the Audit and Compensation Committees shall also meet applicable criteria for independence under Nasdaq, SEC and/or other rules applicable to such committees). The membership of the Litigation Committee shall include at least one independent director.

C. Committee Functions. The number and content of committee meetings and other matters of committee governance will be determined by each committee in light of the authority delegated by the full Board to the committee, the committee's charter, if any, approved by the Board, and legal, regulatory, accounting or governance guidelines applicable to that committee's function. The Company will provide to each committee access to employees and other resources to enable committee members to carry out their responsibilities. The full authority and responsibilities of each committee is fixed by resolution of the full Board and the committee's charter, if any. The Committees shall meet as often as they deem necessary to fulfill their responsibilities.

D. Evaluation of Committee Performance. The Board shall evaluate annually, with the assistance of the Nominating and Governance Committee, the performance of each committee to assess whether each committee is functioning effectively.