

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name <u>PDL BioPharma, Inc.</u>		2 Issuer's employer identification number (EIN) <u>94-3023969</u>	
3 Name of contact for additional information <u>Edward Imbrogno</u>	4 Telephone No. of contact <u>775-832-8504</u>	5 Email address of contact <u>edward.imbrogno@pdl.com</u>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <u>932 Southwood Boulevard</u>		7 City, town, or post office, state, and ZIP code of contact <u>Incline Village, NV 89451</u>	
8 Date of action <u>October 1, 2020</u>		9 Classification and description <u>Conversion Rate Adjustment on Convertible Debt</u>	
10 CUSIP number <u>69329YAJ3 69329YAG9</u>	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ In accordance with the terms of its 2.75% Convertible Senior Notes due 2021 and 2024 (the "Notes"), PDL Biopharma, Inc. ("PDL") adjusted the conversion rate of the Notes as a result of PDL's distribution of its stock in LENSAR, Inc. to its common stock holders. The conversion rate was increased from 316.5801 per Note to 410.6268 per Note on October 1, 2020.

The value of the conversion rate adjustment was calculated to be \$302.83 per Note.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ PDL does not expect the Note conversion rate adjustment to be treated for U.S. federal income tax purposes as a Section 305(c) deemed distribution to holders of the Notes as the distribution of Lensar to its common stock holders was a Section 331 liquidating distribution rather than a Section 301 distribution. In addition, (1) other than the distribution of Evofem stock on May 21, 2020 which constituted a liquidating distribution governed by Section 331, no other distributions with respect to PDL stock have been made in the prior 36 months, and (2) future distributions with respect to PDL stock are intended to constitute liquidating distributions governed by Section 331. Accordingly, holders of the Notes should not be treated as receiving a taxable dividend, and are not expected to have a basis adjustment in their Notes as a result of the Note conversion rate adjustment.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ Holders of the Notes are not expected to have a basis adjustment as a result of the Note conversion rate adjustment.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Internal Revenue Code Sections 301, 305, 331 and 6045B

Blank lines for listing Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ No loss may be recognized

Blank lines for providing details on loss recognition.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ For calendar year tax payers, the reporting period is the tax year ending December 31, 2020.

Blank lines for providing other information.

We urge you to consult your own tax advisor regarding the particular tax consequences of the conversion rate adjustments described above, including the applicability and effect of all U.S. federal, state and local, and foreign tax laws. The information set forth in this document does not constitute tax advice.

Blank lines for additional comments or notes.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here Signature ▶ Edward A. Imbrogno Date ▶ 12/2/2020

Print your name ▶ Edward A. Imbrogno Title ▶ VP and CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.