

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): September 30, 2020

PDL BioPharma, Inc.

(Exact name of Company as specified in its charter)

000-19756

(Commission File Number)

Delaware

(State or Other Jurisdiction of Incorporation)

94-3023969

(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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	PDLI	The NASDAQ Stock Market LLC

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 1.01 Entry into a Material Definitive Agreement.

On October 1, 2020 (the “Distribution Date”), PDL BioPharma, Inc. (“PDL” or the “Company”) completed the previously announced separation of LENSAR, Inc. (“LENSAR”) from the Company (the “Separation”) into a new, independent publicly traded company, through the distribution of all of the outstanding shares of LENSAR common stock, par value \$0.01 per share, (the “LENSAR Common Stock”) held by the Company on a pro rata basis to the Company’s shareholders of record as of the close of business on September 22, 2020 (the “Record Date”). The Company’s stockholders received 0.075879 shares of LENSAR Common Stock for every one share of the Company’s common stock outstanding at 5:00 p.m. Eastern Time on September 22, 2020, the record date for the spin-off (the “Distribution”). Stockholders of PDL who have acquired shares of PDL common stock in the “regular way” market since shortly before the record date and through October 1, 2020 acquired such shares with an entitlement to receive shares of LENSAR common stock in connection with the Distribution. Stockholders of PDL who acquired their shares of PDL common stock ex-distribution during that time did so without an entitlement to receive shares of LENSAR common stock in connection with the Distribution. In lieu of fractional shares of LENSAR Common Stock, shareholders of the Company will receive cash. The Company distributed approximately 8,667,397 shares of common stock of LENSAR in the Distribution, which was effective at 5:00 p.m., Eastern Time, on October 1, 2020 (the “Effective Time”). As a result of the Distribution, LENSAR is now an independent public company and the LENSAR Common Stock is listed under the symbol “LNSR” on the Nasdaq Stock Market (“Nasdaq”).

In connection with the completion of the Spin-Off, the Company entered into several agreements with LENSAR, each dated September 30, 2020, that, among other things, provide a framework for the Company’s relationship with LENSAR after the Distribution, including the following (collectively, the “Spin Agreements”):

- Separation and Distribution Agreement;
- Transition Services Agreement; and
- Tax Matters Agreement.

The Separation Agreement provides for a full and complete release and discharge of all liabilities existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the completion of the Separation, between or among LENSAR or any of its affiliates, on the one hand, and the Company or any of its affiliates (other than LENSAR), on the other hand, except as expressly set forth in the Separation Agreement. The Separation Agreement contains cross-indemnification provisions principally designed to place financial responsibility for obligations and liabilities of LENSAR-related businesses with LENSAR and financial responsibility for obligations and liabilities of PDL-related businesses with the Company. LENSAR and the Company also agree, pursuant to the Separation Agreement, to provide each other with information relating to the other party or the conduct of its business prior to the separation, and information reasonably necessary to prepare financial statements and any reports or filings to be made with any governmental authority.

A summary of certain material terms of each of the Spin Agreements can be found in the section entitled “Certain Relationships and Related Person Transactions—Agreements between PDL and LENSAR Relating to the Spin-Off” in the Information Statement (the “Information Statement”) attached as Exhibit 99.1 to the Company’s Registration Statement on Form 10, initially filed with the Securities and Exchange Commission (the “SEC”) on August 26, 2020, as amended, and declared effective on September 17, 2020 (the “Registration Statement”), and is incorporated herein by reference. In addition, the descriptions of the foregoing agreements are qualified in their entirety by reference to the complete terms and conditions of such agreements filed as Exhibit 2.1, Exhibit 10.1 and Exhibit 10.2 hereto, and incorporated herein by reference.

Item 8.01 Other Events

On October 2, 2020, the Company issued a press release announcing the completion of the Spin-Off. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
2.1	Separation and Distribution Agreement, dated as of September 30, 2020, by and between PDL BioPharma, Inc.
10.1*	Transition Services Agreement, dated as of September 30, 2020, between PDL BioPharma, Inc. and LENSAR, Inc.
10.2	Tax Matters Agreement, dated as of September 30, 2020, between PDL BioPharma, Inc. and LENSAR, Inc.
99.1	Press Release, dated October 2, 2020

* Certain schedules and attachments to this exhibit have been omitted pursuant to Regulation S-K, Item 601(a)(5).

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/ Dominique Monnet
Dominique Monnet
President and Chief Executive Officer

Dated: October 2, 2020

Exhibit Index

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* Certain schedules and attachments to this exhibit have been omitted pursuant to Regulation S-K, Item 601(a)(5).

**SEPARATION AND DISTRIBUTION AGREEMENT
BY AND BETWEEN**

PDL BIOPHARMA, INC.

AND

LENSAR, INC.

DATED AS OF SEPTEMBER 30, 2020

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SEPARATION AND DISTRIBUTION AGREEMENT

This Separation and Distribution Agreement (this “Agreement”) is dated as of September 30, 2020, by and between PDL BioPharma, Inc., a Delaware corporation (“PDL”), and LENSAR, Inc, a Delaware corporation and a direct, majority-owned subsidiary of PDL (“LENSAR” and, together with PDL, the “Parties”).

RECITALS:

WHEREAS, LENSAR is and prior to the Distribution will be a direct, majority-owned subsidiary of PDL;

WHEREAS, the Board of Directors of PDL has determined that it is in the best interests of PDL and its stockholders to separate the business of LENSAR (the “Spin-Off”), all as more fully described in the Registration Statement, from PDL’s other businesses on the terms and conditions set forth herein;

WHEREAS, the Board of Directors of PDL has authorized the distribution to the holders of the issued and outstanding shares of common stock, par value \$0.01 per share, of PDL (the “PDL Common Stock”) as of the Distribution Record Date, by means of a dividend, of all of the issued and outstanding shares of common stock, par value \$0.01 per share, of LENSAR (each such share is individually referred to as a “LENSAR Share” and collectively referred to as the “LENSAR Common Stock”) held by PDL, respectively, on the basis of 0.075879 LENSAR Shares for every one (1) share of PDL Common Stock (the “Distribution”);

WHEREAS, the Boards of Directors of PDL and LENSAR have each determined that the Distribution, the other transactions contemplated by this Agreement and the Ancillary Agreements (the “Transactions”) are in the best interests of their respective companies and stockholders, as applicable, and have approved this Agreement and each of the Ancillary Agreements;

WHEREAS, the Parties have determined to set forth the principal corporate and other transactions required to effect the Distribution and to set forth other agreements that will govern certain other matters prior to and following the completion of the Distribution; and

WHEREAS, the Restructuring and Distribution are part of a plan to separate the LENSAR Business from the PDL Business.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I. DEFINITIONS

Section 1.1 General. Unless otherwise defined herein or unless the context otherwise requires, as used in this Agreement, the following terms shall have the following meanings:

“Action” shall mean any demand, action, suit, arbitration, inquiry, proceeding or investigation, audit, counter suit, hearing or litigation of any nature whether administrative, civil, criminal, regulatory or otherwise, by or before any Governmental Authority or any arbitration or mediation tribunal.

“Affiliate” shall mean, when used with respect to any specified Person, a Person that directly or indirectly controls, is controlled by, or is under common control with such specified Person. As used herein, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract or otherwise. Unless explicitly provided herein to the contrary, for purposes of this Agreement, PDL shall be deemed not to be an Affiliate of LENSAR or any of its Subsidiaries, and LENSAR shall be deemed not to be an Affiliate of PDL or any of its Subsidiaries (other than LENSAR and the LENSAR Subsidiaries).

“Agent” shall have the meaning set forth in Section 3.1.

“Agreement” shall have the meaning set forth in the preamble to this Agreement.

“Agreement Disputes” shall have the meaning set forth in Section 8.1.

“Ancillary Agreements” shall mean all of the written agreements, instruments, understandings, assignments or other arrangements (other than this Agreement) entered into by the Parties or by or among any of the PDL Entities, on the one hand, and any of the LENSAR Entities, on the other hand, in connection with the transactions contemplated hereby, including the Transition Services Agreement, the Tax Matters Agreement and the Supply Agreements.

“Applicable Rate” shall mean the rate of interest per annum announced from time to time by the Wall Street Journal as the “prime rate” at large U.S. money center banks.

“Asset” means all rights, properties or other assets, whether real, personal or mixed, tangible or intangible, of any kind, nature and description, whether accrued, contingent or otherwise, and wheresoever situated and whether or not carried or reflected, or required to be carried or reflected, on the books of any Person.

“Business Day” shall mean any day other than a Saturday, Sunday or a day on which commercial banking institutions located in the City of New York are authorized or obligated by Law or executive order to close.

“Claims Made Policies” shall have the meaning set forth in Section 9.2(b).

“Code” means the Internal Revenue Code of 1986, as amended.

“Combined Policies” shall have the meaning set forth in Section 9.2(b).

“Contract” means any written, oral, implied or other contract, agreement, covenant, lease, license, guaranty, indemnity, representation, warranty, assignment, sales order, purchase order, power of attorney, instrument or other commitment, assurance, undertaking or arrangement that is binding on any Person or entity or any part of its property under applicable Law.

“Distribution” shall have the meaning set forth in the recitals to this Agreement.

“Distribution Date” shall mean such date as may be determined by the Board of Directors of PDL or a committee of such Board of Directors, as the date as of which the Distribution shall be effected.

“Distribution Record Date” shall mean such date as may be determined by the Board of Directors of PDL or a committee of such Board of Directors, as the record date for the Distribution.

“Effective Time” shall mean 12:01 a.m., New York City time, on the Distribution Date.

“Entities” shall mean, as applicable, the LENSAR Entities and/or the PDL Entities (each an “Entity”).

“Environmental Laws” shall mean any and all federal, state, local and foreign statutes, laws, regulations, ordinances, rules, principles of common law, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or other governmental restrictions (including without limitation the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601, *et. seq.*), whether now or hereafter in existence, relating to the environment, natural resources, human health or safety, endangered or threatened species of fish, wildlife and plants, or to emissions, discharges or releases of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes into the environment (including without limitation indoor or outdoor air, surface water, groundwater and surface or subsurface soils), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, petroleum or petroleum products, chemicals or industrial, toxic or hazardous substances or wastes or the investigation, cleanup or other remediation thereof.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

“Governmental Authority” shall mean any federal, state, local, foreign or international court, government, department, commission, board, bureau, agency, official, securities exchange (including the Nasdaq) or other regulatory, administrative or governmental authority.

“Governmental Authorization” shall mean any authorization, approval, consent, license, certificate or permit issued, granted, or otherwise made available under the authority of any court, governmental or regulatory authority, agency, stock exchange, commission or body.

“Indemnifying Party” shall have the meaning set forth in Section 5.3(a).

“Indemnitee” shall have the meaning set forth in Section 5.3(a).

“Information Statement” means the information statement, attached as an exhibit to the Registration Statement, and any related documentation to be provided to holders of PDL Common Stock in connection with the Distribution, including any amendments or supplements thereto.

“Insurance Policy” means any insurance policies and insurance Contracts, including, without limitation, general liability, property and casualty, workers’ compensation, automobile, marine, directors & officers liability, errors and omissions, employee dishonesty and fiduciary liability policies, whether, in each case, in the nature of primary, excess, umbrella or self-insurance coverage, together with all rights, benefits and privileges thereunder.

“JAMS” shall have the meaning set forth in Section 8.3.

“JAMS Rules” shall have the meaning set forth in Section 8.3.

“Joint Action” shall mean any current or future Action with respect to which it is unclear at the onset of such Action whether Liabilities will arise primarily in connection with the LENSAR Business or the PDL Business.

“Law” shall mean all laws, statutes and ordinances and all regulations, rules and other pronouncements of Governmental Authorities having the effect of law of the United States of America, any foreign country, or any domestic or foreign state, province, commonwealth, city, country, municipality, territory, protectorate, possession or similar instrumentality, or any Governmental Authority thereof.

“LENSAR” shall have the meaning set forth in the preamble to this Agreement.

“LENSAR Action” shall mean any current or future Action relating primarily to the LENSAR Business in which one or more PDL Entities is a defendant or the party against whom a claim or investigation is directed, but excluding any Joint Action.

“LENSAR Assets” shall mean (a) all Assets owned by the LENSAR Entities as of the Distribution Date, and (b) all Assets owned by the PDL Entities that are used primarily in, or that primarily relate to, the LENSAR Business.

“LENSAR Business” shall mean (a) the medical technology business conducted by the LENSAR Entities focused on the design, development and commercialization of technologies for the treatment of cataracts and other ophthalmology conditions and (b) any other ophthalmology business (other than the PDL Business) directly conducted by any LENSAR Entity as of or prior to the date of this Agreement.

“LENSAR Common Stock” shall have the meaning set forth in the recitals to this Agreement.

“LENSAR Entities” means LENSAR and each LENSAR Subsidiary (each, a “LENSAR Entity”).

“LENSAR Indemnitees” shall mean:

- a. LENSAR and each Affiliate thereof after giving effect to the Distribution; and
- b. each of the respective Representatives of any of the entities described in the immediately preceding clause (a) and each of the heirs, executors, successors and assigns of any of such Representatives, except in the case of clauses (a) and (b), the PDL Indemnitees; provided, however, that a Person who was a Representative of LENSAR or an Affiliate thereof may be a LENSAR Indemnatee in that capacity notwithstanding that such Person may also be a PDL Indemnatee.

“LENSAR Liabilities” shall mean:

- a. any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the schedules hereto or thereto) as Liabilities to be assumed by LENSAR or any LENSAR Entity, and all Liabilities of any LENSAR Entity under this Agreement or any of the Ancillary Agreements; and
- b. all Liabilities, if and to the extent relating to, arising out of or resulting from:
 - i. the ownership or operation of the LENSAR Business (including any discontinued business or any business which has been sold or transferred), as conducted at any time prior to, on or after the Distribution Date; or
 - ii. the ownership or operation of any business conducted by LENSAR or any LENSAR Subsidiary at any time prior to, on or after the Distribution Date.
- c. Notwithstanding the foregoing, the LENSAR Liabilities shall not include:
 - i. any Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the schedules hereto or thereto) as Liabilities of PDL.

“LENSAR Marks” shall include all names, logos or trademarks of LENSAR or its Affiliates, all intellectual property rights therein and all trademarks and logos comprised of or derivative of any of the foregoing.

“LENSAR Share” shall have the meaning set forth in the recitals to this Agreement.

“LENSAR Specific Policies” shall have the meaning set forth in Section 9.1.

“LENSAR Subsidiaries” shall mean (a) each of the Persons listed on Annex 1.1(b)(i) hereto, (b) except as otherwise set forth on Annex 1.1(b)(i), any other Person that was owned, directly or indirectly (in whole or in part) by any of the Persons listed on Annex 1.1(b)(i) hereto prior to the Distribution and (c) any other entity which becomes a Subsidiary of LENSAR after the Effective Time.

“Liabilities” shall mean any and all debts, liabilities, obligations, responsibilities, Losses, damages (whether compensatory, punitive or treble), fines, penalties and sanctions, absolute or contingent, matured or unmatured, liquidated or unliquidated, foreseen or unforeseen, joint, several or individual, asserted or unasserted, accrued or unaccrued, known or unknown, whenever arising, including without limitation those arising under or in connection with any Law (including any Environmental Law), Action, threatened Action, order or consent decree of any Governmental Authority or any award of any arbitration tribunal, and those arising under any contract, guarantee, commitment or undertaking, whether sought to be imposed by a Governmental Authority, private party, or party to this Agreement, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute, or otherwise, and including any costs, expenses, interest, attorneys’ fees, disbursement and expense of counsel, expert and consulting fees and costs related thereto or to the investigation or defense thereof, in each case other than Taxes.

“Litigation Expenses” shall have the meaning set forth in Section 6.1(f)(iii).

“Losses” shall mean all losses, damages, claims, demands, judgments or settlements of any nature or kind, known or unknown, fixed, accrued, absolute or contingent, liquidated or unliquidated, including all reasonable costs and expenses (legal, accounting or otherwise as such costs are incurred) relating thereto, suffered by an Indemnitee, other than Taxes.

“Occurrence Based Policies” shall have the meaning set forth in Section 9.2(a).

“Nasdaq” shall mean the Nasdaq Capital Market.

“Parties” shall have the meaning set forth in the preamble to this Agreement.

“PDL” shall have the meaning set forth in the preamble to this Agreement.

“PDL Action” shall mean any current or future Action relating primarily to the PDL Business in which one or more LENSAR Entities is a defendant or the party against whom any claim or investigation is directed, but excluding any Joint Action.

“PDL Asset” shall mean (a) all Assets owned by the PDL Entities and (b) all licenses, permits and authorizations, other than those related to the LENSAR Business in each of (a) and (b).

“PDL Business” shall mean the business conducted by the PDL Entities, other than the LENSAR Business, directly conducted by any PDL Entity as of or prior to the date of this Agreement.

“PDL Common Stock” shall have the meaning set forth in the recitals to this Agreement.

“PDL Entities” means PDL and each PDL Subsidiary (each, an “PDL Entity”).

“PDL Indemnitees” shall mean:

- a. PDL and each Affiliate thereof after giving effect to the Distribution; and

b. each of the respective Representatives of any of the entities described in the immediately preceding clause (a) and each of the heirs, executors, successors and assigns of any of such Representatives, except in the case of clauses (a) and (b), the LENSAR Indemnitees; provided, however, that a Person who was a Representative of PDL or an Affiliate thereof may be a PDL Indemnitee in that capacity notwithstanding that such Person may also be a LENSAR Indemnitee.

“PDL Liabilities” shall mean:

a. any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the schedules hereto or thereto) as Liabilities to be assumed by PDL and all Liabilities of any of the PDL Entities under this Agreement or any of the Ancillary Agreements; and

b. all Liabilities (other than Liabilities that are LENSAR Liabilities), if and to the extent relating to, arising out of or resulting from:

i. the ownership or operation of the PDL Business (including any discontinued business or any business which has been sold or transferred (for the avoidance of doubt, other than the LENSAR Business)) as conducted at any time prior to, on or after the Distribution Date; or

ii. the ownership or operation of any business conducted by PDL or any PDL Subsidiary at any time prior to, on or after the Distribution Date.

c. Notwithstanding the foregoing, the PDL Liabilities shall not include:

i. any Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the schedules hereto or thereto) as Liabilities of LENSAR or any LENSAR Entity (including, for the avoidance of doubt, LENSAR Liabilities).

“PDL Marks” shall include all names, logos or trademarks of PDL or its Affiliates (other than LENSAR), all intellectual property rights therein and all trademarks and logos comprised of or derivative of any of the foregoing.

“PDL Retained Assets” shall mean (a) all Assets which are held at the Effective Time by PDL or any of the PDL Subsidiaries, other than any LENSAR Assets and (b) all Assets owned by the LENSAR Entities that are used primarily in, or that primarily relate to, the PDL Business.

“PDL Subsidiaries” shall mean (a) each of the Persons listed on Annex 1.1(a)(i) hereto, (b) except as otherwise set forth on Annex 1.1(a)(i), any other Person (other than any LENSAR Subsidiary) that is owned, directly or indirectly (in whole or in part), by any of the Persons listed on Annex 1.1(a)(i) hereto prior to the Distribution and (c) any other entity which becomes a Subsidiary of PDL after the Effective Time.

“Person” shall mean any natural person, corporation, business trust, limited liability company, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

“Pre-Distribution Claim” shall have the meaning set forth in Section 9.4(a).

“Records” shall have the meaning set forth in Section 7.1(a).

“Registration Statement” shall mean the registration statement on Form 10 filed by LENSAR with the SEC to effect the registration of the LENSAR Shares pursuant to the Exchange Act.

“Representative” shall mean, with respect to any Person, any of such Person’s directors, officers, employees, agents, consultants, advisors, accountants, attorneys and representatives.

“Restructuring” shall have the meaning set forth in Section 2.1.

“Restructuring Plan” shall mean the Plan of Restructuring attached hereto as Schedule 1.1.

“SEC” means the United States Securities and Exchange Commission.

“Spin-Off” shall have the meaning set forth in the recitals to this Agreement.

“Subsidiary” shall mean with respect to any specified Person, any corporation or other legal entity of which such Person or any of its Subsidiaries controls or owns, directly or indirectly, 50% or more of the stock or other equity interests entitled to vote on the election of members to the board of directors or similar governing body or, in the case of a Person with no governing body, 50% or more of the equity or voting interests.

“Tax” shall have the meaning set forth in the Tax Matters Agreement.

“Tax Authority” shall have the meaning set forth in the Tax Matters Agreement.

“Tax Matters Agreement” shall mean the Tax Matters Agreement by and between PDL and LENSAR, which agreement shall be entered into prior to or on the Distribution Date, as may be amended from time to time.

“Third-Party” shall mean any Person who is not a Party to this Agreement.

“Third-Party-Claim” shall have the meaning set forth in Section 5.3(a).

“Transactions” shall have the meaning set forth in the recitals to this Agreement.

“Transition Services Agreement” shall mean the Transition Services Agreement by and between PDL and LENSAR, which agreement shall be entered into prior to or on the Distribution Date.

Section 1.2 Reference; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words “include,” “includes” and “including” when used in this Agreement shall be deemed to be

followed by the phrase “without limitation.” Unless the context otherwise requires, references in this Agreement to Articles, Sections and Schedules shall be deemed to be references to Articles and Sections of, and Schedules to, this Agreement. Unless the context otherwise requires, the words “hereof”, “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. Neither this Agreement nor any Ancillary Agreement shall be construed against either Party as the principal draftsman hereof or thereof.

Section 1.3 Tax Matters. Notwithstanding any other provision of this Agreement (other than Section 3.1(c), Section 3.1(d) and Section 5.3(i)), the Tax Matters Agreement shall exclusively govern all matters related to Taxes (including allocations thereof) addressed therein.

ARTICLE II. THE SEPARATION

Section 2.1 Restructuring.

a. The Parties have taken or will take, and have caused or will cause their respective Subsidiaries to take, all actions that are necessary or appropriate to implement and accomplish the transactions contemplated by each of the steps set forth in the Restructuring Plan (collectively, the “Restructuring”); provided, however, that all of such steps shall be completed by no later than the Distribution.

Section 2.2 Transfer of LENSAR Assets and LENSAR Business; Assumption of LENSAR Liabilities. On the terms and subject to the conditions of this Agreement, and in furtherance of the Restructuring and the Spin-Off:

a. PDL, by no later than the Effective Time, shall cause all of its (or its Subsidiaries’) rights, title and interest in and to all of the LENSAR Assets and LENSAR Business to be contributed, assigned, transferred, conveyed and delivered, directly or indirectly, to LENSAR, and LENSAR agrees to accept or cause to be accepted all such rights, title and interest in and to all the LENSAR Assets and LENSAR Business. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR ANY ANCILLARY AGREEMENT, ALL ASSETS TRANSFERRED PURSUANT TO THIS AGREEMENT OR ANY ANCILLARY AGREEMENT ARE BEING TRANSFERRED AS IS, WHERE IS, WITH ALL FAULTS.

b. PDL, by no later than the Effective Time, shall cause all of the LENSAR Liabilities to be assigned, directly or indirectly, to LENSAR, and LENSAR agrees to accept, assume, perform, discharge and fulfill all of the LENSAR Liabilities in accordance with their respective terms.

c. LENSAR, by no later than the Effective Time, shall cause all of its rights, title and interest in and to any Retained Assets to be distributed, assigned, transferred, conveyed and delivered, directly or indirectly, to PDL (or its Subsidiaries), and PDL agrees to accept or cause to be accepted all such rights, title and interest in and to such Retained Assets. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT OR ANY ANCILLARY AGREEMENT, ALL ASSETS TRANSFERRED PURSUANT TO THIS AGREEMENT OR ANY

ANCILLARY AGREEMENT ARE BEING TRANSFERRED AS IS, WHERE IS, WITH ALL FAULTS.

d. LENSAR, by no later than the Effective Time, shall cause any PDL Liabilities it holds to be assigned, directly or indirectly, to PDL, and PDL agrees to accept, assume, perform, discharge and fulfill all of such PDL Liabilities in accordance with their respective terms.

e. Upon completion of the transactions contemplated by Sections 2.1, 2.2(a), 2.2(b), 2.2(c) and 2.2(d) above: LENSAR will own, directly or indirectly, the LENSAR Business and the LENSAR Assets and be subject to the LENSAR Liabilities; and PDL will continue to own, directly or indirectly, the PDL Business and the PDL Retained Assets and continue to be subject to the PDL Liabilities.

Section 2.3 Third-Party Consents and Government Approvals.

a. To the extent that either the Distribution or any step in the Restructuring Plan requires a consent of any third party or a Governmental Authorization, the Parties will use commercially reasonable efforts to obtain each such consent and Governmental Authorization at or prior to the time such consent or Governmental Authorization is required in order to lawfully effect the Distribution and each step in the Restructuring Plan.

b. If any Asset may not be transferred by reason of the requirement to obtain the consent of any third party or a Governmental Authorization and such consent has not been obtained by the Distribution Date, then (unless otherwise expressly agreed by PDL and LENSAR) such Asset shall not be transferred until such consent has been obtained. Subject to reimbursement from the other Party of all reasonable costs and expenses incurred in connection with such actions, PDL and LENSAR, as the case may be, shall use commercially reasonable efforts to provide or cause the owner of such Asset to use commercially reasonable efforts to provide to the other Party (or appropriate Entity affiliated with the other Party) all the rights and benefits under such Asset, cause such owner to enforce such Asset for the benefit of such other Party (or for the benefit of the Entity affiliated with the other Party) and assume or cause the appropriate Entity affiliated with it to assume all obligations of such Asset, in each case to the extent that such action does not cause a breach or default under such Asset. Both Parties shall otherwise cooperate and use commercially reasonable efforts to provide the economic and operational equivalent of an assignment or transfer of the Asset as of the Distribution Date.

c. From and after the Distribution Date, each Party shall promptly transfer or cause the Entity(ies) affiliated with it to promptly transfer to the other Party or the appropriate Entity(ies) affiliated with the other Party, from time to time, any property received that is an Asset of the other Party or of any Entity affiliated with the other Party. Without limiting the foregoing, funds received by a Party or any Entity affiliated with such Party upon the payment of accounts receivable that belong to the other Party or any Entity affiliated with the other party, shall be transferred to the other Party (or Entity affiliated with the other Party) promptly within five business days.

Section 2.4 Further Actions. From and after the Distribution, upon the reasonable request of a Party hereto, the other Party hereto will promptly take, or cause its Subsidiaries to promptly take, all commercially reasonable actions necessary or appropriate to fully accomplish the Restructuring and to give effect to the transactions provided for in this Agreement, including each step in the Restructuring Plan, in accordance with the purposes hereof.

Section 2.5 Restructuring Documents. All documents and instruments used to effect the Restructuring and otherwise to comply with this Agreement shall be in form satisfactory to PDL and LENSAR.

Section 2.6 Certain Licenses and Permits.

a. On or prior to the Distribution Date or as soon as reasonably practicable thereafter and except as set forth on Schedule 2.6(a), PDL shall use its commercially reasonable efforts to transfer or cause to be transferred any transferable licenses, permits and authorizations issued by any Governmental Authority which relate primarily to the LENSAR Business but which are held in the name of any PDL Entity, or in the name of any employee, officer, director, stockholder or agent of any such PDL Entity, or otherwise, on behalf of any LENSAR Entity, to the appropriate LENSAR Entity.

b. On or prior to the Distribution Date or as soon as reasonably practicable thereafter, LENSAR shall use its commercially reasonable efforts to transfer or cause to be transferred any transferable licenses, permits and authorizations issued by any Governmental Authority which relate primarily to the PDL Business but which are held in the name of any LENSAR Entity, or in the name of any employee, officer, director, stockholder or agent of any such LENSAR Entity, or otherwise, on behalf of any PDL Entity, to the appropriate PDL Entity.

ARTICLE III. DISTRIBUTION AND CERTAIN COVENANTS

Section 3.1 Distribution.

a. On or prior to the Distribution Date, PDL shall deliver to Computershare, Inc. (the "Agent") the capitalization table representing all of the issued and outstanding LENSAR Shares held by PDL for the benefit of the holders of PDL Common Stock, and PDL shall instruct the Agent to distribute, on or as soon as practicable following the Distribution Date, such number of the LENSAR Shares to holders of record of shares of PDL Common Stock on the Distribution Record Date (the "Record Holder"), all as further contemplated by the Registration Statement and hereby. LENSAR shall provide any share certificates that the Agent shall require in order to effect the Distribution. The Distribution shall be effective at 5:00 p.m., New York City time, on the Distribution Date.

b. The LENSAR Shares issued in the Distribution are intended to be distributed only pursuant to a book entry system. PDL shall instruct the Agent to deliver the LENSAR Shares previously delivered to the Agent to a depository and to mail to each holder of record of PDL

Common Stock on the Distribution Record Date, a statement of the LENSAR Common Stock credited to such holder's account.

c. Record Holders who, after aggregating the number of LENSAR Common Stock (or fractions thereof) to which such Record Holder would be entitled on the Record Date, would be entitled to receive a fraction of a LENSAR Common Share in the Distribution, will receive cash in lieu of fractional shares. Fractional LENSAR Common Stock will not be distributed in the Distribution nor credited to book-entry accounts. The Agent shall, as soon as practicable after the Distribution Date (i) determine the number of whole shares and fractional shares of LENSAR Common Stock allocable to each Record Holder, (ii) aggregate all such fractional shares into whole shares and sell the whole shares obtained thereby in open market transactions at then prevailing trading prices on behalf of holders who would otherwise be entitled to fractional share interests, and (iii) distribute to each such holder, or for the benefit of each such beneficial owner, such holder's or owner's ratable share of the net proceeds of such sale, based upon the average gross selling price per share of LENSAR Common Stock after making appropriate deductions for any amount required to be withheld for United States federal income tax purposes. PDL shall bear the cost of brokerage fees and transfer taxes incurred in connection with these sales of fractional shares, which such sales shall occur as soon after the Distribution Date as practicable and as determined by the Agent. None of PDL, LENSAR or the applicable Agent will guarantee any minimum sale price for the fractional LENSAR Common Stock. Neither PDL nor LENSAR will pay any interest on the proceeds from the sale of fractional shares. The Agent will have the sole discretion to select the broker-dealers through which to sell the aggregated fractional shares and to determine when, how and at what price to sell such shares. Neither the Agent nor the selected broker-dealers will be Affiliates of PDL or LENSAR. Any LENSAR Common Stock or cash in lieu of fractional shares with respect to LENSAR Common Stock that remains unclaimed by any holder of record one hundred-eighty (180) days after the Distribution Date shall be delivered to LENSAR. LENSAR shall hold such LENSAR Common Stock and/or cash for the account of such holder of record and any such holder of record shall look only to LENSAR for such LENSAR Common Stock and/or cash, if any, in lieu of fractional share interests, subject in each case to applicable escheat or other abandoned property laws.

d. Notwithstanding any other provision of this Agreement, PDL, the Agent or any Person that is a withholding agent under applicable Law shall be entitled to deduct and withhold from any consideration distributable or payable hereunder the amounts required to be deducted and withheld under the Code, or any provision of any U.S. federal, state, local or foreign Tax Law. Any amounts so withheld shall be paid over to the appropriate Tax Authority in the manner prescribed by Law. To the extent that amounts are so deducted and withheld, such deducted and withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Persons in respect of which such deduction and withholding was made. An applicable withholding agent may collect the deducted or withheld amounts by reducing to cash a sufficient portion of the LENSAR Shares that a Person would otherwise receive, and may require that such Person bear the brokerage or other costs from this withholding procedure.

Section 3.2 PDL Determinations. PDL shall have the sole and absolute discretion to determine whether to proceed with all or part of the Distribution and all terms thereof, including the

form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing of and conditions to the consummation of the Distribution. LENSAR shall cooperate with PDL in all respects to accomplish the Distribution and shall, at PDL's direction, promptly take any and all actions necessary or desirable to effect the Distribution.

Section 3.3 Charter; Bylaws. On or prior to the Distribution Date, LENSAR and PDL shall take all necessary actions to provide for the adoption of the form of Certificate of Incorporation and Bylaws in substantially the form filed by LENSAR with the SEC as exhibits to the Registration Statement.

Section 3.4 Directors. On or prior to the Distribution Date, PDL and LENSAR shall have taken all necessary action to cause the board of directors of LENSAR to consist of the individuals identified in the Registration Statement as directors of LENSAR as of immediately following the Distribution.

Section 3.5 Election of Officers. On or prior to the Distribution Date, LENSAR shall take all actions necessary and desirable so that as of the Distribution Date the officers of LENSAR will be as set forth in the Registration Statement.

Section 3.6 State Securities Laws. Prior to the Distribution Date, PDL and LENSAR shall take all such action as may be necessary or appropriate under the securities or blue sky laws of states or other political subdivisions of the United States of America in order to effect the Distribution.

Section 3.7 Listing Application; Notice to Nasdaq.

a. Prior to the Distribution Date, PDL and LENSAR shall prepare and file with Nasdaq a listing application and related documents and shall take all such other actions with respect thereto as shall be necessary or desirable in order to cause Nasdaq to list on or prior to the Distribution Date, subject to official notice of issuance, the LENSAR Shares.

b. Prior to the Distribution, PDL shall, to the extent possible, give Nasdaq not less than 10 days' advance notice of the Distribution Record Date in compliance with Rule 10b-17 under the Exchange Act.

Section 3.8 Removal of Certain Guarantees; Releases from Liabilities.

a. Except as otherwise specified in any Ancillary Agreement, in the event that at any time before or after the Distribution Date, PDL or LENSAR identifies any LENSAR Liability for which any PDL Entity is a guarantor or obligor, LENSAR shall use its commercially reasonable efforts to have, as quickly as practicable, such PDL Entities removed as guarantor of or obligor for any such Liability of LENSAR, and in the event that at any time before or after the Distribution Date, PDL or LENSAR identifies any PDL Liability for which any LENSAR Entity is a guarantor or obligor, PDL shall use its commercially reasonable efforts to have, as quickly as practicable, such LENSAR Entities removed as guarantor of or obligor for any such Liability of PDL.

b. If either Party is unable to obtain, or to cause to be obtained, any such required removal as set forth in Section 3.8(a), the guarantor or obligor shall continue to be bound as such and, unless not permitted by Law or the terms thereof, the applicable Party shall use commercially reasonable efforts to cause the relevant beneficiary to cause one of its Affiliates, as agent or subcontractor for such guarantor or obligor to pay, perform and discharge fully all the obligations or other Liabilities of the relevant guarantor or obligor thereunder from and after the date hereof.

c. If LENSAR is unable to obtain, or to cause to be obtained, any such required removal as set forth in Section 3.8(a), or LENSAR Liabilities arise from and after the Effective Time but before any PDL Entity, if such PDL Entity is a guarantor or obligor with reference to any such LENSAR Liability, is removed pursuant to Section 3.8(a), then LENSAR shall indemnify each PDL Entity for all Liabilities incurred by any of them in such Person's capacity as guarantor or obligor. Without limiting the foregoing, LENSAR shall, or shall cause a LENSAR Entity to, reimburse PDL as soon as practicable (but in no event later than 30 days) following delivery by PDL to LENSAR of notice of a payment made pursuant to this Section 3.8 in respect of LENSAR Liabilities.

d. If PDL is unable to obtain, or to cause to be obtained, any such required removal as set forth in Section 3.8(a), or PDL Liabilities arise from and after the Effective Time but before any LENSAR Entity, if such LENSAR Entity is a guarantor or obligor with reference to any such LENSAR Liability, is removed pursuant to Section 3.8(a), then PDL shall indemnify each LENSAR Entity for all Liabilities incurred by any of them in such Person's capacity as guarantor or obligor. Without limiting the foregoing, PDL shall, or shall cause a PDL Entity to, reimburse LENSAR as soon as practicable (but in no event later than 30 days) following delivery by LENSAR to PDL of notice of a payment made pursuant to this Section 3.8 in respect of PDL Liabilities.

e. In the event that at any time before or after the Distribution Date, PDL identifies any letters of credit, interest rate or foreign exchange contracts, surety bonds or other contracts (excluding guarantees) that relate primarily to the LENSAR Business but for which a PDL Entity has contingent, secondary, joint, several or other Liability of any nature whatsoever, LENSAR shall, at its expense, take such actions and enter into such agreements and arrangements as PDL may reasonably request to effect the release or substitution of PDL (or a PDL Entity).

f. In the event that at any time before or after the Distribution Date, LENSAR identifies any letters of credit, interest rate or foreign exchange contracts, surety bonds or other contracts (excluding guarantees) that relate primarily to the PDL Business but for which a LENSAR Entity has contingent, secondary, joint, several or other Liability of any nature whatsoever, PDL shall, at its expense, take such actions and enter into such agreements and arrangements as LENSAR may reasonably request to effect the release or substitution of LENSAR (or a LENSAR Entity).

g. At and after the Effective Time, the Parties shall use commercially reasonable efforts to obtain, or cause to be obtained, any consent, substitution or amendment required to novate, assign or extinguish all LENSAR Liabilities (with respect to the PDL Entities) and PDL

Liabilities (with respect to the LENSAR Entities) of any nature whatsoever transferred under this Agreement or an Ancillary Agreement, or to obtain in writing the unconditional release of the assignor so that in each such case, PDL (or an appropriate PDL Entity) shall be solely responsible for the PDL Liabilities and LENSAR (or an appropriate LENSAR Entity) shall be solely responsible for the LENSAR Liabilities; provided, however, that no Party shall be obligated to pay any consideration therefor (except for filing fees or other similar charges) to any Third Party from whom such consent, substitution, amendment or release is requested. Whether or not any such consent, substitution, amendment or release is obtained, nothing in this Section 3.8 shall in any way limit the obligations of the Parties under Article V. If, as and when it becomes possible to delegate, assign, novate or extinguish any LENSAR Liabilities or PDL Liabilities in accordance with the terms hereof, the Parties shall promptly sign all such documents and perform all such other acts as may be necessary to give effect to such delegation, novation, extinction or other release; provided, however, than no Party shall be obligated to pay any consideration therefor.

Section 3.9 Corporate Names; Trademarks. Except as otherwise specifically provided in any Ancillary Agreement or in any other agreement to which a PDL Entity and a LENSAR Entity are parties, as soon as reasonably practicable after the Distribution Date but in any event within the time period set forth on Schedule 3.9, each of LENSAR and PDL will, at their own expense, cause their respective Subsidiaries to take the actions set forth on Schedule 3.9.

Section 3.10 Ancillary Agreements. Prior to or on the Distribution Date, each of PDL and LENSAR shall enter into the Ancillary Agreements and any other agreements in respect of the Distribution reasonably necessary or appropriate in connection with the Transactions.

Section 3.11 Acknowledgment by LENSAR. LENSAR, on behalf of itself and all LENSAR Entities, acknowledges, understands and agrees that, except as expressly set forth herein or in any Ancillary Agreement, none of PDL or any other Person has, in this Agreement or in any other agreement or document, or otherwise made any representation or warranty of any kind whatsoever, express or implied, to LENSAR or any LENSAR Entity or to any director, officer, employee or agent thereof in any way with respect to any of the Transactions or the business, assets, condition or prospects (financial or otherwise) of, or any other matter involving, the assets, Liabilities or businesses of PDL or any PDL Entity, LENSAR or any LENSAR Entity, any LENSAR Assets, any LENSAR Liabilities or the LENSAR Business and none of PDL or any other Person has made or makes any representation or warranty with respect to the Distribution or the entering into of this Agreement or the Ancillary Agreements or the Transactions. Except as expressly set forth herein or in any other Ancillary Agreement, LENSAR and each LENSAR Entity shall bear the economic and legal risk that the LENSAR Assets shall prove to be insufficient or that the title of any LENSAR Entity to any LENSAR Assets shall be other than good and marketable and free from encumbrances. The provisions of any related assignment agreement or other related documents are expressly subject to this Section 3.11 and to Section 3.12.

Section 3.12 Release.

a. Except as provided in Section 3.12(c), effective as of the Effective Time, LENSAR does hereby, on behalf of itself and each other LENSAR Entity, release and forever

discharge each PDL Indemnitee, from any and all Liabilities whatsoever to any LENSAR Entity, whether at law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Effective Time, including in connection with the Transactions.

b. Except as provided in Section 3.12(c), effective as of the Effective Time, PDL does hereby, for itself and each other PDL Entity, release and forever discharge each LENSAR Indemnitee from any and all Liabilities whatsoever to any PDL Entity, whether at law or in equity (including any right of contribution), whether arising under any Contract, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Effective Time, including in connection with the Transactions.

c. Nothing contained in Section 3.12(a) or Section 3.12(b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in, or contemplated to continue pursuant to, this Agreement or any Ancillary Agreement. Without limiting the foregoing, nothing contained in Section 3.12(a) or Section 3.12(b) shall release any Person from:

i. any Liability assumed, transferred, assigned or allocated to such Person or any Entity affiliated with such Person in accordance with, or any other Liability of such person or any Entity affiliated with such Person under, this Agreement or any Ancillary Agreement;

ii. any Liability that such Person may have with respect to indemnification or contribution pursuant to this Agreement or any Ancillary Agreement for claims brought by third Persons, which Liability shall be governed by the provisions of Article V and, if applicable, the appropriate provisions of the Ancillary Agreements;

iii. any unpaid accounts payable or receivable arising from or relating to the sale, provision, or receipt of goods, payment for goods, property or services purchased, obtained or used in the ordinary course of business by any PDL Entity from any LENSAR Entity, or by any LENSAR Entity from any PDL Entity;

iv. any Liability the release of which would result in the release of any Person other than a PDL Indemnitee (in the case of the release by the LENSAR Entities) or a LENSAR Indemnitee (in the case of the release by the PDL Entities); provided that each Party agrees not to bring suit, or permit any Entity affiliated with such Party to bring suit, against any such PDL Indemnitee or LENSAR Indemnitee (as applicable) with respect to such Liability;

v. any indemnification obligation under such Person's articles of incorporation or bylaws; and

vi. any Liability arising under a written Contract entered into between a PDL Entity and a LENSAR Entity prior to the Effective Time relating to the commercial sale of products or provision of services between such Entities (including for such purpose, their respective Affiliates).

d. LENSAR shall not make, and shall not permit any other LENSAR Entity to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or indemnification, against any PDL Indemnatee with respect to any Liabilities released pursuant to Section 3.12(a). PDL shall not make, and shall not permit any other PDL Entity to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against any LENSAR Indemnatee with respect to any Liabilities released pursuant to Section 3.12(b).

e. It is the intent of each of PDL and LENSAR by virtue of the provisions of this Section 3.12 to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed at or before the Effective Time, between or among PDL or any other PDL Entity, on the one hand, and LENSAR or any other LENSAR Entity, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such Entity(ies) at or before the Effective Time), except as expressly set forth in Section 3.12(c). At any time, at the reasonable request of a Party, the other Party will cause each Entity affiliated with such Party to execute and deliver releases reflecting the provisions hereof.

Section 3.13 Discharge of Liabilities.

a. Except as otherwise expressly provided herein or in any of the Ancillary Agreements, from and after the Effective Time, PDL shall, and shall cause each other PDL Entity to, assume, pay, perform and discharge all PDL Liabilities in the ordinary course of business, consistent with past practice and LENSAR shall, and shall cause each other LENSAR Entity to, assume, pay, perform and discharge all LENSAR Liabilities in the ordinary course of business, consistent with past practice. The agreements in this Section 3.13 are made by each Party for the sole and exclusive benefit of the other Party and the Entities affiliated with such other Party. To the extent reasonably requested to do so by the other Party, each Party agrees to execute and deliver such documents, in a form reasonably satisfactory to such Party, as may be reasonably necessary to evidence the assumption of any Liabilities hereunder.

b. All intercompany trade, accounts receivable and accounts payable between any PDL Entity and LENSAR Entity in existence at the Effective Time shall be paid, performed or otherwise settled in accordance with the Restructuring Plan.

Section 3.14 Administration of Accounts.

a. All payments and reimbursements by any third-party (including in any lockbox or similar bank account of PDL or any of the other PDL Parties (other than LENSAR and the other LENSAR Parties)) in the name of or to PDL or any of the other PDL Parties (other than

LENSAR and the other LENSAR Parties) that constitute LENSAR Assets, or are received in respect of, the LENSAR Business that are received after the Distribution shall be held by such PDL Party in trust for the benefit of LENSAR and such PDL Party shall pay over or cause to be paid over to LENSAR promptly within five business days the amount of such payment or reimbursement without deduction, withholding or right of set-off; provided, however, that such PDL Party shall have the right to set-off, without duplication, any amounts owed to it by any LENSAR Party pursuant to the Transition Services Agreement.

b. All payments and reimbursements by any third-party (including in any lockbox or similar bank account of LENSAR or any of the other LENSAR Parties) in the name of or to LENSAR or any of the other LENSAR Parties that constitute PDL Assets, or are received in respect of, the PDL Business that are received after the Distribution shall be held by such LENSAR Party in trust for the benefit of PDL and such LENSAR Party shall pay over or cause to be paid over to PDL promptly within five business days the amount of such payment or reimbursement without deduction, withholding or right of set-off; provided, however, that such LENSAR Party shall have the right to set-off, without duplication, any amounts owed to it by any PDL Party pursuant to the Transition Services Agreement.

Section 3.15 Further Assurances. If at any time after the Effective Time any further action is reasonably necessary or desirable to carry out the purposes of this Agreement and the Ancillary Agreements, the proper officers of each Party shall take all such necessary action and do and perform all such acts and things, and execute and deliver all such agreements, assurances to the extent reasonably requested to do so by the other Party, each Party agrees to execute and deliver such documents, in a form reasonably satisfactory to such Party, as may be reasonably necessary to evidence the assumption of any Liabilities hereunder. Without limiting the foregoing, each Party shall use its commercially reasonable efforts promptly to obtain all consents and approvals, to enter into all agreements and to make all filings and applications that may be required for the consummation of the Transactions, including all applicable filings with, and approvals from, any Governmental Authority.

ARTICLE IV. CONDITIONS PRECEDENT

Section 4.1 Conditions Precedent to Consummation of the Transactions. None of the Transactions shall become effective unless the following conditions have been satisfied or (except with respect to clauses (b) and (c) below) waived by the Board of Directors of PDL, in its sole and absolute discretion, at or before the Distribution:

a. the Board of Directors of PDL shall have approved the Transactions, including the declaration of the Distribution, which approval may be given or withheld at its sole and absolute discretion;

b. the SEC has declared effective the Registration Statement, with no stop order in effect with respect thereto, and with no proceedings for such purpose pending or threatened by the SEC;

c. LENSAR shall have mailed the Information Statement (and such other information concerning LENSAR, the LENSAR Business, LENSAR's operations and management, the Distribution and such other matters as the Parties shall determine and as may otherwise be required by Law) to the holders of record of PDL Common Stock at the close of business on the record date for the Distribution;

d. all other actions and filings necessary or appropriate under applicable federal or state securities Laws and state blue sky Laws in connection with the Transactions shall have been taken;

e. the LENSAR Common Stock to be distributed pursuant to the Distribution and related transactions shall have been accepted for listing on Nasdaq, subject to official notice of issuance;

f. the Ancillary Agreements shall have been executed and delivered by each of the Parties thereto and no Party to any of the Ancillary Agreements will be in material breach of any such agreement;

g. any material Governmental Authorizations necessary to consummate the Transactions, or any portion thereof, shall have been obtained and be in full force and effect;

h. LENSAR's amended and restated certificate of incorporation and amended and restated bylaws, each in substantially the form filed as exhibits to the Registration Statement are in effect;

i. no preliminary or permanent injunction or other order, decree, or ruling issued by a Governmental Authority, and no statute (as interpreted through orders or rules of any Governmental Authority duly authorized to effectuate the statute), rule, regulation or executive order promulgated or enacted by any Governmental Authority shall be in effect preventing the consummation of, or materially limiting the benefits of, the Transactions; and

j. no other event or development shall have occurred or failed to occur that, in the judgment of the Board of Directors of PDL, in its sole discretion, prevents the consummation of the Transactions or any portion thereof or makes the consummation of the Transactions inadvisable.

Section 4.2 Right Not to Close. Each of the conditions set forth in Section 4.1 is for the benefit of PDL and the Board of Directors of PDL may, in its sole and absolute discretion, determine whether to waive any condition, in whole or in part (other than the conditions set forth in Sections 4.1(b) and 4.1(c) above). Any determination made by the Board of Directors of PDL concerning the satisfaction or waiver of any or all of the conditions in Section 4.1 will be conclusive and binding on the Parties. The satisfaction of the conditions set forth in Section 4.1 will not create any obligation on the part of PDL to any other Person to effect any of the Transactions or in any way limit PDL's right to terminate this Agreement as set forth in Section 10.11.

ARTICLE V. INDEMNIFICATION

Section 5.1 Indemnification by PDL. Except as otherwise specifically set forth in any provision of this Agreement from and after the Distribution Date, PDL shall indemnify, defend and hold harmless the LENSAR Indemnitees from and against any and all Losses of the LENSAR Indemnitees to the extent arising out of, by reason of or otherwise in connection with the PDL Liabilities or alleged PDL Liabilities, including any breach by PDL of any provision of this Section 5.1, any breach by any PDL Entity of this Agreement, and solely with respect to information regarding any PDL Entity provided by any PDL Entity in writing to LENSAR expressly for inclusion in the Registration Statement or the Information Statement, any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading. This Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements unless such Ancillary Agreement expressly provides that this Agreement applies to any matter in such Ancillary Agreement.

Section 5.2 Indemnification by LENSAR. Except as otherwise specifically set forth in any provision of this Agreement, from and after the Distribution Date, LENSAR shall indemnify, defend and hold harmless the PDL Indemnitees from and against any and all Losses of the PDL Indemnitees to the extent arising out of, by reason of or otherwise in connection with the LENSAR Liabilities or alleged LENSAR Liabilities, including any breach by any LENSAR Entity of any provision of this Section 5.2, any breach by any LENSAR Entity of this Agreement, and with respect to all information contained in the Registration Statement or the Information Statement (other than information regarding any PDL Entity provided by any PDL Entity in writing to LENSAR expressly for inclusion in the Registration Statement or the Information Statement), any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading. This Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements unless such Ancillary Agreement expressly provides that this Agreement applies to any matter in such Ancillary Agreement.

Section 5.3 Procedures for Indemnification.

a. If a claim or demand is made by a Third Party (a "Third-Party Claim") against a LENSAR Indemnitee or a PDL Indemnitee (each, an "Indemnitee") as to which such Indemnitee is entitled to indemnification pursuant to this Agreement, such Indemnitee shall notify the Party which is or may be required pursuant to Sections 5.1 or 5.2 hereof to make such indemnification (the "Indemnifying Party") in writing, and in reasonable detail, of the Third-Party Claim promptly and in any event by the date that is the 15th Business Day after receipt by such Indemnitee of written notice of the Third-Party Claim; provided, however, that failure to give such notification shall not affect the indemnification provided hereunder except to the extent the Indemnifying Party shall have been actually prejudiced as a result of such failure.

b. Thereafter, the Indemnitee shall deliver to the Indemnifying Party, promptly (and in any event within 10 Business Days after the Indemnitee's receipt thereof), copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notice under this Section 5.3 shall be provided in accordance with Section 10.6. For the avoidance of doubt, knowledge of a Third-Party Claim by a Person who is a director of both PDL and LENSAR shall not constitute notice for purposes of this Section 5.3.

c. Subject to Section 5.3(e), if a Third-Party Claim is made against an Indemnitee, the Indemnifying Party shall be entitled to participate in the defense thereof and, if it so chooses and irrevocably acknowledges without condition or reservation its obligation to fully indemnify the Indemnitee therefor, to assume the defense thereof with counsel selected by the Indemnifying Party; provided, however, that such counsel is not reasonably objected to by the Indemnitee. Should the Indemnifying Party so elect to assume the defense of a Third-Party Claim, the Indemnifying Party shall, within 30 days (or sooner if the nature of the Third-Party Claim so requires), notify the Indemnitee of its intent to do so, and the Indemnifying Party shall thereafter not be liable to the Indemnitee for legal or other expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that such Indemnitee shall have the right to employ counsel to represent such Indemnitee if, in such Indemnitee's reasonable judgment, a conflict of interest between such Indemnitee and such Indemnifying Party exists in respect of such claim which would make representation of both such Parties by one counsel inappropriate, or the Third-Party Claim involves substantially different defenses for the Indemnifying Party and the Indemnitee, and in such event the fees and expenses of such single separate counsel shall be paid by such Indemnifying Party. If the Indemnifying Party assumes such defense, the Indemnitee shall have the right to participate in the defense thereof and to employ counsel, subject to the proviso of the preceding sentence, at its own expense, separate from the counsel employed by the Indemnifying Party, it being understood that the Indemnifying Party shall control such defense. The Indemnifying Party shall be liable for the fees and expenses of counsel employed by the Indemnitee for any period during which the Indemnifying Party has failed to assume the defense thereof (other than during the period prior to the time the Indemnitee shall have given notice of the Third-Party Claim as provided above).

d. If the Indemnifying Party shall have assumed the defense of a Third-Party Claim, in no event will the Indemnitee admit any liability with respect to, or settle, compromise or discharge, any Third-Party Claim without the Indemnifying Party's prior written consent; provided, however, that the Indemnitee shall have the right to settle, compromise or discharge such Third-Party Claim without the consent of the Indemnifying Party if the Indemnitee releases the Indemnifying Party from its indemnification obligation hereunder with respect to such Third-Party Claim and such settlement, compromise or discharge would not otherwise adversely affect the Indemnifying Party. The Indemnifying Party shall not enter into any settlement, compromise or discharge of a Third-Party Claim without the consent (not to be unreasonably withheld, conditioned or delayed) of the Indemnitee if the settlement has the effect of permitting any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against the Indemnitee, does not completely release the Indemnitee from all Liabilities and obligations with respect to such claim, includes a statement or admission of fault, culpability or failure to act by or on behalf of the Indemnitee, or is otherwise prejudicial to the

Indemnitee. If an Indemnifying Party elects not to assume the defense of a Third-Party Claim, or fails to notify an Indemnitee of its election to do so as provided herein, such Indemnitee may compromise, settle or defend such Third-Party Claim; provided that the Indemnitee shall not compromise or settle such Third-Party Claim without the consent of the Indemnifying Party, which consent is not to be unreasonably withheld, conditioned or delayed.

e. Notwithstanding the foregoing, the Indemnifying Party shall not be entitled to assume the defense of any Third-Party Claim (and shall be liable for the fees and expenses of counsel incurred by the Indemnitee in defending such Third-Party Claim) if the Third-Party Claim seeks an order, injunction or other equitable relief or relief for other than money damages against the Indemnitee which the Indemnitee reasonably determines, after conferring with its counsel, cannot be separated from any related claim for money damages. If such equitable relief or other relief portion of the Third-Party Claim can be so separated from that for money damages, the Indemnifying Party shall be entitled to assume the defense of the portion relating to money damages.

f. In the event of payment by an Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right or claim relating to such Third-Party Claim. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

g. LENSAR shall, and shall cause the other LENSAR Indemnitees to, and PDL shall, and shall cause the other PDL Indemnitees to, cooperate as may reasonably be required in connection with the investigation, defense and settlement of any Third-Party Claim. In furtherance of this obligation, the Parties agree that if an Indemnifying Party chooses to defend or to compromise or settle any Third-Party Claim, PDL or LENSAR, as the case may be, shall use its reasonable best efforts to make available to the other Party, upon written request, the former and then current directors, officers, employees and agents of PDL or any LENSAR Entity (as applicable) as witnesses and any Records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such Person, Records or other documents may reasonably be required in connection with such defense, settlement or compromise. At the request of an Indemnifying Party, an Indemnitee shall enter into a reasonably acceptable joint defense agreement.

h. The remedies provided in this Article V shall be cumulative and shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

i. The provisions of this Section 5.3 (other than this Section 5.3(i)) and the provisions of Section 5.4 shall not apply to Taxes (Taxes being governed by the Tax Matters Agreement).

Section 5.4 Indemnification Payments.

a. Indemnification required by this Article V shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or a Loss is incurred. If the Indemnifying Party fails to make an indemnification payment required by this Article V within 30 days after receipt of a bill therefore or notice that a Loss has been incurred, the Indemnifying Party shall also be required to pay interest on the amount of such indemnification payment, from the date of receipt of the bill or notice of the Loss to but not including the date of payment, at the Applicable Rate.

b. The amount of any claim by an Indemnitee under this Agreement shall be reduced to reflect any insurance proceeds actually received (net of costs or any mandatory premium increases) by any Indemnitee that result from the Losses that gave rise to such indemnity. Notwithstanding the foregoing, no Indemnitee will be obligated to seek recovery for any Losses from any Third Party before seeking indemnification under this Agreement and in no event will an Indemnifying Party's obligation to indemnify and hold harmless any Indemnitee pursuant to this Agreement be conditioned upon the status of the recovery of any offsetting amounts from any such Third Party.

Section 5.5 Survival of Indemnities. The rights and obligations of each of PDL and LENSAR and their respective Indemnitees under this Article V will survive the sale or transfer by any Party of any assets or businesses or the assignment by it of any Liabilities.

Section 5.6 Limitation on Liability. Except as may expressly be set forth in this Agreement or any Ancillary Agreement, none of PDL, any other PDL Entity, LENSAR, or any other LENSAR Entity shall in any event have any Liability to the other Party or to any Entity affiliated with the other Party, or to any other PDL Indemnitee or LENSAR Indemnitee, as applicable, under this Agreement to the extent that any such Liability resulted from any willful violation of Law or fraud by the Party seeking indemnification or for any exemplary, punitive, special, indirect, consequential, remote or speculative damages (including in respect of lost profits or revenues), however caused and on any theory of liability (including negligence) arising in any way out of any provision of this Agreement, except to the extent, in the case of this clause (b), any such damages were natural, probable and reasonably foreseeable as of the date hereof. Notwithstanding the foregoing, the provisions of this Section 5.6 shall not limit an Indemnifying Party's indemnification obligations with respect to any Liability that any Indemnitee may have to any third party not affiliated with any PDL Entity or LENSAR Entity.

ARTICLE VI. LITIGATION MATTERS

Section 6.1 Case Allocation.

a. As of the Distribution Date, LENSAR shall, and, as applicable, shall cause the other LENSAR Entities to diligently conduct, at its sole cost and expense, the defense of the LENSAR Actions and any applicable future LENSAR Actions; notify PDL of material litigation developments related to the LENSAR Actions; and agree not to file any cross claim or institute separate legal proceedings against PDL in relation to the LENSAR Actions. Upon the settlement or judgment of any LENSAR Action, LENSAR shall in good faith determine an equitable apportionment of such settlement or judgment as between LENSAR and PDL. If PDL provides

LENSAR with a written notice of PDL's objection to LENSAR's allocation of Liability within 60 days of receipt of that allocation, LENSAR and PDL shall endeavor in good faith to negotiate a mutually agreeable allocation of such Liability. If PDL and LENSAR have not reached a mutually agreeable allocation of such Liability within 90 days of LENSAR's receipt of such objection notice, either PDL or LENSAR may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article VIII herein.

b. As of the Distribution Date, PDL shall, and, as applicable, shall cause the other PDL Entities to diligently conduct, at its sole cost and expense, the defense of the PDL Actions, including and any applicable future PDL Actions; notify LENSAR of material litigation developments related to the PDL Actions; agree not to file any cross claim or institute separate legal proceedings against LENSAR in relation to the PDL Actions. Upon the settlement or judgment of any PDL Action, PDL shall in good faith determine an equitable apportionment of the settlement or judgment as between PDL and LENSAR. If LENSAR provides PDL with a written notice of LENSAR's objection to PDL's allocation of Liability within 60 days of receipt of that allocation, PDL and LENSAR shall endeavor in good faith to negotiate a mutually agreeable allocation of such Liability. If LENSAR and PDL have not reached a mutually agreeable allocation of such Liability within 90 days of PDL's receipt of such objection notice, either LENSAR or PDL may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article VIII herein.

c. Each of PDL and LENSAR agrees that at all times from and after the Effective Time, if an Action currently exists or is commenced by a third party with respect to which a Party (or any Entity affiliated with such Party) is a named defendant but such Action is otherwise not a Liability allocated to such named Party under this Agreement or any Ancillary Agreement, then the other Party shall use commercially reasonable efforts to cause the named but not liable defendant to be removed from such Action.

d. Notwithstanding anything in this Section 6.1 to the contrary, PDL shall have the right to participate in the defense of any LENSAR Action from which it has not been removed, and to be represented by attorneys of its own choosing and at its sole cost and expense and LENSAR shall have the right to participate in the defense of any PDL Action from which it has not been removed, and to be represented by attorneys of its own choosing and at its sole cost and expense.

e. LENSAR shall indemnify and hold harmless PDL and the other PDL Entities against LENSAR Liabilities arising in connection with any Action, and PDL shall indemnify and hold harmless LENSAR and the other LENSAR Entities against PDL Liabilities arising in connection with any Action, in each case, in accordance with the indemnification provisions of Article V.

f. Joint Actions.

i. As of the Distribution Date, PDL shall, and, as applicable, shall cause the other PDL Entities to diligently conduct the defense of the Joint Actions and any applicable future Joint Actions; notify LENSAR of material litigation developments

related to the Joint Actions; and agree not to file any cross claim or institute separate legal proceedings against LENSAR in relation to the Joint Actions; provided, however, that if it becomes clear that a Joint Action relates primarily to the LENSAR Business then from and after such time such Joint Action shall instead be deemed to be a LENSAR Action subject to Section 6.1(a) above, and LENSAR shall promptly reimburse PDL for any costs or expenses incurred by PDL in connection with such Joint Action pursuant to Section 6.1(f)(iii); provided, further, that if it becomes clear that a Joint Action relates primarily to the PDL Business then from and after such time such Joint Action shall instead be deemed to be a PDL Action subject to Section 6.1(b) above, and PDL shall promptly reimburse LENSAR for any costs or expenses incurred by LENSAR in connection with such Joint Action pursuant to Section 6.1(f)(iii). PDL and LENSAR shall regularly meet to review and discuss the progress of the Joint Actions and the classification thereof.

ii. In a Joint Action, LENSAR shall have the right to employ separate counsel to represent it and the other LENSAR Entities if LENSAR shall have reasonably concluded that there may be a legal defense available to the LENSAR Entities that are different from or in addition to those available to PDL, representation of both PDL (or any PDL Entity) and LENSAR (or any LENSAR Entity) by the same counsel would be inappropriate due to actual or potential differing interests between them, or the Joint Action involves a claim for equitable relief which would restrict or limit the future conduct of LENSAR (or any LENSAR Entity) or LENSAR's (or any LENSAR Entity's) business or operations, in which case fees and expenses of such counsel incurred by LENSAR shall be included in the amounts allocated by Section 6.1(f)(iv). Otherwise, LENSAR shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement of any Joint Action, at its own expense. In the event of a conflict in the procedures described in this Section 6.1(f)(ii) and the procedures set forth in Sections 5.3(a)-(e), the terms of this Section 6.1(f)(ii) will control.

iii. PDL shall initially pay all joint attorneys', accountants', consultants', expert witnesses' and other professionals' fees and expenses and all other out-of-pocket costs incurred on behalf of itself and LENSAR in the investigation, defense and/or evaluation of a Joint Action ("Litigation Expenses"). PDL shall periodically furnish to LENSAR copies of invoices paid by PDL for Litigation Expenses. Within 30 days of LENSAR's receipt of such invoices, LENSAR shall pay PDL an amount equal to one-half of the Litigation Expenses (or such other share of the Litigation Expenses as reasonably determined by PDL), representing LENSAR's estimated share of the Litigation Expenses. For each Joint Action, within 60 days of the final determination of LENSAR's allocation of Liability pursuant to Section 6.1(f)(iv) below, PDL shall provide to LENSAR a proposed allocation of the Litigation Expenses between PDL and LENSAR, calculated to be in proportion to PDL's and LENSAR's respective allocated Liability for the settlement or judgment of the Joint Action. If LENSAR does not object to the proposed allocation within 60 days, LENSAR shall pay to PDL, or PDL shall pay to LENSAR, the amount necessary to true up the amounts contributed by each company

to match the allocation of the Litigation Expenses. If LENSAR provides PDL with a written notice of objection to PDL's allocation of Litigation Expenses within such 60 days, PDL and LENSAR shall endeavor in good faith to negotiate a mutually agreeable allocation of such Litigation Expenses. If LENSAR and PDL have not reached a mutually agreeable allocation of such Litigation Expenses within 90 days of PDL's receipt of such objection notice, either LENSAR or PDL may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article VIII.

iv. PDL shall propose an allocation of Liability for any judgment or settlement of a Joint Action, based upon, if available, the allocation identified by a court verdict or, in the event of a settlement, the settling counterparty (i.e., the third party that PDL and/or LENSAR is entering into a settlement with). If neither is available, PDL shall in good faith determine an equitable apportionment of Liability as between PDL and LENSAR based on the portion of Liability relating primarily to each of the PDL Business and LENSAR Business, respectively. If LENSAR provides PDL with a written notice of objection to PDL's allocation of Liability within 60 days of receipt of that allocation, PDL and LENSAR shall endeavor in good faith to negotiate a mutually agreeable allocation of such Liability. If LENSAR and PDL have not reached a mutually agreeable allocation of such Liability within 90 days of PDL's receipt of such objection notice, either LENSAR or PDL may request in writing to the other Party that such allocation be resolved through the dispute resolution mechanism provided in Article VIII herein.

ARTICLE VII. ACCESS TO INFORMATION

Section 7.1 Provision of Corporate Records.

a. Except as provided in the Tax Matters Agreement, at all times from and after the Distribution Date, upon the prior written request by LENSAR for specific and identified agreements, documents, books, records or files including accounting and financial records (collectively, "Records") which relate to LENSAR or the conduct of the LENSAR Business up to the Effective Time, or which LENSAR determines are necessary or advisable for use in any Action or to satisfy audit, accounting, claims, regulatory, litigation or other similar legal or regulatory requirements or to comply with reporting, disclosure, filing or other requirements imposed on LENSAR or its Affiliates by a Governmental Authority, PDL shall arrange, as soon as reasonably practicable following the receipt of such request, to provide appropriate copies of such Records (or the originals thereof if LENSAR has a reasonable need for such originals) in the possession or control of PDL, but only to the extent such items are not already in the possession or control of the requesting Party.

b. Except as provided in the Tax Matters Agreement, at all times from and after the Distribution Date, upon the prior written request by PDL for specific and identified Records which relate to PDL or LENSAR or the conduct of the PDL Business or the LENSAR Business up to the Effective Time, or which PDL determines are necessary or advisable for use in any

Action or to satisfy audit, accounting, claims, regulatory, litigation or other similar legal or regulatory requirements or to comply with reporting, disclosure, filing or other requirements imposed on PDL or its Affiliates (including without limitation under applicable securities and Tax Laws) by a Governmental Authority, LENSAR shall arrange, as soon as reasonably practicable following the receipt of such request, to provide appropriate copies of such Records (or the originals thereof if PDL has a reasonable need for such originals) in the possession or control of LENSAR, but only to the extent such items are not already in the possession or control of the requesting Party.

Section 7.2 Access to Information. From and after the Distribution Date, each of PDL and LENSAR shall afford to the other and its authorized Representatives reasonable access during normal business hours, subject to appropriate restrictions for classified, privileged or confidential information, to the Representatives, properties, and Records of, in the possession of or in the control of the non-requesting Party and its Subsidiaries insofar as such access is reasonably required by the requesting Party and relates to such other Party or the conduct of its business prior to the Effective Time.

Section 7.3 Witnesses; Documents and Cooperation in Actions.

a. PDL and LENSAR shall each use commercially reasonable efforts to make available to the other, upon reasonable written request, its and its Subsidiaries' former and then current officers, directors, employees and agents as witnesses and any Records or other documents within its control or which it otherwise has the ability to make available, to the extent that such Person, Records or other documents may reasonably be required in connection with any Action in which the requesting Party or any Entity affiliated with the requesting Party may from time to time be involved, except in the case of any Action in which any LENSAR Entity is adverse to any PDL Entity. The requesting Party shall bear all out-of-pocket expenses in connection therewith.

b. Without limiting any provision of this Section 7.3, each Party shall, and shall cause each Entity affiliated with such Party to, cooperate and consult, to the extent reasonably necessary with respect to any Actions.

c. In connection with any matter contemplated by this Section 7.3, the Parties will enter into a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any PDL Entity and any LENSAR Entity.

Section 7.4 Confidentiality.

a. PDL and the PDL Subsidiaries on the one hand, and LENSAR on the other hand, shall not use or permit the use of and shall keep, and shall cause their respective Representatives to keep, confidential all information concerning the other Party in their possession, their custody or under their control to the extent such information, relates to or was acquired during the period up to the Effective Time, relates to any Ancillary Agreement, is obtained in the course of performing services for the other Party pursuant to any Ancillary Agreement or is based upon or is derived from information described in the preceding clauses (i), (ii) or (iii), and each Party

shall not (without the prior written consent of the other) otherwise release or disclose such information to any other Person, except such Party's auditors, attorneys, consultants and advisors, unless compelled to disclose such information by judicial or administrative process or unless such disclosure is required by Law and such Party has used commercially reasonable efforts to consult with the other affected Party or Parties prior to such disclosure. Each Party shall be deemed to have satisfied its obligation to hold confidential any information concerning or owned by the other Party or any Entity affiliated with the other Party, if it exercises the same care as it takes to preserve confidentiality for its own similar information. The covenants in this Section 7.4 shall survive the transactions contemplated by this Agreement and shall continue indefinitely; provided, however, that the covenants in this Section 7.4 shall terminate with respect to any information not constituting a trade secret under applicable Law on the third anniversary of the later of the Distribution Date or the date on which the Party subject to such covenants with respect to such information receives it (but any such termination shall not terminate or otherwise limit any other covenant or restriction regarding the disclosure or use of such information under any Ancillary Agreement or other agreement, instrument or legal obligation). This Section 7.4 shall not apply to information (A) that has been in the public domain through no fault of such Party, (B) that has been later lawfully acquired from other sources by such Party, provided that such source is not known to be (or have been) bound by a confidentiality agreement, (C) the use or disclosure of which is permitted by this Agreement or any other Ancillary Agreement or any other agreement entered into pursuant hereto, (D) that is immaterial and its disclosure is required as part of the conduct of that Party's business and would not reasonably be expected to be detrimental to the interests of the other Party or (E) that the other Party has agreed in writing may be so used or disclosed.

b. If any Party, or any Entity affiliated with such Party, either determines that it is required to disclose pursuant to applicable Law, or receives any demand under lawful process or from any Governmental Authority to disclose or provide, information of the other Party (or of any Entity affiliated with the other Party) that is subject to the confidentiality provisions of Section 7.4(a), such Party shall notify the other Party prior to disclosing or providing such information and shall cooperate at the expense of the requesting Party in seeking any reasonable protective arrangements requested by such other Party. Subject to the foregoing, the Person that received such request may thereafter disclose or provide such information if and to the extent required by such Law or by lawful process or such Governmental Authority; provided, however, that the Person shall only disclose such portion of the information as required to be disclosed or provided.

Section 7.5 Privileged Matters. Except as may be otherwise provided in an Ancillary Agreement, the Parties recognize that legal and other professional services that have been and will be provided prior to the Distribution Date have been and will be rendered for the benefit of the PDL Entities and the LENSAR Entities, and that each of the PDL Entities, and each of the LENSAR Entities should be deemed to be the client for the purposes of asserting all privileges which may be asserted under applicable Law. To allocate the interests of each Party in the information as to which any Party is entitled to assert a privilege, the Parties agree as follows:

a. PDL shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the PDL Business (other than with respect to Liabilities as to which LENSAR is required to provide indemnification under Article V or Article VI), whether or not the privileged information is in the possession of or under the control of PDL, LENSAR or any other Entity. PDL shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information that relates solely to the subject matter of any claims constituting PDL Liabilities, or other Liabilities as to which it is required to provide indemnification under Article V or Article VI, now pending or which may be asserted in the future, whether or not the privileged information is in the possession of or under the control of PDL, LENSAR or any other Entity.

b. LENSAR shall be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the LENSAR Business (other than with respect to Liabilities as to which PDL is required to provide indemnification under Article V or Article VI), whether or not the privileged information is in the possession of or under the control of PDL, LENSAR or any other Entity. LENSAR shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges in connection with privileged information which relates solely to the subject matter of any claims constituting LENSAR Liabilities, or other Liabilities as to which it is required to provide indemnification under Article V or Article VI, now pending or which may be asserted in the future, in any lawsuits or other proceedings initiated against or by LENSAR, whether or not the privileged information is in the possession of or under the control of PDL, LENSAR or any other Entity.

c. The Parties agree that they shall have a shared privilege, with equal right to assert or waive, subject to the restrictions in this Section 7.5, with respect to all privileges not allocated pursuant to the terms of Sections 7.5(a) and 7.5(b).

d. No Party may waive any privilege which could be asserted under any applicable Law, and in which the other Party has a shared privileged, without the consent of the other Party, which consent shall not be unreasonably withheld or delayed, except to the extent reasonably required in connection with any Third-Party Claims or as provided in subsection (e) below. Consent shall be in writing, or shall be deemed to be granted unless written objection is made within 20 days after notice upon the other Party requesting such consent.

e. In the event of any litigation or dispute between or among the Parties, any Party and a Subsidiary of the other Party, or a Subsidiary of one Party and a Subsidiary of the other Party, either such Party may waive a privilege in which the other Party has a shared privilege, without obtaining the consent of the other Party, provided, however, that such waiver of a shared privilege shall be effective only as to the use of information with respect to the litigation or dispute between the Parties and/or their Subsidiaries, and shall not operate as a waiver of the shared privilege with respect to any Third-Party Claims.

f. If a dispute arises between or among the Parties or their respective Subsidiaries regarding whether a privilege should be waived to protect or advance the interest of any Party, each Party agrees that it shall negotiate in good faith, shall endeavor to minimize any prejudice to

the rights of the other Party, and shall not unreasonably withhold consent to any request for a waiver by the other Party. Each Party hereto specifically agrees that it will not withhold consent to a waiver for any purpose except to protect its own legitimate interests.

g. Upon receipt by any Party or by any Subsidiary thereof of any subpoena, discovery or other request which arguably calls for the production or disclosure of information subject to a shared privilege or as to which another Party has the sole right hereunder to assert a privilege, or if any Party obtains knowledge that any of its or any of its Subsidiaries' current or former Representatives have received any subpoena, discovery or other request which arguably calls for the production or disclosure of such privileged information, such Party shall promptly notify the other Party of the existence of the request and shall provide the other Party a reasonable opportunity to review the information and to assert any rights it or they may have under this Section 7.5 or otherwise to prevent the production or disclosure of such privileged information.

h. The transfer of all Records and other information pursuant to this Agreement is made in reliance on the agreement of PDL and LENSAR, as set forth in Sections 7.1(a), 7.4, and 7.5, to maintain the confidentiality of privileged information and to assert and maintain all applicable privileges. The access to information being granted pursuant to Sections 7.1, 7.1(a), and 7.3 hereof, the agreement to provide witnesses and individuals pursuant to Sections 7.1(a) and 7.3 hereof, the furnishing of notices and documents and other cooperative efforts contemplated by Section 7.3 hereof, and the transfer of privileged information between and among the Parties and their respective Subsidiaries, Affiliates and Representatives pursuant to this Agreement shall not be deemed a waiver of any privilege that has been or may be asserted under this Agreement or otherwise.

Section 7.6 Ownership of Information. Any information owned by one Party or any of its Subsidiaries that is provided to a requesting Party pursuant to this Article VII shall be deemed to remain the property of the providing Person. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such information.

Section 7.7 Cost of Providing Records and Information. A Party requesting Records, information or access to Representatives, witnesses or properties, under this Article VII, agrees to reimburse the other Party and its Subsidiaries for the reasonable out-of-pocket costs, if any, incurred in seeking to satisfy the request of the requesting Party.

Section 7.8 Retention of Records. Except as provided in the Tax Matters Agreement or when a longer retention period is otherwise required by Law or agreed to in writing, the PDL Entities and the LENSAR Entities shall retain all Records relating to the PDL Business and the LENSAR Business as of the Effective Time for the periods of time provided in each Party's record retention policy (with respect to the documents of such Party and without regard to the Distribution or its effects) as in effect on the Distribution Date. Notwithstanding the foregoing, in lieu of retaining any specific Records, PDL or LENSAR may offer in writing to deliver such Records to the other and, if such offer is not accepted within 90 days, the offered Records may be destroyed or otherwise disposed of at any time. If a recipient of such offer shall request in writing prior to the scheduled date for such destruction or

disposal that any of Records proposed to be destroyed or disposed of be delivered to such requesting Party, the Party proposing the destruction or disposal shall promptly arrange for delivery of such of the Records as was requested (at the cost of the requesting Party).

Section 7.9 Other Agreements Providing for Exchange of Information. The rights and obligations granted under this Article VII are subject to any specific limitations, qualifications or additional provisions on cooperation, access to information, privilege and the sharing, exchange or confidential treatment of information set forth in any Ancillary Agreement or in any other agreement to which a PDL Entity and a LENSAR Entity are parties.

Section 7.10 Policies and Best Practices. Without representation or warranty, LENSAR and PDL shall continue to be permitted to share, on a confidential basis, “best practices” information and materials (such as policies, workflow templates and standard form contracts).

Section 7.11 Compliance with Laws and Agreements. Nothing in this Article VII shall be deemed to require any Person to provide any information if doing so would, in the opinion of counsel to such Person, be inconsistent with any legal or constitutional obligation applicable to such Person.

ARTICLE VIII. DISPUTE RESOLUTION

Section 8.1 Agreement Disputes. Except as specifically provided in any Ancillary Agreement, any controversy, dispute or claim arising out of, in connection with, or in relation to the interpretation, performance, nonperformance, validity, termination, enforcement or breach of this Agreement, or otherwise arising out of, or in any way related to this Agreement or the transactions contemplated hereby, including any claim based on contract, tort, statute or constitution (collectively, “Agreement Disputes”) shall be determined by binding arbitration according to the following provisions, as the sole and exclusive means of resolving such dispute, claim or controversy.

Section 8.2 Negotiation. In the event either Party identifies an Agreement Dispute, it shall provide written notice thereof to the other Party identifying with reasonable particularity the facts which support the asserted dispute and the particular contractual provision at issue. Receipt of such notice by the other Party shall trigger a 30-day informal resolution process during which both Parties, through their designated representatives, shall attempt to resolve such Agreement Dispute in an amicable manner.

Section 8.3 Arbitration. In the event the Agreement Dispute remains unresolved at the end of such 30-day period, the Parties agree to seek to resolve such Agreement Dispute by arbitration administered by Judicial Arbitration and Mediation Services, Inc. (“JAMS”) pursuant to its Comprehensive Arbitration Rules and Procedures (the “JAMS Rules”), conducted in Chicago, Illinois. For Agreement Disputes with an amount in controversy of less than \$500,000, exclusive of interest or attorneys’ fees, the Agreement Dispute shall be heard and determined by a single arbitrator selected in accordance with the JAMS Rules. For Agreement Disputes with amount in controversy equal to or more than \$500,000, exclusive of interest or attorneys’ fees, there shall be three arbitrators, with each Party appointing one arbitrator and the two party-appointed arbitrators agreeing on a third arbitrator who shall chair the arbitral tribunal. Any arbitrator not appointed within a reasonable time shall be appointed in

accordance with the JAMS Rules. Any controversy concerning the jurisdiction of the arbitrator(s), whether an Agreement Dispute is an arbitrable Agreement Dispute, whether arbitration has been waived, whether an assignee of this Agreement is bound to arbitrate, or as to the interpretation of enforceability of this Article VIII shall be determined by the arbitrator(s). The final award in the arbitration shall be issued no later than six months after the date the arbitration is first filed with JAMS; all deadlines and dates in the arbitration shall be set such that they are consistent with, and shall not interfere with or derogate from, this six-month deadline. This Article VIII shall not preclude either Party from seeking provisional remedies in aid of arbitration from a court of appropriate jurisdiction.

Section 8.4 Choice of Law, Compliance, Enforcement, Costs. In resolving any Agreement Dispute, the Parties intend that the arbitrator(s) shall apply the substantive Laws of the State of Delaware, without regard to any choice of law principles thereof that would mandate the application of the laws of another jurisdiction. The Parties intend that the provisions to arbitrate set forth herein be valid, enforceable and irrevocable, and any award rendered by the arbitrator(s) shall be final and binding on the Parties. Each Party agrees to comply and to cause the Entities affiliated with such Party to comply with any award made in any such arbitration proceedings and agree to enforcement of or entry of judgment upon such award, in any court of competent jurisdiction. The arbitrator's decision shall not be subject to appeal in any forum, but shall be enforceable by Delaware Courts if full compliance has not occurred within 30 days of the arbitrator's written decision. Each Party shall bear its own costs of arbitration including its attorneys' fees, without regard to which Party prevails; provided, that, the non-prevailing Party, as determined and identified by the arbitrator(s), shall bear 100% of costs and fees of the arbitrator(s).

Section 8.5 Confidentiality of Proceedings. Unless otherwise agreed in writing by or among the relevant Parties or permitted by this Agreement, the relevant Parties shall keep, and shall cause the Entities affiliated with them to keep, confidential all matters relating to the arbitration or the award. All negotiations, conferences and discussions pursuant to this Article VIII shall be treated as compromise and settlement negotiations; provided, that such matters may be disclosed to the extent reasonably necessary in any proceeding brought to enforce this agreement to arbitrate or any arbitral award or for entry of a judgment upon the award and to the extent otherwise required by Law or regulatory authority.

Section 8.6 Continuity of Service and Performance. During the course of dispute resolution pursuant to the provisions of this Article VIII, the Parties will continue to provide all other services and honor all other commitments under this Agreement and each Ancillary Agreement with respect to all matters not subject to such dispute resolution.

ARTICLE IX. INSURANCE

Section 9.1 General. Each Insurance Policy owned or maintained by or on behalf of the PDL Entities that relates exclusively to the LENSAR Business ("LENSAR Specific Policies") shall be a LENSAR Asset and the PDL Business shall be a PDL Asset. All other Insurance Policies shall be subject to the provisions of Section 9.2.

Section 9.2 Combined Policies. Each of PDL and LENSAR hereby agrees to use its commercially reasonable efforts to take the following actions, effective in each case prior to or on the Distribution Date (it being understood that LENSAR shall be responsible for all premiums, costs and fees associated with (x) any new Insurance Policies placed for the benefit of LENSAR pursuant to this Section 9.2 and (y) any incremental increase in any Insurance Policy's premiums, costs and fees associated with the prior acts coverage or with the transitional services coverage relating to the Transition Services Agreement):

a. each Insurance Policy listed in Schedule 9.2(a) (the "Occurrence Based Policies") shall be cancelled or endorsed such that separate policies for each of PDL and LENSAR shall be acquired on substantially similar terms, or such other terms as elected by the applicable insured party, as the Occurrence Based Policies (other than with respect to limits, retentions and deductibles, as applicable); and

b. each Insurance Policy listed in Schedule 9.2(b) (the "Claims Made Policies" and together with the Occurrence Based Policies, the "Combined Policies") shall be cancelled or endorsed such that separate claims made policies for LENSAR shall be acquired on substantially similar terms, or such other terms as elected by the applicable insured party, as the Claims Made Policies (other than with respect to limits, retentions and deductibles, as applicable), with retroactive dates under each such policy that are the same retroactive dates under the corresponding PDL Claims Made Policy for each of the insureds to be covered under the respective policies of PDL and LENSAR.

Section 9.3 D&O Policies.

a. LENSAR shall cause directors and officers Insurance Policies to be put in place as of the Distribution Date for the benefit of directors and officers of the LENSAR Entities (it being understood that LENSAR shall be responsible for all premiums, costs and fees associated with such policies).

b. For the six-year period commencing immediately after the Distribution Date, PDL shall maintain in effect coverage for claims that arise out of, or are primarily related to, the LENSAR Assets, serving as a director or officer of the LENSAR Entities, or the operation of the LENSAR Business prior to the Distribution Date, with respect to those Persons who are currently covered by the PDL Entities' existing directors and officers Insurance Policies, on terms and at limits no less favorable than the coverage currently provided under such policies.

c. All premiums and commissions due with respect to the coverage under 9.3(b) shall be paid by PDL.

Section 9.4 Pre-Distribution Claims.

a. With respect to existing occurrence based policies and (to the extent such claims have been or are drawn back to a period prior to the Distribution Date) claims made policies, for any claim asserted against any LENSAR Entity after the Distribution Date arising out of an occurrence or Loss taking place prior to the Distribution Date ("Pre-Distribution Claim"), the

applicable LENSAR Entity may access coverage under the Insurance Policies under which the applicable LENSAR Entity is (or was) insured and PDL shall cooperate with the applicable LENSAR Entity in connection with the tendering of such claims.

b. In the event that a Pre-Distribution Claim relates to the same occurrence for which any PDL Entity is seeking coverage under an Insurance Policy, and the limits under the applicable Insurance Policy are not sufficient to fund all covered claims of the applicable PDL Entity and the applicable LENSAR Entity, amounts due under such Insurance Policy shall be paid to the respective Entities in proportion to the amounts which otherwise would be due were the limits of liability infinite.

c. After the Distribution Date, any third-party administrator fees and deposits related to claims made under any Insurance Policy shall be paid in accordance with the protocol historically used prior to the Distribution Date.

Section 9.5 Retentions/Deductibles.

a. For any Pre-Distribution Claim made after the Distribution Date, all amounts necessary to exhaust or otherwise satisfy all applicable retentions, deductibles or other amounts not covered by such policy shall be:

- i. paid by PDL to the extent such claim relates exclusively to the PDL Business;
- ii. paid by LENSAR to the extent such claim relates exclusively to the LENSAR Business;
- iii. split equitably between PDL and LENSAR, as determined in PDL's reasonable discretion, for all other claims, including any claim relating to general corporate matters; or

iv. LENSAR shall comply with all terms and conditions of all policies covering or potentially covering any Pre-Distribution Claims. LENSAR will cooperate with PDL, its counsel and its insurance broker concerning obtaining and maintaining coverage for Pre-Distribution Claims.

b. LENSAR shall be permitted to determine whether to settle any claim for which LENSAR is required to pay any applicable deductibles or retentions pursuant to Section 9.5(a)(ii); provided that, LENSAR shall not enter into any such settlement without the consent (not to be unreasonably withheld, conditioned or delayed) of PDL if the settlement (i) has the effect of permitting any injunction, declaratory judgment, other order or other non-monetary relief to be entered, directly or indirectly, against any PDL Entity, (ii) does not release the PDL Entities from all liabilities and obligations with respect to such claim, (iii) includes an admission of guilt or liability on behalf of any of the PDL Entities, or (iv) is otherwise prejudicial to any PDL Entity.

c. For the avoidance of doubt, any dispute between the Parties arising out of or related to this Section 9.5 shall be subject to the dispute resolution provisions of Article VIII.

Section 9.6 Unearned Premium. PDL shall be entitled to its respective interest in any unearned premium paid by any insurer as a result of the cancellation or endorsement of any of the Combined Policies pursuant to Section 9.2(a) or Section 9.2(b), or the D&O Policies pursuant to Section 9.3.

Section 9.7 Expirations and Renewals. With respect to any Combined Policy that expires prior to the Distribution Date, PDL shall, in its sole discretion, take any of the following actions: allow the policy to expire and place separate policies for PDL and LENSAR in accordance with Section 9.2, as applicable, extend the policy through the Distribution Date or renew the policy.

Section 9.8 Copies of Policies. As soon as reasonably practical following the Distribution Date, PDL, at its own expense, shall provide to LENSAR copies of all LENSAR Specific Policies and all Combined Policies. At any time after the Distribution Date, upon the reasonable request of LENSAR, PDL shall provide to LENSAR copies of all other documents related to any LENSAR Specific Policies or any Combined Policies (in each case, including without limitation, certificates of insurance, insurer quotes and documents provided to underwriters).

ARTICLE X. MISCELLANEOUS

Section 10.1 Complete Agreement; Construction. This Agreement, including the Schedules, and the Ancillary Agreements shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

Section 10.2 Ancillary Agreements. Except as may be expressly stated herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Ancillary Agreements.

Section 10.3 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party.

Section 10.4 Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Date.

Section 10.5 Distribution Expenses. Except as set forth on Schedule 10.5 or as otherwise expressly set forth in this Agreement or any Ancillary Agreement, all costs and expenses incurred on or prior to the Distribution Date (whether or not paid on or prior to the Distribution Date) in connection with the preparation, execution, delivery, printing and implementation of this Agreement and any Ancillary Agreement, the Registration Statement, the Distribution and the consummation of the transactions contemplated thereby, shall be charged to and paid by PDL. Except as set forth on

Schedule 10.5, such expenses shall be deemed to be PDL Liabilities. Except as otherwise set forth in this Agreement or any Ancillary Agreement, each Party shall bear its own costs and expenses incurred after the Distribution Date. Any amount or expense to be paid or reimbursed by any Party to any other Party shall be so paid or reimbursed promptly after the existence and amount of such obligation is determined and written demand therefor is made.

Section 10.6 Notices. All notices and other communications hereunder shall be in writing, shall reference this Agreement and shall be hand delivered or mailed by registered or certified mail (return receipt requested) to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To PDL BioPharma, Inc.:

PDL BioPharma, Inc.
932 Southwood Boulevard
Incline Village, Nevada 89451
Attention: General Counsel
Tel: (775) 832-8500
Fax: 775-832-8501

To LENSAR, Inc.:

LENSAR, Inc.
2800 Discovery Drive
Orlando, Florida 32826
Attention: General Counsel
Tel: (888) 536-7271
Fax: 407-386-7228

Section 10.7 Waivers. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof.

Section 10.8 Amendments. Subject to the terms of Sections 10.11 and 10.13 hereof, this Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.

Section 10.9 Assignment. This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, however, that either Party may assign this Agreement to a purchaser of all or substantially all of the properties and assets of such Party so long as such purchaser expressly assumes, in a written instrument in form reasonably satisfactory to the non-assigning Party, the due and punctual performance or observance of every agreement and covenant of this Agreement on the part of the assigning Party to be performed or observed.

Section 10.10 Successors and Assigns. The provisions to this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

Section 10.11 Termination. This Agreement (including Article V hereof) may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Distribution by and in the sole discretion of PDL without the approval of LENSAR or the stockholders of PDL. In the event of such termination, no Party shall have any liability of any kind to any other Party or any other Person. After the Distribution, this Agreement may not be terminated except by an agreement in writing signed by the Parties; provided, however, that Article V shall not be terminated or amended after the Distribution in respect of a Third Party beneficiary thereto without the consent of such Person.

Section 10.12 Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any entity that is contemplated to be a Subsidiary of such Party after the Distribution Date.

Section 10.13 Third-Party Beneficiaries. Except as provided in Section 3.12 for the release of any Person provided thereunder, as provided in Article V relating to Indemnitees, and as specifically provided in any Ancillary Agreement, this Agreement and the Ancillary Agreements are solely for the benefit of the Parties and their respective Subsidiaries and Affiliates and shall not be deemed to confer upon any other Person any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 10.14 Title and Headings. Titles and headings to Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 10.15 Schedules. The Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein

Section 10.16 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware applicable to Contracts made and to be performed in the state of Delaware.

Section 10.17 Waiver of Jury Trial. The Parties hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement.

Section 10.18 Specific Performance. From and after the Distribution, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party to this Agreement who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that, from and after the Distribution, the remedies at Law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any loss, that any defense in any action for specific performance that a

remedy at Law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.

Section 10.19 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

PDL BioPharma, Inc.

By: _____
Name: Dominique Monnet
Title: President and Chief Executive Officer

LENSAR, Inc.

By: _____
Name: Nicholas Curtis
Title: Chief Executive Officer

[Signature Page to Separation and Distribution Agreement]

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this “Agreement”) is made and entered into as of September 30, 2020, by and between PDL BioPharma, Inc., a Delaware corporation (“PDL”) and LENSAR, Inc., a Delaware corporation (“LENSAR”). PDL and LENSAR are referred to herein individually as a “Party”, and collectively as the “Parties.”

RECITALS:

WHEREAS, PDL and LENSAR have entered into that certain Separation and Distribution Agreement, dated September 30, 2020 (the “Separation Agreement”), pursuant to which the business of LENSAR and the LENSAR Subsidiaries (the “Acquired Business”) will be separated from the remaining businesses of PDL (the “Retained Business”); and

WHEREAS, to facilitate the transactions contemplated by the Separation Agreement, the Parties deem it to be appropriate and in their best interests that each Party and its Affiliates provide certain services to the other Party on a transitional basis pursuant to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which are hereby acknowledged, the Parties agree as follows:

ARTICLE I. DEFINITIONS

Section 1.1 Definitions. With respect to any Service (as defined below), the Party that is, or whose Subsidiary is, receiving such Service is referred to as the “Recipient” and the Party providing such Service is referred to as the “Provider.” The Acquired Business or the Retained Business may sometimes be referred to herein as the applicable Recipient’s “Business.” Other capitalized terms used but not defined herein shall have the meanings assigned thereto in the Separation Agreement. In the case of capitalized terms defined herein by definitions inconsistent with the definitions ascribed to such terms in the Separation Agreement, the definitions provided herein shall control for the purposes of this Agreement.

ARTICLE II. SERVICES

Section 2.1 Transition Services.

a. On the terms and subject to the conditions of this Agreement, PDL shall provide the transition services to the Acquired Business as set forth in Exhibit A and LENSAR shall provide the transition services to the Retained Business as set forth in Exhibit B (collectively, the “Transition Services”).

b. The Transition Services provided under this Agreement will be provided at a substantially similar level (type, frequency, quality, timeliness) and in a substantially similar manner as such services were performed by the Retained Business for the benefit of the Acquired Business or by the Acquired Business for the benefit of the Retained Business, in each case over the twelve (12) month period immediately prior to the Distribution Date (the “Reference Period”).

c. Provider may perform its obligations through its Affiliates and/or Persons that are unaffiliated with any Party (each, a “Third Party”); provided that Provider shall not be relieved of its obligations under this Agreement by use of such Affiliates and/or Third Parties and shall be responsible for compliance with the terms hereof by such Affiliates and/or Third Parties.

d. Without limiting Provider’s obligations pursuant to Section 2.1(b) or otherwise under this Agreement, Recipient acknowledges that Provider may be providing similar services and/or services that involve the same resources as those used to provide the Transition Services to its other businesses, Affiliates and/or Third Parties.

e. Provider may suspend any or all of the Transition Services to the extent and for the period it determines in good faith that the provision of such Transition Service(s) hereunder would violate any Law applicable to Provider. If Provider becomes aware of any such actual or potential violation, Provider shall promptly notify Recipient in writing of such violation and the Parties shall work together in good faith to seek and implement a reasonable alternative arrangement that resolves such violation, including provision of the applicable Transition Service through a Third Party. For the avoidance of doubt, Recipient shall not be obligated to pay any Fees (as defined below) or costs in connection with any such suspended Transition Services during the period such services are not provided (other than Fees and reimbursable costs owed for such Transition Services rendered by but not paid for prior to such suspension).

f. Recipient acknowledges and agrees that Provider is not in the business of providing services and that the Transition Services will be provided by Provider to Recipient in connection with, and in order to facilitate, the Spin-Off. This Agreement is not intended by the Parties to have Provider manage and operate the Recipient’s Business or to have any fiduciary duties with respect to Recipient or the Recipient’s Business.

Section 2.2 Omitted Transition Services. If Recipient reasonably determines that there are additional services that were provided by Provider to the Recipient’s Business during the Reference Period and are necessary to conduct the Recipient’s Business but were not included in the Transition Services set forth in Exhibit A or Exhibit B, as applicable (each such service an “Omitted Transition Service”), then Recipient may provide written notice thereof to Provider requesting such additional services. Upon receipt of such a notice by Provider, the Parties shall negotiate in good faith an amendment to Exhibit A or Exhibit B, as applicable, setting forth the Omitted Transition Service, the terms and conditions for the provision of such Omitted Transition Service, the duration for such Omitted Transition Service, and the Fees payable by Recipient for such Omitted Transition Service, all of which shall be commercially reasonable and pursuant to which such Omitted Transition Service shall become a “Transition Service” for all purposes of this Agreement.

Section 2.3 Additional Services. Recipient may request that Provider provide any additional service that does not qualify as an Omitted Transition Service (each, an “Additional Service”), provided that the Provider shall have no obligation to provide such Additional Service and, if Provider tentatively agrees to provide such Additional Service, such service shall be conditioned on the Parties reaching mutual agreement with respect to the terms and conditions for the provision of such Additional Service (including the duration) and the Fees payable by Recipient for such service. If the Parties mutually agree on such terms and conditions and Fees, such Additional Service shall become a “Transition Service” for all purposes of this Agreement.

Section 2.4 Consents.

a. At Recipient’s sole cost and expense, Provider and Recipient shall, and Provider shall cause its Affiliates to, cooperate and exercise commercially reasonable efforts to obtain (i) all consents, approvals or authorizations (the “Consents”) for any necessary software or other Intellectual Property that is not owned by Provider or its Affiliates or otherwise not allowed to be used by or transferred to unaffiliated entities and is related to the provision of the Transition Services sufficient to enable Provider, its Affiliate or a Third Party to perform the Transition Services in accordance with this Agreement and (ii) all other Consents to allow Provider to provide the Transition Services and to allow Recipient to access and use the Transition Services (collectively, the “Required Consents”).

b. In the event that any Required Consent is not obtained, then, unless and until such Required Consent is obtained, the Parties shall cooperate with each other in achieving a reasonable alternative arrangement for Recipient to continue to operate the Recipient’s Business and for Provider to perform Transition Services (if possible), in each case, in a manner that does not increase the costs to Provider in providing such Transition Services. Any cost or expense incurred in connection with obtaining a Required Consent or achieving a reasonable alternative arrangement shall be the responsibility of Recipient.

Section 2.5 Standard for Transition Services. In addition to the standards set forth in Section 2.1(b), Provider shall at all times perform the Transition Services with reasonable care and in compliance with applicable Laws in all material respects.

Section 2.6 Provision of Services.

a. Employment and Supervision. Provider shall have the sole responsibility to employ, pay, supervise, direct and discharge all of its personnel, and to supervise and direct its Affiliates and Third Parties, used in its provision of Transition Services hereunder. Provider shall be solely responsible for the payment of all employee benefits and any other direct and indirect compensation for any of its personnel assigned to perform services under this Agreement, as well as such personnel’s worker’s compensation insurance, employment taxes and other employer liabilities relating to such personnel as required by Law.

b. Independence. Each of Provider and Recipient acknowledges that they are separate entities, each of which has entered into this Agreement for independent business reasons. Provider shall be an independent contractor in connection with the performance of

Transition Services hereunder for any and all purposes (including federal or state tax purposes), and the employees performing Transition Services in connection herewith shall not be deemed to be employees or agents of Recipient and nothing contained herein shall be deemed to create a joint venture or partnership.

Section 2.7 Cooperation. During the Service Term (as defined below), the Parties shall, and shall cause each of their agents and representatives to, cooperate with each other in good faith (a) in the performance of the Transition Services and the Parties' respective obligations under this Agreement and (b) to facilitate an orderly and efficient transition of services, processes and functions as contemplated in this Agreement, and in each case in a manner consistent with the intent of this Agreement and without undue burden on any Party or interference with its business.

Section 2.8 Service Interruption. Upon reasonable written notice to Recipient, Provider shall have the right to temporarily interrupt the provision of Transition Services for routine or emergency maintenance purposes whenever it is the commercially reasonable judgment of Provider that such action is desirable or necessary so long as such maintenance is consistent with Provider's policies and standards applicable to provision of similar services to Provider's own businesses. If maintenance is non-scheduled, with respect to Transition Services provided by Provider, Provider shall notify Recipient as far in advance as reasonably practicable under the circumstances that maintenance is required. Notwithstanding the foregoing, Recipient acknowledges and agrees that there may be some circumstances in which advance notice is not practicable, such as in the case of emergency or unanticipated failure. In such case, Provider shall be relieved of its obligations to provide Transition Services only for the period of time that the relevant facilities or systems are so shut down. Provider shall use commercially reasonable efforts to minimize each period of shut down and to schedule, to the extent reasonably practicable under the circumstances, such period of shut down so as to not materially inconvenience or disrupt the conduct of the Recipient's business. Provider shall consult with Recipient prior to temporary shut downs to the extent reasonably practicable or, if not reasonably practicable, promptly thereafter. This Section 2.8 shall not be applicable to any event that constitutes a Force Majeure Event, which is governed by Section 2.9.

Section 2.9 Force Majeure.

a. If Provider is prevented from or delayed in complying, either totally or in part, with any of the terms or provisions of this Agreement for any reason beyond its reasonable control, including acts of God, acts of war, terrorism or any public enemy, earthquake, fire, flood, natural disaster, epidemic or pandemic, Laws or any judgment, decree, injunction or order of any Governmental Authority (a "Force Majeure Event"), then upon notice to Recipient, which shall be provided as promptly as practicable under the circumstances, the affected provisions and/or other requirements of this Agreement shall be suspended during the period of such disability and Provider shall not have any liability to any Person in connection therewith with respect to such period. Provider shall use commercially reasonable efforts to promptly remove such disability as soon as reasonably possible and shall use commercially reasonable efforts to provide the Transition Services during such period of disability; provided, however, that nothing in this Section 2.9 will be construed to require the settlement of any strike, walkout, lockout, other labor dispute or any other claim or litigation on terms which, in the reasonable judgment of

Provider, are contrary to its interest. It is understood that the settlement of a strike, walkout, lockout, other labor dispute or any other claim or litigation will be entirely within the discretion of Provider. If Provider is unable to provide any of the Transition Services due to such a disability, the Parties shall use commercially reasonable efforts to cooperatively seek a solution that is mutually satisfactory.

b. Notwithstanding anything in this Agreement to the contrary, the obligation of Provider to resume performance of its obligations hereunder pursuant to this Section 2.9 shall cease to be in effect to the extent and for the period that Recipient has acquired such Transition Services from an alternate source pursuant to this Section 2.9. Recipient shall be free to acquire such Transition Services from an alternate source, at Recipient's sole cost and expense, and without liability to Provider, for the period and to the extent reasonably necessitated by such non-performance and during the continuation of any agreement entered into with the provider of such Transition Service, and for that period that such Transition Service is provided by an alternate source, Provider shall have no obligation to provide such Transition Service to Recipient. For the avoidance of doubt, Recipient shall not be obligated to pay Provider for such Transition Services during the period when Provider is not providing itself, or through an Affiliate or Third Party, such Transition Services.

Section 2.10 Obligations. The provision of Transition Services hereunder is subject to the following:

a. Recipient shall not resell, assign or subcontract any of the Transition Services to any Person whatsoever or permit the use of the Transition Services by any other Person;

b. Provider shall not be liable for any action or inaction taken or omitted to be taken by it, its Affiliate or a Third Party pursuant to, and in accordance with, instructions received from Recipient;

c. Provider may refuse to take any action requested by Recipient if it is not an action required to be taken under this Agreement, and any services provided beyond the scope of the Transition Services shall be billed on such basis as the Parties may mutually agree in accordance with this Agreement;

d. Provider shall have no obligation to perform any Transition Service to the extent that performing such Transition Service is dependent upon, or otherwise requires, Recipient to perform some service, operation or function prior to Provider performing any such Transition Service unless Recipient shall have, in fact, prior to when Provider is required to perform such Transition Service, performed such other service, operation or function consistent with commercially reasonable business practices;

e. the Parties shall, during the term of this Agreement, comply with any applicable Law relating to the Transition Services;

f. In no event shall Provider be obligated under this Agreement to maintain the employment of any specific employee or acquire any additional equipment, software or other resources;

g. the Parties shall not, and shall cause their respective employees not to, break, bypass or circumvent, or attempt to break, bypass or circumvent any security system of any Party hereunder or obtain access to any program or data other than that to which access has been specifically granted; and

h. the Parties shall, and shall cause their respective Representatives and employees to, at all times comply with all physical and technological security rules, policies and procedures of Provider and Recipient, as applicable.

Section 2.11 Modifications. Provider shall have the right to reasonably supplement, modify, substitute or otherwise alter any of the Transition Services from time to time in a manner consistent with supplements, modifications, substitutions or alterations made for similar services provided or otherwise made available by Provider to itself or its Affiliates; provided that the standard set forth in Section 2.1(b) shall not be materially decreased as a result of such supplements, modifications, substitutions or alterations.

ARTICLE III. FEES AND PAYMENT

Section 3.1 Fees and Out-of-Pocket Costs. During the Service Term for any Transition Service, the fees payable by Recipient for such Transition Service (the “Fees”) shall be as set forth on Exhibit A or Exhibit B, as applicable. In the event that Purchaser or any of its Affiliates or Third Party service providers incur reasonable and documented out-of-pocket expenses in the provision of any Transition Service, including, without limitation, license fees, postage or overnight delivery costs, and pre-approved travel expenses, Recipient shall reimburse Provider for all such costs and expenses.

Section 3.2 Invoice and Payment. Provider shall invoice Recipient for amounts due hereunder on a monthly basis, and amounts due hereunder shall be paid by Recipient within thirty (30) days of receipt of the applicable invoice.

Section 3.3 Disputes and Resolution. Recipient shall promptly notify Provider in writing of any amounts billed to it that are in dispute. Upon receipt of such notice, Provider shall research the items in question in a reasonably prompt manner and cooperate with Recipient to resolve any such dispute. Any such dispute shall not relieve Recipient of the obligation to make prompt payment according to the mechanism described in this Article III for any undisputed amounts. In the event that the Parties agree that any amount that was paid by Recipient was not properly owed, Provider shall refund that amount within thirty (30) days of such agreement.

Section 3.4 Taxes. To the extent required by applicable Law, there shall be added to any Fees due under this Agreement, and included on the applicable invoice, and Recipient agrees to pay to Provider, amounts equal to any Taxes, however designated or levied, based upon such Fees, or upon this Agreement or the Transition Services or materials provided under this Agreement, or their use, as

provided by Provider to Recipient hereunder (collectively, “Service Taxes”). Provider agrees to pay any such amounts received by it with respect to any Service Taxes to the appropriate Governmental Authority plus any interest and penalty that may be imposed as the result of Provider not remitting such Service Taxes in a timely manner. In the event any Service Taxes based upon services provided by Provider are not added to an invoice from Provider, Recipient shall be responsible, as applicable, to remit to the appropriate Governmental Authority any additional amounts due including Service Tax, interest and penalty (if the penalty is imposed as a result of Recipient’s payment failure or delay to make payment). If additional amounts are determined to be due on the Transition Services provided to Recipient hereunder as a result of an audit by a Tax jurisdiction, Recipient agrees to reimburse Provider for any additional Tax due, including any interest or penalties (if a penalty or interest is imposed as a result of Recipient’s failure or delay to make payment), unless Recipient has already paid such Tax, interest or penalty itself. The Parties shall use commercially reasonable efforts to cooperate to the extent necessary to obtain any exemption relating to, or reduced rate of, deduction or withholding for or on account of any Taxes. If any Taxes are required to be deducted or withheld from any payments made by Recipient to Provider hereunder, then Recipient shall (a) withhold or deduct the required amount and promptly pay such Taxes to the applicable Tax authority, and (b) pay additional amounts to Provider so that the net amount actually received by Provider after such withholding or deduction of Tax is equal to the amount that Provider would have received had no such withholding or deduction been required. The Parties further agree that no Party shall be required to pay any franchise Taxes, Taxes based on the net income of the other Party or personal property Taxes on property owned or leased by a Party.

Section 3.5 No Right of Set-Off. Neither Party shall have any right under this Agreement to offset any amounts owed (or to become due and owing) to the other Party, whether under this Agreement or otherwise, against any other amount owed (or to become due and owing) to it by the other Party.

ARTICLE VI. DISCLAIMER AND LIMITATION OF LIABILITY

Section 4.1 Disclaimer of Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, EACH PARTY MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE TRANSITION SERVICES TO BE PROVIDED OR RECEIVED BY IT OR OTHERWISE WITH RESPECT TO THIS AGREEMENT.

Section 4.2 Limitation of Damages. EXCEPT IN THE CASE OF THIRD PARTY CLAIMS, NEITHER PARTY SHALL UNDER ANY CIRCUMSTANCES BE LIABLE TO THE OTHER PARTY FOR ANY SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF PROFITS OR REVENUE OR ANY DIMINUTION OF VALUE) RESULTING OR ARISING FROM THIS AGREEMENT, INCLUDING THE TRANSITION SERVICES, ANY PERFORMANCE OR NONPERFORMANCE OF THE TRANSITION SERVICES OR TERMINATION OF THE TRANSITION SERVICES REGARDLESS OF WHETHER SUCH DAMAGES OR OTHER RELIEF ARE SOUGHT BASED ON BREACH OF WARRANTY, BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY, IN TORT (INTENTIONAL OR OTHERWISE), OR ANY OTHER LEGAL OR EQUITABLE THEORY, SUBJECT TO Section 4.4.

Section 4.3 Limitation of Liability. The maximum liability of Provider to, and the sole remedy of, Recipient for breach of this Agreement shall be an amount not to exceed the Fee scheduled to be paid by Recipient to Provider for the particular Transition Service that is the subject of such breach.

Section 4.4 Exclusions From Section 4.2 and 4.3. Neither the limitations of damages set forth in Section 4.2 nor the limitations of liability set forth in Section 4.3 shall apply to (a) a Party's breach of Article VI (Confidentiality) or (b) to a Party's gross negligence, willful misconduct or actual fraud.

ARTICLE V. OWNERSHIP OF ASSETS

Section 5.1 Systems. Any information system, software, computer network, database or data file owned, licensed, leased or provided by or for Provider which is used by Provider or its suppliers on behalf of Provider in connection with provision of any Transition Service, each as modified, maintained or enhanced from time to time by Provider or any relevant Third Party (collectively, the "Systems") shall remain the sole exclusive property of Provider. Except as provided for in Section 5.2 or in any Transaction Document, under no circumstances will Recipient obtain hereunder any ownership right or license (implied or otherwise) in or to (a) any custom development work performed hereunder by Provider, an Affiliate or Third Parties working at the direction of Provider, (b) any intellectual property of Provider, or (c) any Systems used in connection with the Transition Services not owned or licensed by Recipient as of the effective date of this Agreement.

Section 5.2 Intellectual Property. Except with respect to data and intellectual property exclusively created for Recipient as a Transition Service deliverable or as otherwise agreed to by the Parties, as between Provider, on the one hand, and Recipient, on the other hand, all right, title and interest in and to all data and intellectual property developed or provided by Provider in connection with its provision of Transition Services shall be owned exclusively by Provider.

Section 5.3 Other Assets. Except as provided in Section 5.1 and Section 5.2, all procedures, methods, systems, strategies, tools, equipment, facilities and other resources used by a Party, an Affiliate or any relevant Third Party shall remain the property of such party and, except as otherwise provided herein, shall at all times be under the sole direction and control of such Party, Affiliate or Third Party.

ARTICLE VI. CONFIDENTIALITY

Section 6.1 Confidential Information. As used in this Agreement:

a. "Provider Confidential Information" means information owned by or concerning Provider or its Affiliates disclosed in the course of performance of this Agreement, including the terms and conditions of this Agreement, except for:

- i. information that is or becomes generally publicly available (other than through disclosure in breach of this Agreement by Recipient or its Representatives), from and after the date of public availability;
 - ii. information that is independently derived by the Recipient or its Representatives without use of or reference to Provider Confidential Information; or
 - iii. information disclosed to the Recipient or its Representatives by a third party not known to be bound by any confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to Provider or its Representatives; provided that (A) under the circumstances of disclosure, Recipient and its Representatives do not owe a duty of non-disclosure to such third party and (B) the disclosure by such third party is not otherwise unlawful.
- b. “Recipient Confidential Information” means information owned by or concerning Recipient disclosed in the course of performance of this Agreement, including the terms and conditions of this Agreement, except for:
- i. information that is or becomes generally publicly available (other than through disclosure in breach of this Agreement by Provider or its Representatives), from and after the date of public availability;
 - ii. information that is independently derived by Provider or its Representatives without use of or reference to Recipient Confidential Information; or
 - iii. information disclosed to Provider or its Representatives by a third party not known to be bound by any confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to the Recipient or its Representatives; provided that (A) under the circumstances of disclosure, Provider and its Representatives do not owe a duty of non-disclosure to such third party and (B) the disclosure by such third party is not otherwise unlawful.

Section 6.2 Non-Disclosure and Permitted Use. Provider and Recipient shall not, and shall cause their respective Affiliates and each of their and their Affiliates’ Representative not to, disclose to any other Person or use, except for purposes of this Agreement (and only in accordance with applicable laws), any information that is Provider Confidential Information or Recipient Confidential Information, respectively; provided that each Party may disclose Provider Confidential Information or Recipient Confidential Information, as the case may be (a) to its Representatives on a need-to-know basis in connection with the performance of such Party’s obligations under this Agreement, (b) in a regulatory or securities law filing if required to be included therein under applicable laws or, subject to Section 6.3, in response to any summons, subpoena or other legal process or formal or informal investigative demand or regulatory request issued by a Governmental Entity to such Party or its Representatives in the course of any litigation, investigation, inquiry or administrative proceeding, (c) to enforce its rights under this Agreement, or (iv) with the prior written consent of Provider (in the case of disclosure by Recipient) or Recipient (in the case of disclosure by Provider).

Section 6.3 Compelled Disclosure. In the event that Provider, Recipient or any of their respective Representatives (such Person(s), collectively, the “disclosing party”) is required or requested by deposition, interrogatory, request for documents, subpoena, civil investigative demand, regulatory request or similar judicial, regulatory or administrative process to disclose any Provider Confidential Information or Recipient Confidential Information, as the case may be, the disclosing party shall provide Recipient or Provider, as the case may be (the “non-disclosing party”), with prompt prior written notice of such requirement so that the non-disclosing party may seek (at the non-disclosing party’s expense) a protective order or similar remedy to cause Provider Confidential Information or Recipient Confidential Information, as the case may be, not to be disclosed. In the event that such protective order is not sought or other similar remedy is not timely obtained or the non-disclosing party waives compliance with the provisions of this Section 6.3, the disclosing party shall furnish only that portion of Provider Confidential Information or Recipient Confidential Information, as the case may be, that the disclosing party’s legal counsel has advised is required or requested, and shall exercise commercially reasonable efforts to obtain assurance that confidential treatment shall be accorded such disclosed Provider Confidential Information or Recipient Confidential Information, as the case may be, to the extent practicable under the circumstances.

Section 6.4 Survival. The obligations of the Parties and their respective Representatives under this Article VI shall remain in effect indefinitely following the expiration or termination of this Agreement. Nothing in this Article VI shall limit the obligations of confidentiality and non-use set forth in the Separation Agreement.

ARTICLE VII. INDEMNIFICATION

Section 7.1 Indemnification by Recipient. Recipient shall indemnify, defend and hold harmless Provider, its Affiliates and Representatives, and each of the successors and assigns of any of the foregoing (collectively, the “Provider Indemnitees”) from and against any and all Third Party Claims (as defined below) relating to, arising out of or resulting from (a) the provision of the Transition Services by Provider or its designees in accordance with the terms of this Agreement or (b) any other breach of this Agreement by Recipient, in each case, except to the extent the Third Party Claims arise out of any breach by Provider of this Agreement or the gross negligence or willful misconduct of Provider in providing Transition Services hereunder. Provider shall take all commercially reasonable steps to mitigate any such claims upon becoming aware of any event which would reasonably be expected to, or does, give rise thereto, including incurring costs only to the minimum extent necessary to remedy the cause which gives rise to such claim.

Section 7.2 Indemnification by Provider. Provider shall indemnify, defend and hold harmless Recipient, its Affiliates, their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the “Recipient Indemnitees”) from and against any Third Party Claims relating to, arising out of or resulting from (a) gross negligence or willful misconduct on the part of Provider in providing the Transition Services or (b) any breach of this Agreement by Provider, in each case, except to the extent the Third Party Claims arise out of any breach by Recipient of this Agreement. Recipient shall take all commercially reasonable steps to mitigate any such claims upon becoming aware of any event which would reasonably be expected to, or does, give rise thereto,

including incurring costs only to the minimum extent necessary to remedy the cause which gives rise to such claim.

Section 7.3 Indemnification Obligations Net of Insurance Proceeds. The Parties intend that any liability subject to indemnification pursuant to this ARTICLE VII will be net of insurance proceeds actually received, realized or recovered by an Indemnified Party. Accordingly, the amount which any Party (an “Indemnifying Party”) is required to pay to any Person entitled to indemnification hereunder (an “Indemnified Party”) will be reduced or offset by any insurance proceeds theretofore actually received, realized or recovered by or on behalf of the Indemnified Party in reduction of the related liability. If an Indemnified Party receives a payment (an “Indemnity Payment”) required by this Agreement from an Indemnifying Party in respect of any liability and subsequently receives insurance proceeds in respect thereof, then the Indemnified Party will pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the insurance proceeds had been received, realized or recovered before the Indemnity Payment was made.

Section 7.4 Procedures for Indemnification of Third Party Claims.

a. If an Indemnified Party shall receive notice or otherwise learn of the assertion by a third party of any claim or of the commencement by any such third party of any action (collectively, a “Third Party Claim”) with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnified Party pursuant to Section 7.1 or Section 7.2, such Indemnified Party shall give the Indemnifying Party written notice thereof within thirty (30) days after becoming aware of such Third Party Claim. Any such notice shall describe the Third Party Claim in reasonable detail. Notwithstanding the foregoing, the failure of any Indemnified Party to give notice as provided in this Section 7.4(a) shall not relieve the relevant Indemnifying Party of its obligations under this Article VII, except to the extent that such Indemnifying Party is actually materially prejudiced by such failure to give notice.

b. An Indemnifying Party may elect to defend (and to seek to settle or compromise), at such Indemnifying Party’s own expense and by such Indemnifying Party’s own counsel, any Third Party Claim. Within thirty (30) days after the receipt of notice from an Indemnified Party in accordance with Section 7.4(a), the Indemnifying Party shall notify the Indemnified Party of its election whether the Indemnifying Party will assume responsibility for defending such Third Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnified Party of its election to assume the defense of a Third Party Claim, such Indemnified Party shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise, or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnified Party.

c. If an Indemnifying Party elects not to assume responsibility for defending a Third Party Claim, or fails to notify an Indemnified Party of its election as provided in Section 7.4(b), such Indemnified Party may defend such Third Party Claim, at the cost and expense of the Indemnifying Party to the extent indemnifiable hereunder.

d. No Party shall consent to entry of any judgment or enter into any settlement of a Third Party Claim without the consent of the other Party (which consent shall not be unreasonably withheld, delayed or conditioned).

**ARTICLE VIII.
MANAGEMENT OF TRANSITION; DISPUTE RESOLUTION**

Section 8.1 Management. The day to day management of the transition and the provision and receipt of individual Transition Services shall be the responsibility of the contact persons for each functional area named on Exhibit A or Exhibit B, as applicable (“Service Coordinators”). Each Party shall also name a representative with appropriate authority to manage the overall coordination, provision and receipt of the Transition Services and to resolve disputes between the Parties (together, the “Management Representatives”). The initial Management Representatives are named on Exhibit C. Each Party shall have the right at any time and from time to time to replace its Service Coordinators and Management Representative by advising the other Party in writing of any change in accordance with Section 10.1 hereof. The Parties agree that all written communications relating to the provision of any Transition Service shall be directed to the Service Coordinators. Each Party may treat an act of a Service Coordinator or Management Representative on behalf of the other Party as an act authorized by such other Party.

Section 8.2 Dispute Resolution. Any and all disputes, controversies or claims, including any disputes regarding the enforceability of this Agreement, including this provision (each, a “Dispute”) arising under or relating to this Agreement shall be resolved in accordance with the terms of this Section 8.2. Either Party may notify the other of its intent to resolve a Dispute by delivering a written notice to the Service Coordinator of the other Party in accordance with Section 10.1. The written notice shall describe the Dispute in reasonable detail (including references to the sections of this Agreement that are at issue in such Dispute and, if any claim involves an allegation that the other Party has committed a material breach, reasons as to why the Party serving such notice believes such breach to be material) (“Initial Notice”). The Service Coordinators shall then meet and confer in good faith to attempt to resolve the Dispute. If the Dispute is not resolved within ten (10) days following the receipt of the Initial Notice, then either Party may, by a second notice to the other Party, submit such Dispute to the Management Representatives. The Management Representatives shall then meet and confer in good faith to attempt to resolve the Dispute. If the Management Representatives are unable to resolve the Dispute, within ten (10) days following referral of such Dispute to the Management Representatives, then the Parties agree that any Party shall have the right to submit such Dispute to a court of competent jurisdiction in accordance with Section 10.8. For avoidance of doubt, nothing contained in this Section 8.2 shall operate as a restriction on a Party’s rights to terminate this Agreement pursuant to Article IX.

Section 8.3 Equitable Remedies. Nothing contained in Section 8.2 shall restrict or limit any rights that a Party may have to seek injunctive relief (including specific performance) or other equitable relief.

**ARTICLE IX.
TERM AND TERMINATION**

Section 9.1 Term.

a. Term of Agreement. This Agreement shall commence on the date hereof and shall end on the earliest of: (i) the date all Transition Services have expired in accordance with the terms of this Agreement, (ii) the date all Transition Services have been terminated in accordance with the terms of this Agreement, or (iii) the date on which this Agreement is terminated (as a whole) pursuant to its terms.

b. Term of Services. Provider shall provide each Transition Service beginning on the date hereof, or as otherwise set forth in Exhibit A or Exhibit B, as applicable, or agreed to by the Parties in writing, and continuing for a period equal to the service term set forth in Exhibit A or Exhibit B, as applicable, and any extension agreed to by the Parties in writing (the "Service Term"), unless sooner terminated in accordance with the provisions of this Agreement.

Section 9.2 Termination of Services.

a. Termination of Particular Transition Services. Recipient may terminate its right to receive any particular Transition Service for any or no reason, by providing Provider with written notice of termination (the "Termination Notice"), not less than forty five (45) days (or such lesser number of days set forth in Exhibit A or Exhibit B, as applicable, with respect to a specific Transition Service) prior to the date on which services shall be terminated (the "Termination Date") setting forth in reasonable detail the applicable Transition Services to be terminated (the "Terminated Services") and the Termination Date for each Terminated Service. Upon such termination, Recipient's obligation to pay for such Terminated Services beyond the Termination Date will terminate. Notwithstanding the foregoing, no Transition Service that is dependent on another Transition Service provided hereunder may be terminated unless both such Transition Services are terminated concurrently.

b. Termination for Breach. If a Party materially breaches any of its obligations under this Agreement, and does not cure such default within thirty (30) days after receiving written notice thereof from the non-breaching Party, then the non-breaching Party may, at its option, terminate any Transition Service affected by such breach or this Agreement in its entirety by providing a Termination Notice to the breaching Party, for which termination the effective Termination Date shall be the date of receipt of such Termination Notice.

c. Procedures on Termination of Services. Beginning on the Termination Date, Recipient shall not be obligated to pay any Fees or costs in connection with any Terminated Services other than Fees and reimbursable costs owed for such Terminated Services rendered but not paid for prior to the Termination Date. Any Termination Notice delivered pursuant to this Section 9.2 shall be irrevocable.

Section 9.3 Termination of the Transition Services Agreement. Any termination of this Agreement pursuant to this Section 9.3 shall be without prejudice to any rights or obligations of the Parties accruing prior to such termination, including the right to payment of unpaid Fees and reimbursable costs owing for Transition Services performed prior to termination.

- a. By Mutual Consent. This Agreement may be terminated by mutual consent of the Parties in writing at any time.
- b. Termination for Non-Payment. Provider may terminate this Agreement (to be effective immediately) if any Fees or other amounts due by Recipient hereunder fail to be timely paid in accordance with this Agreement or otherwise, except those amounts that are reasonably contested pursuant to the terms hereof, within thirty (30) days following written notice to Recipient by Provider of such failure.
- c. Bankruptcy Termination. This Agreement may be terminated by either Party upon at least thirty (30) days prior written notice if the other Party is declared insolvent or bankrupt, or makes an assignment for the benefit of creditors, or a receiver is appointed or any proceeding is demanded by, for or against the other under any provision of bankruptcy law.

Section 9.4 Procedures on Termination of the Agreement. Following any termination of this Agreement or termination of any Transition Services each Party will cooperate with the other Party, at the requesting Party's expense, as reasonably necessary to avoid disruption of the ordinary course of the other Party's and its Affiliates' businesses. Termination shall not affect any right to payment for Transition Services provided, or expenses incurred in connection therewith, prior to termination.

Section 9.5 Survival. Section 2.10, Article III (with respect to Fees, reimbursable costs and Taxes attributable to periods prior to termination), and Article IV through Article X and shall survive any termination of this Agreement for the periods set forth in the applicable provisions, if any, or if none, indefinitely. Termination of this Agreement shall not relieve a Party of any liability that has accrued prior to the effective date of such termination.

ARTICLE X. MISCELLANEOUS

Section 10.1 Notices. All notices and other communications hereunder shall be in writing, shall reference this Agreement and shall be hand delivered, delivered via electronic mail or facsimile or mailed by registered or certified mail (return receipt requested) to the Parties at the addresses specified in Section 10.6 of the Separation Agreement (or at such other addresses for a Party as shall be specified by like notice) and will be deemed given on the date on which such notice is received.

Section 10.2 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 10.3 Entire Agreement. This Agreement, including the Exhibits hereto, and the Separation Agreement shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter.

Section 10.4 Assignment. This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, however, that either Party may assign this Agreement to a purchaser of all or substantially all of the properties and assets of such Party so long as such purchases expressly assumes, in a written instrument in form reasonably satisfactory to the non-assigning Party, the due and punctual performance or observance of every agreement and covenant of this Agreement on the part of the assigning Party to be performed or observed.

Section 10.5 Successors and Assigns. The provisions to this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

Section 10.6 No Third Party Beneficiaries. This Agreement is solely for the benefit of the Parties and their respective Affiliates and shall not be deemed to confer upon any other Person (other than an Indemnified Party with respect to Article VII) any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 10.7 Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.

Section 10.8 Governing Law Submission to Jurisdiction; Waivers.

a. This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware applicable to contracts made and to be performed in the state of Delaware, without giving effect to any choice or conflict of law provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of Delaware.

b. Subject to Article VIII, all judicial proceedings brought against the Parties arising out of or relating to this Agreement, or any obligations hereunder, shall be brought in any state or federal court of competent jurisdiction in the state of Delaware. The Parties irrevocably (i) accept generally and unconditionally the exclusive jurisdiction and venue of these courts; (ii) waive any objections which such Party may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement brought in the courts referred to in clause (i) above and hereby further irrevocably waive and agree not to plead or claim in any such court that such action or proceeding brought in any such court has been brought in an inconvenient forum; (iii) agree that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to such Party at their respective addresses provided in accordance with Section 10.6 of the Separation Agreement; and (iv) agree that service as provided in clause (iii) above is sufficient to confer personal jurisdiction over such Party in any such proceeding in any such court, and otherwise constitutes effective and binding service in every respect.

c. The Parties hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement.

Section 10.9 Rules of Construction. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (b) references to the terms Article, Section, paragraph, Exhibit and Schedule are references to the Articles, Sections, paragraphs, Exhibits and Schedules to this Agreement unless otherwise specified; (c) the terms “hereof”, “herein”, “hereby”, “hereto”, and derivative or similar words refer to this entire Agreement, including the Exhibits and Schedules hereto; (d) references to “\$” shall mean U.S. dollars; (e) the word “including” and words of similar import when used in this Agreement shall mean “including without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) references to “written” or “in writing” include in electronic form; (h) the headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement; (i) the Parties have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties thereto and no presumption or burden of proof shall arise favoring or burdening any Party by virtue of the authorship of any of the provisions in this Agreement; (j) a reference to any Person includes such Person’s successors and permitted assigns; (k) any reference to “days” means calendar days unless Business Days are expressly specified; and (l) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded and, if the last day of such period is not a Business Day, the period shall end on the next succeeding Business Day.

Section 10.10 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first written above.

PDL

PDL BioPharma, Inc.

By: _____

Name:

Title:

LENSAR

LENSAR, Inc.

By: _____

Name:

Title:

[Signature Page to Transition Services Agreement]

**TAX MATTERS AGREEMENT
BY AND BETWEEN**

PDL BIOPHARMA, INC.

AND

LENSAR, INC.

DATED AS OF SEPTEMBER 30, 2020

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TAX MATTERS AGREEMENT

This Tax Matters Agreement (this “Agreement”) is dated as of September 30, 2020, by and between PDL BioPharma, Inc., a Delaware corporation (“PDL”), and LENSAR, Inc, a Delaware corporation and a direct, majority-owned subsidiary of PDL (“LENSAR” and, together with PDL, the “Parties”). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Section 1.1.

RECITALS:

WHEREAS, PDL and LENSAR have entered into a Separation and Distribution Agreement, dated as of September 30, 2020 (the “Separation Agreement”), pursuant to which the Distribution will be consummated;

WHEREAS, PDL adopted a Plan of Complete Liquidation in February 2020 and a Plan of Dissolution on May 4, 2020;

WHEREAS, the Parties intend that the Distribution will qualify as part of a liquidating distribution under Sections 331 and 336 of the Internal Revenue Code of 1986, as amended (the “Code”); and

WHEREAS, PDL and LENSAR desire to set forth their agreement on the rights and obligations of PDL and LENSAR and the PDL Entities and the LENSAR Entities, respectively, with respect to (a) the administration and allocation of federal, state, local, and foreign Taxes incurred in Tax Periods beginning prior to the Distribution Date, (b) Taxes resulting from the Distribution and transactions effected in connection with the Distribution and (c) various other Tax matters.

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement, the Parties hereby agree as follows:

ARTICLE I. DEFINITIONS

Section 1.1 General. Unless otherwise defined herein or unless the context otherwise requires, as used in this Agreement, the following terms shall have the following meanings:

“Adjusted Grossed-Up Basis” shall have the meaning set forth in Section 3.4(b).

“Adjustment Request” shall mean any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for refund or credit of Taxes previously paid.

“Affiliate” shall have the meaning set forth in the Separation Agreement.

“Aggregate Deemed Asset Disposition Price” shall have the meaning set forth in Section 3.4(b).

“Agreement” shall have the meaning set forth in the preamble to this Agreement.

“Allocation” shall have the meaning set forth in Section 3.6(b).

“Ancillary Agreements” shall have the meaning set forth in the Separation Agreement; provided, however, that for purposes of this Agreement, this Agreement shall not constitute an Ancillary Agreement.

“Applicable Rate” shall mean the rate of interest per annum announced from time to time by the Wall Street Journal as the “prime rate” at large U.S. money center banks.

“Business Day” shall have the meaning set forth in the Separation Agreement.

“Closing of the Books Method” shall mean the apportionment of items between portions of a Tax Period based on a closing of the books and records on the close of the Distribution Date (in the event that the Distribution Date is not the last day of the Tax Period, as if the Distribution Date were the last day of the Tax Period), subject to adjustment for items accrued on the Distribution Date that are properly allocable to the Tax Period following the Distribution, as jointly determined by PDL and LENSAR; provided, however, that with respect to Property Taxes, such apportionment shall be on the basis of elapsed days during the relevant portion of the Tax Period.

“Code” shall have the meaning set forth in the recitals to this Agreement.

“Controlling Party” shall have the meaning set forth in Section 8.2(c).

“Distribution” shall have the meaning set forth in the Separation Agreement.

“Distribution Date” shall have the meaning set forth in the Separation Agreement.

“Effective Time” shall have the meaning set forth in the Separation Agreement.

“Entities” shall have the meaning set forth in the Separation Agreement.

“Final Determination” shall mean the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for any Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the laws of a state, local, or foreign taxing jurisdiction, except that an IRS Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the laws of a state, local, or foreign taxing jurisdiction; (d) by any allowance of a refund or credit

in respect of an overpayment of a Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a treaty-based competent authority determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations, the execution of a pre-filing agreement with the IRS or other Tax Authority, or by mutual agreement of the Parties.

“Governmental Authority” shall have the meaning set forth in the Separation Agreement.

“Income Tax” shall mean all U.S. federal, state, local and foreign income, franchise or similar Taxes imposed on (or measured by) net income or net profits, and any interest, penalties, additions to Tax or additional amounts in respect of the foregoing.

“Intended Tax Treatment” shall mean the qualification of the Distribution as part of a liquidating distribution under Sections 331 and 336.

“IRS” shall mean the U.S. Internal Revenue Service or any successor agency.

“Joint Return” shall mean any Tax Return that includes, by election or otherwise, one or more PDL Entities together with one or more LENSAR Entities.

“Law” shall have the meaning set forth in the Separation Agreement.

“LENSAR” shall have the meaning set forth in the preamble to this Agreement.

“LENSAR Business” shall have the meaning set forth in the Separation Agreement.

“LENSAR Carryback” shall mean any net operating loss, net capital loss, excess Tax credit, or other similar Tax Item of any LENSAR Entity which may or must be carried from one Tax Period to another prior Tax Period under the Code or other applicable Tax Law.

“LENSAR Entities” shall have the meaning set forth in the Separation Agreement.

“LENSAR Separate Return” shall mean any Tax Return of or including any LENSAR Entity (including any consolidated, combined or unitary return) that does not include any PDL Entity.

“Loss” shall have the meaning set forth in Section 5.2(a).

“Non-Controlling Party” shall have the meaning set forth in Section 8.2(c).

“Parties” shall have the meaning set forth in the preamble to this Agreement.

“Past Practices” shall have the meaning set forth in Section 3.3(a).

“Payment Date” shall mean, with respect to a Tax Return, (a) the due date for any required installment of estimated Taxes, (b) the due date (determined without regard to extensions) for filing such Tax Return, or (c) the date such Tax Return is filed, as the case may be.

“Payor” shall have the meaning set forth in Section 4.3(a).

“PDL” shall have the meaning set forth in the preamble to this Agreement.

“PDL Business” shall have the meaning set forth in the Separation Agreement.

“PDL Entities” shall have the meaning set forth in the Separation Agreement.

“PDL Separate Return” shall mean any Tax Return of or including any PDL Entity (including any consolidated, combined or unitary return) that does not include any LENSAR Entity.

“Person” means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a Governmental Authority or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal Income Tax purposes.

“Post-Distribution Period” shall mean any Tax Period beginning after the Distribution Date and, in the case of any Straddle Period, the portion of such Tax Period beginning on the day after the Distribution Date.

“Pre-Distribution Period” shall mean any Tax Period ending on or before the Distribution Date and, in the case of any Straddle Period, the portion of such Straddle Period ending on and including the Distribution Date.

“Prior Group” shall mean any group that filed or was required to file (or will file or be required to file) a Tax Return, for a Tax Period or portion thereof ending at the close of the Distribution Date, on an affiliated, consolidated, combined, unitary, fiscal unity or other group basis (including as permitted by Section 1501 of the Code) that includes at least one of the LENSAR Entities.

“Privilege” shall mean any privilege that may be asserted under applicable law, including, any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“Property Taxes” shall mean all real property Taxes, personal property Taxes and similar ad valorem Taxes.

“Required Party” shall have the meaning set forth in Section 4.3(a).

“Responsible Party” shall mean, with respect to any Tax Return, the Party having responsibility for preparing and filing such Tax Return under this Agreement.

“Retention Date” shall have the meaning set forth in Section 7.1.

“Section 336(e) Allocation Statement” shall have the meaning set forth in Section 3.4(b).

“Section 336(e) Election” shall have the meaning set forth in Section 3.4(a).

“Separation” shall mean, collectively, all of the transactions undertaken to separate the LENSAR Business from the PDL Business in connection with the Distribution.

“Separation Agreement” shall have the meaning set forth in the recitals to this Agreement.

“Straddle Period” shall mean any Tax Period that begins before and ends after the Distribution Date.

“Subsidiary” shall have the meaning set forth in the Separation Agreement.

“Substantial Authority” shall have the meaning set forth in Section 3.3(a).

“Tax” or “Taxes” shall mean any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, value added, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, escheat, alternative minimum, universal service fund, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax), imposed by any Governmental Authority or political subdivision thereof, and any interest, penalty, additions to tax or additional amounts in respect of the foregoing.

“Tax Attribute” shall mean a net operating loss, net capital loss, unused investment credit, unused foreign Tax credit, excess charitable contribution, general business credit, research and development credit, earnings and profits, basis, or any other Tax Item that could reduce a Tax or create a Tax Benefit.

“Tax Authority” shall mean, with respect to any Tax, the Governmental Authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision.

“Tax Benefit” shall mean any refund, credit, or other item that causes reduction in otherwise required liability for Taxes.

“Tax Contest” shall mean an audit, review, examination, contest, litigation, investigation or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for refund).

“Tax Item” shall mean, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

“Tax Law” shall mean the Law of any Governmental Authority or political subdivision thereof relating to any Tax.

“Tax Period” shall mean, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

“Tax Records” shall mean any (a) Tax Returns, (b) Tax Return workpapers, (c) documentation relating to any Tax Contests, and (d) any other books of account or records (whether

or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) maintained or required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority, in each case filed or required to be filed with respect to or otherwise relating to Taxes.

“Tax Return” shall mean any report of Taxes due, any claim for refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document filed or required to be filed under the Code or other Tax Law with respect to Taxes, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

“Third Party” shall mean any Person other than the Parties or any of their respective Subsidiaries.

“Treasury Regulations” shall mean the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

Section 1.2 Reference; Interpretation. References in this Agreement to any gender include references to all genders, and references to the singular include references to the plural and vice versa. The words “include,” “includes” and “including” when used in this Agreement shall be deemed to be followed by the phrase “without limitation.” Unless the context otherwise requires, references in this Agreement to Articles and Sections shall be deemed to be references to Articles and Sections of this Agreement. Unless the context otherwise requires, the words “hereof,” “hereby” and “herein” and words of similar meaning when used in this Agreement refer to this Agreement in its entirety and not to any particular Article, Section or provision of this Agreement. This Agreement shall not be construed against either Party as the principal draftsman hereof.

ARTICLE II. ALLOCATION OF TAX LIABILITIES

Section 2.1 General Rule.

- a. PDL Liability. Except with respect to Taxes described in Section 2.1(b), PDL shall be liable for, and shall indemnify and hold harmless the LENSAR Entities from and against any liability for:
 - i. Taxes that are allocated to PDL under this Article II;
 - ii. any Tax resulting from a breach of any of PDL’s covenants in this Agreement, the Separation Agreement or any Ancillary Agreement; and
 - iii. Taxes imposed on LENSAR or any LENSAR Entity pursuant to the provisions of Treasury Regulations § 1.1502-6 (or similar provisions of state, local, or foreign Tax Law) as a result of any such Entity being or having been a member of a Prior Group.

b. LENSAR Liability. LENSAR shall be liable for, and shall indemnify and hold harmless the PDL Entities from and against any liability for:

- i. Taxes which are allocated to LENSAR under this Article II; and
- ii. any Tax resulting from a breach of any of LENSAR's covenants in this Agreement, the Separation Agreement or any Ancillary Agreement.

Section 2.2 General Allocation Principles. Except as otherwise provided in this Article II, all Taxes shall be allocated as follows:

a. Allocation of Taxes for Joint Returns. PDL shall be responsible for all Taxes reported, or required to be reported, on any Joint Return that any PDL Entity files or is required to file under the Code or other applicable Tax Law; provided, however, that to the extent any such Joint Return includes any Tax Item attributable to any LENSAR Entity or to the LENSAR Business for any Post-Distribution Period, LENSAR shall be responsible for all Taxes attributable to such Tax Items, computed in a manner reasonably determined by PDL.

b. Allocation of Taxes for Separate Returns.

- i. PDL shall be responsible for all Taxes reported, or required to be reported, on a PDL Separate Return.
- ii. LENSAR shall be responsible for all Taxes reported, or required to be reported, on a LENSAR Separate Return.

Section 2.3 Allocation Conventions.

a. All Taxes allocated pursuant to Section 2.2 shall be allocated in accordance with the Closing of the Books Method; provided, however, that if applicable Tax Law does not permit a LENSAR Entity to close its Tax Period on the Distribution Date, the Tax attributable to the operations of the LENSAR Entities for any Pre-Distribution Period shall be the Tax computed using the Closing of the Books Method.

b. Any Tax Item of LENSAR or any LENSAR Entity arising from a transaction engaged in outside of the ordinary course of business on the Distribution Date after the Effective Time shall be properly allocable to LENSAR and any such transaction by or with respect to LENSAR or any LENSAR Entity occurring after the Effective Time shall be treated for all Tax purposes (to the extent permitted by applicable Tax Law) as occurring at the beginning of the day following the Distribution Date in accordance with the principles of Treasury Regulation § 1.1502-76(b) or any similar provisions of state, local or foreign Law.

**ARTICLE III.
PREPARATION AND FILING OF TAX RETURNS**

Section 3.1 PDL Separate Returns and Joint Returns.

a. PDL shall prepare and file, or cause to be prepared and filed, all PDL Separate Returns and Joint Returns, and each LENSAR Entity to which any such Joint Return relates shall execute and file such consents, elections and other documents as PDL may determine are required or appropriate, or otherwise requested by PDL in connection with the filing of such Joint Return. LENSAR shall make any requisite consents and will elect and join, and will cause its respective Affiliates to elect and join, in filing any Joint Returns that PDL determines are required to be filed or that PDL elects to file, in each case pursuant to this Section 3.1(a).

b. The Parties and their respective Affiliates shall elect to close the Tax Period of each LENSAR Entity on the Distribution Date, to the extent permitted by applicable Tax Law.

Section 3.2 LENSAR Separate Returns. LENSAR shall prepare and file (or cause to be prepared and filed) all LENSAR Separate Returns.

Section 3.3 Tax Reporting Practices.

a. General Rule. Except as provided in Section 3.3(b), PDL shall prepare any Pre-Distribution Period or Straddle Period Joint Return in accordance with past practices, permissible accounting methods, elections or conventions used by the PDL Entities and LENSAR Entities prior to the Distribution Date with respect to such Tax Return (“Past Practices”) (unless the Parties jointly determine that there is not at least “substantial authority,” within the meaning of Section 6662(d)(2)(B)(i) of the Code (or any corresponding or similar provision of state, local or foreign Law) (“Substantial Authority”), for the use of such Past Practices), and to the extent any items, methods or positions are not covered by Past Practices, then PDL shall prepare such Tax Return in accordance with reasonable Tax accounting practices selected by PDL. Except as provided in Section 3.3(b), LENSAR shall prepare any Pre-Distribution Period or Straddle Period LENSAR Separate Return in accordance with Past Practices (unless the Parties jointly determine that there is not at least Substantial Authority for the use of such Past Practices, and to the extent any items, methods or positions are not covered by Past Practices), then LENSAR shall prepare such Tax Return in accordance with reasonable Tax accounting practices selected by LENSAR.

b. Consistency with Intended Tax Treatment. The Parties shall prepare all Tax Returns consistent with the Intended Tax Treatment unless, and then only to the extent, an alternative position is required pursuant to a Final Determination. Notwithstanding the foregoing, but subject to Section 3.4 and Section 3.6, PDL shall have the right to prepare Joint Returns with

any relevant election, statement or other permissible approach to the Tax effects of the departure of the LENSAR Entities from the PDL consolidated or combined group.

c. Joint Returns. With respect to any Joint Return, to the extent that the positions taken on such Joint Return would reasonably be expected to adversely affect the Tax position of any LENSAR Entity in a Post-Distribution Period, PDL shall submit a draft of the portion of such Joint Return that relates solely to the business of any LENSAR Entity to LENSAR at least thirty (30) days prior to the due date for the filing of such Joint Return (taking into account any applicable extensions), and LENSAR shall have the right to review such portion of such Joint Return and to submit to PDL any reasonable changes to such portion of such Joint Return no later than fifteen (15) days prior to the due date for the filing of such Joint Return; provided, however, that nothing shall prevent PDL from timely filing (or causing to be timely filed) such Joint Return. The Parties agree to consult and to attempt to resolve in good faith any issues arising as a result of the review of any such Joint Return.

Section 3.4 Section 336(e) Elections.

a. General. The Parties hereby agree that, if PDL shall determine in its sole discretion, prior to the applicable due dates for such elections, that the Parties should make elections under Section 336(e) of the Code (and any similar provision of applicable state or local Tax Law) with respect to the Distribution for each LENSAR Entity that is a domestic corporation for U.S. federal Income Tax purposes (the “Section 336(e) Elections”), then the Parties shall enter into a written, binding agreement to make the Section 336(e) Elections, and the Parties shall timely make the Section 336(e) Elections in accordance with Treasury Regulations § 1.336-2(h). For the avoidance of doubt, such agreement is intended to constitute a written, binding agreement to make the Section 336(e) Elections within the meaning of Treasury Regulations § 1.336-2(h)(1)(i).

b. Cooperation and Reporting. PDL and LENSAR shall cooperate in making the Section 336(e) Elections, if any, including filing any statements, amending any Tax Returns or undertaking such other actions reasonably necessary to carry out the Section 336(e) Elections. PDL shall determine the “Aggregate Deemed Asset Disposition Price” and the “Adjusted Grossed-Up Basis” (each as defined under applicable Treasury Regulations) and the allocation of such Aggregate Deemed Asset Disposition Price and Adjusted Grossed-Up Basis among the disposition date assets of the applicable PDL Entities or LENSAR Entities, each in accordance with the applicable provisions of Section 336(e) of the Code and applicable Treasury Regulations (the “Section 336(e) Allocation Statement”). Each Party agrees not to take any position (and to cause each of its Affiliates not to take any position) that is inconsistent with the Section 336(e) Elections, if any, including the Section 336(e) Allocation Statement, on any Tax Return, in connection with any Tax Contest or for any other Tax purposes (in each case, excluding any position taken for financial accounting purposes), except as may be required by a Final Determination.

Section 3.5 LENSAR Carrybacks and Claims for Refund.

a. LENSAR hereby agrees that, unless PDL consents in writing (which consent may not be unreasonably withheld, conditioned, or delayed) or as required by Law, (i) no LENSAR Entity (nor its successors) shall file any Adjustment Request with respect to any Tax Return that could affect any Joint Return or any other Tax Return reflecting Taxes that are allocated to PDL under Article II and (ii) any available elections to waive the right to claim any LENSAR Carryback in any Joint Return or any other Tax Return reflecting Taxes that are allocated to PDL under Article II shall be made, including to waive any relevant LENSAR Carrybacks under Section 172(b) of the Code (or similar provisions of state, local, or foreign Tax Law) or such other provisions available under consolidated Tax rules, and no affirmative election shall be made to claim any such LENSAR Carryback. In the event that LENSAR (or the appropriate LENSAR Entity) is prohibited by applicable Law from waiving or otherwise forgoing a LENSAR Carryback or PDL consents to a LENSAR Carryback (which consent may not be unreasonably withheld, conditioned, or delayed), PDL shall cooperate with LENSAR, at LENSAR's expense, in seeking from the appropriate Tax Authority such Tax Benefit as reasonably would result from such LENSAR Carryback, to the extent that such Tax Benefit is directly attributable to such LENSAR Carryback, and shall pay over to LENSAR the amount of such Tax Benefit, net of any Tax detriment to the PDL Entities, within ten (10) days after such Tax Benefit is recognized by the PDL Entities; provided, however, that LENSAR shall indemnify and hold the PDL Entities harmless from and against any and all collateral Tax consequences resulting from or caused by any such LENSAR Carryback, including, without limitation, the loss or postponement of any benefit from the use of Tax Attributes generated by a PDL Entity if (A) such Tax Attributes expire unused, but would have been utilized but for such LENSAR Carryback, or (B) the use of such Tax Attributes is postponed to a later Tax Period than the Tax Period in which such Tax Attributes would have been used but for such LENSAR Carryback.

b. PDL hereby agrees that, unless LENSAR consents in writing (which consent may not be unreasonably withheld, conditioned, or delayed) or as required by Law, no PDL Entity shall file any Adjustment Request with respect to (i) any Joint Return for a Straddle Period if such Adjustment Request could increase the Tax liability of any LENSAR Entity or (ii) any LENSAR Separate Return.

Section 3.6 Apportionment of Tax Attributes.

a. Tax Attributes arising in a Pre-Distribution Period will be allocated to (and the benefits and burdens of such Tax Attributes will inure to) the PDL Entities and the LENSAR Entities in accordance with the Code, Treasury Regulations, and any other applicable Tax Law and permitted elections, methods or statements determined by PDL. For the avoidance of doubt, the PDL Entities shall be entitled to utilize any Tax Attributes within a Joint Return without remuneration to any LENSAR Entity.

b. On or before the first anniversary of the Distribution Date, PDL shall deliver to LENSAR its determination in writing of the portion, if any, of any earnings and profits, Tax Attributes, overall foreign loss or other affiliated, consolidated, combined, unitary, fiscal unity or other group basis Tax Attribute which is allocated or apportioned to the LENSAR Entities under

applicable Tax Law and this Agreement (the “Allocation”). All PDL Entities and LENSAR Entities shall prepare all Tax Returns in accordance the Allocation. In the event of an adjustment to the earnings and profits, any Tax Attributes, overall foreign loss or other affiliated, consolidated, combined, unitary, fiscal unity or other group basis attribute, PDL shall promptly notify LENSAR in writing of such adjustment. For the avoidance of doubt, PDL shall not be liable to any LENSAR Entity for any failure of any determination under this Section 3.6(b) to be accurate under applicable Tax Law; provided such determination was made in good faith.

c. Except as otherwise provided herein, to the extent that the amount of any Tax Attribute is later reduced or increased by a Tax Authority or Tax Proceeding, such reduction or increase shall be allocated to the Party to which such Tax Attribute was allocated pursuant to Section 3.6(a), as agreed by the Parties.

ARTICLE IV. TAX PAYMENTS

Section 4.1 Taxes Shown on Tax Returns. PDL shall pay (or cause to be paid) to the proper Tax Authority the Tax shown as due on any Tax Return that a PDL Entity is responsible for preparing under Article III, and LENSAR shall pay (or cause to be paid) to the proper Tax Authority the Tax shown as due on any Tax Return that a LENSAR Entity is responsible for preparing under Article III.

Section 4.2 Adjustments Resulting in Underpayments. In the case of any adjustment pursuant to a Final Determination with respect to any Tax, the Party to which such Tax is allocated pursuant to this Agreement shall pay to the applicable Tax Authority when due any additional Tax required to be paid as a result of such adjustment.

Section 4.3 Indemnification Payments.

a. If any Party (the “Payor”) is required under applicable Tax Law to pay to a Tax Authority a Tax that another Party (the “Required Party”) is liable for under this Agreement, the Required Party shall reimburse the Payor within twenty (20) Business Days of delivery by the Payor to the Required Party of an invoice for the amount due, accompanied by evidence of payment and a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto. Except as otherwise provided in the following sentence, the Required Party shall also pay to the Payor any reasonable costs and expenses related to the foregoing (including reasonable attorneys’ fees and expenses) within five (5) days after the Payor’s written demand therefor. Notwithstanding the foregoing, if PDL or LENSAR disputes in good faith the fact or the amount of its obligation hereunder, then no payment of the amount in dispute shall be required until any such good faith dispute is resolved; provided, however, that any amount not paid by the due date otherwise provided in this Article IV shall bear interest from such due date computed at the Applicable Rate.

b. All indemnification payments under this Agreement shall be made by PDL directly to LENSAR and by LENSAR directly to PDL; provided, however, that if the Parties mutually agree for administrative convenience with respect to any such indemnification

payment, any PDL Entity, on the one hand, may make such indemnification payment to any LENSAR Entity, on the other hand, and vice versa.

ARTICLE V. TAX BENEFITS

Section 5.1 Tax Refunds. PDL shall be entitled (subject to the limitations provided in Section 3.5) to any refund (and any interest thereon received from the applicable Tax Authority) of Taxes for which PDL is liable hereunder, and LENSAR shall be entitled (subject to the limitations provided in Section 3.5) to any refund (and any interest thereon received from the applicable Tax Authority) of Taxes for which LENSAR is liable hereunder.

Section 5.2 Other Tax Benefits.

a. If a LENSAR Entity or PDL Entity actually realizes any Tax Benefit as a result of any liability, obligation, loss or payment (each, a “Loss”) for which any of a Party’s Entities is required to indemnify any of the other Party’s Entities pursuant to this Agreement, the Separation Agreement or any Ancillary Agreement (in each case, without duplication of any amounts payable or taken into account under this Agreement, the Separation Agreement or any Ancillary Agreement), and such Tax Benefit would not have arisen but for such adjustment or Loss (determined on a “with and without” basis), the Party whose Entities actually recognize such Tax Benefit in the Tax Period of the applicable Loss shall make a payment to the other Party in an amount equal to the amount of such actually recognized Tax Benefit in cash within ten (10) Business Days of actually recognizing such Tax Benefit. To the extent that any Tax Benefit (or portion thereof) in respect of which any amounts were paid over pursuant to the foregoing provisions of this Section 5.2(a) is subsequently disallowed by the applicable Tax Authority, the Party that received such amounts shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to the other Party.

b. No later than ten (10) Business Days after a Tax Benefit described in Section 5.2(a) is actually recognized by a PDL Entity or a LENSAR Entity in the Tax Period of the applicable Loss, PDL or LENSAR, as the case may be, shall provide the other Party with a written calculation of the amount payable to such other Party pursuant to Section 5.2(a). In the event that PDL or LENSAR, as the case may be, disagrees with any such calculation described in this Section 5.2(b), such Party shall so notify the other Party in writing within twenty (20) Business Days of receiving such written calculation. The Parties shall endeavor in good faith to resolve such disagreement.

ARTICLE VI. ASSISTANCE AND COOPERATION

Section 6.1 Assistance and Cooperation.

a. The Parties shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other’s agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Parties and their Affiliates, including (i) preparation

and filing of Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making all information and documents in their possession relating to any other Party and its Affiliates reasonably available to such other Party as provided in Article VII. Each of the Parties shall also make available to any other Party, as reasonably requested and available, personnel (including officers, directors, employees and agents of the Parties or their respective Affiliates) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to Taxes.

b. Any information or documents provided under this Agreement shall be kept confidential by the Party receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. In addition, in the event that PDL determines that the provision of any information or documents to LENSAR or any LENSAR Affiliate, or LENSAR determines that the provision of any information or documents to PDL or any PDL Affiliate, could be commercially detrimental, violate any Law or agreement or waive any Privilege, the Parties shall use commercially reasonable efforts to permit each other's compliance with its obligations under this Article VI in a manner that avoids any such harm or consequence.

Section 6.2 Tax Return Information. Each of PDL and LENSAR, and each of their respective Entities, acknowledges that time is of the essence in relation to any request for information, assistance or cooperation made pursuant to Section 6.1 or this Section 6.2. Each of PDL and LENSAR, and each of their respective Entities, acknowledges that failure to conform to the reasonable deadlines set by the Party making such request could cause irreparable harm. Each Party shall provide to the other Party information and documents relating to its Entities reasonably required by the other Party to prepare Tax Returns, including any pro forma returns required by the Responsible Party for purposes of preparing such Tax Returns. Any information or documents the Responsible Party requires to prepare such Tax Returns shall be provided in such form as the Responsible Party reasonably requests and at or prior to the time reasonably specified by the Responsible Party so as to enable the Responsible Party to file such Tax Returns on a timely basis.

Section 6.3 Reliance by PDL. If any LENSAR Entity supplies information to a PDL Entity in connection with a Tax liability and an officer of a PDL Entity signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such PDL Entity identifying the information being so relied upon, the chief financial officer of LENSAR (or any officer of LENSAR as designated by the chief financial officer of LENSAR) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. LENSAR agrees to indemnify and hold harmless each PDL Entity and its directors, officers and employees from and against any fine, penalty or other cost or expense of any kind attributable to a LENSAR Entity having supplied, pursuant to this Article VI, a PDL Entity with inaccurate or incomplete information in connection with a Tax liability.

Section 6.4 Reliance by LENSAR. If any PDL Entity supplies information to a LENSAR Entity in connection with a Tax liability and an officer of a LENSAR Entity signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such LENSAR Entity identifying the information being so relied upon, the chief financial officer of PDL (or any officer of PDL as designated by the chief financial officer of PDL) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. PDL agrees to indemnify and hold harmless each LENSAR Entity and its directors, officers and employees from and against any fine, penalty or other cost or expense of any kind attributable to a PDL Entity having supplied, pursuant to this Article VI, a LENSAR Entity with inaccurate or incomplete information in connection with a Tax liability.

Section 6.5 Separation Taxes. LENSAR shall (and shall cause its Affiliates to) reasonably cooperate with PDL to correct any errors in the chronology or completion of any transactions intended to facilitate, or otherwise effectuated in connection with, the Separation, and take any and all commercially reasonable actions requested by PDL to minimize any Taxes incurred in connection with the Separation.

ARTICLE VII. TAX RECORDS

Section 7.1 Retention of Tax Records. Each of PDL and LENSAR shall preserve and keep all Tax Records exclusively relating to the assets and activities of its Entities for Pre-Distribution Periods, and PDL shall preserve and keep all other Tax Records relating to Taxes of the PDL and LENSAR Entities for Pre-Distribution Periods, for so long as the contents thereof may be or become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (a) the expiration of any applicable statutes of limitations, or (b) seven (7) years after the Distribution Date (such later date, the "Retention Date"). After the Retention Date, each of PDL and LENSAR may dispose of such Tax Records upon sixty (60) Business Days' prior written notice to the other Party. If, prior to the Retention Date, PDL or LENSAR reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Article VII are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Party agrees, then such first Party may dispose of such Tax Records upon sixty (60) Business Days' prior notice to the other Party. Any notice of an intent to dispose given pursuant to this Section 7.1 shall include a list of the Tax Records to be disposed of describing in reasonable detail each file, book, or other record accumulation being disposed. The notified Parties shall have the opportunity, at their cost and expense, to copy or remove, within such sixty (60) Business Day period, all or any part of such Tax Records. If, at any time prior to the Retention Date, a Party or any of its Affiliates determines to decommission or otherwise discontinue any computer program or information technology system used to access or store any Tax Records, then such program or system may be decommissioned or discontinued upon ninety (90) Business Days' prior notice to the other Party and the other Party shall have the opportunity, at its cost and expense, to copy, within such ninety (90) Business Day period, all or any part of the underlying data relating to the Tax Records accessed by or stored on such program or system.

Section 7.2 Access to Tax Records. The Parties and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) in their possession pertaining to (a) in the case of any Tax Return of the PDL Entities, the portion of such return that relates to Taxes for which the LENSAR Entities may be liable pursuant to this Agreement or (b) in the case of any Tax Return of the LENSAR Entities, the portion of such return that relates to Taxes for which the PDL Entities may be liable pursuant to this Agreement, and shall permit the other Party and its Affiliates, authorized agents and representatives and any representative of a Tax Authority or other Tax auditor direct access, at the cost and expense of the requesting Party, during normal business hours upon reasonable notice to any computer program or information technology system used to access or store any Tax Records, in each case to the extent reasonably required by the other Party in connection with the preparation of Tax Returns or financial accounting statements, audits, litigation, or the resolution of items under this Agreement.

Section 7.3 Preservation of Privilege. The Parties and their respective Affiliates shall not provide access to, copies of, or otherwise disclose to any Person any documentation relating to Taxes existing prior to the Distribution Date to which Privilege may reasonably be asserted without the prior written consent of the other Party, such consent not to be unreasonably withheld, conditioned or delayed.

ARTICLE VIII. TAX CONTESTS

Section 8.1 Notice. Each Party shall provide prompt notice to the other Party of any written communication from a Tax Authority regarding any pending Tax audit, assessment or proceeding or other Tax Contest of which it becomes aware (a) related to Taxes for Tax Periods for which it is indemnified by the other Party hereunder or for which it may be required to indemnify the other Party hereunder, (b) relating to a LENSAR Separate Return that could reasonably be expected to materially adversely affect any PDL Entity, or (c) otherwise relating to the Intended Tax Treatment or the Separation (including the resolution of any Tax Contest relating thereto). Such notice shall attach copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability in reasonable detail and shall be accompanied by copies of any notice and other documents received from any Tax Authority in respect of any such matters. If an indemnified Party has knowledge of an asserted Tax liability with respect to a matter for which it is to be indemnified hereunder and such Party fails to give the indemnifying Party prompt notice of such asserted Tax liability and the indemnifying Party is entitled under this Agreement to contest the asserted Tax liability, then (i) to the extent the indemnifying Party is precluded from contesting the asserted Tax liability in any forum as a result of the failure to give prompt notice, the indemnifying Party shall have no obligation to indemnify the indemnified Party for any Taxes arising out of such asserted Tax liability, and (ii) to the extent the indemnifying Party is not precluded from contesting the asserted Tax liability in any forum, but such failure to give prompt notice results in a material monetary detriment to the indemnifying Party, then any amount which the indemnifying Party is otherwise required to pay the indemnified Party pursuant to this Agreement shall be reduced by the amount of such detriment.

Section 8.2 Control of Tax Contests.

- a. PDL Control. Notwithstanding anything in this Agreement to the contrary, PDL shall have the right to control any Tax Contest with respect to any Tax matters relating to (i) a Joint Return, (ii) a PDL Separate Return or (iii) the Intended Tax Treatment. Subject to Section 8.2(c) and Section 8.2(d), PDL shall have absolute discretion with respect to any decisions to be made, or the nature of any action to be taken, with respect to any such Tax Contest.
- b. LENSAR Control. LENSAR shall have the right to control any Tax Contest with respect to any LENSAR Separate Return. Subject to Section 8.2(c) and Section 8.2(d), LENSAR shall have (i) reasonable discretion, after consultation with PDL, with respect to any decisions to be made, or the nature of any action to be taken, with respect to any such Tax Contest relating to a LENSAR Separate Return that could reasonably be expected to materially adversely affect any PDL Entity, and (ii) absolute discretion with respect to any decisions to be made, or the nature of any action to be taken, with respect to any other such Tax Contest.
- c. Settlement Rights. The Controlling Party shall have the sole right to contest, litigate, compromise and settle any Tax Contest without obtaining the prior consent of the Non-Controlling Party; provided, that to the extent any such Tax Contest (i) could give rise to a claim for indemnity by the Controlling Party or its Affiliates against the Non-Controlling Party or its Affiliates under this Agreement, or (ii) is with respect to a LENSAR Separate Return that could reasonably be expected to materially adversely affect any PDL Entity, then the Controlling Party shall not settle any such Tax Contest without the Non-Controlling Party's prior written consent (which consent may not be unreasonably withheld, conditioned, or delayed). Subject to Section 8.2(e), and unless waived by the Parties in writing, in connection with any potential adjustment in a Tax Contest as a result of which adjustment the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement: (A) the Controlling Party shall keep the Non-Controlling Party informed in a timely manner of all actions taken or proposed to be taken by the Controlling Party with respect to such potential adjustment in such Tax Contest; (B) the Controlling Party shall timely provide the Non-Controlling Party copies of any written materials relating to such potential adjustment in such Tax Contest received from any Tax Authority; (C) the Controlling Party shall timely provide the Non-Controlling Party with copies of any correspondence or filings submitted to any Tax Authority or judicial authority in connection with such potential adjustment in such Tax Contest; (D) the Controlling Party shall consult with the Non-Controlling Party and offer the Non-Controlling Party a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such potential adjustment in such Tax Contest; and (E) the Controlling Party shall defend such Tax Contest diligently and in good faith. The failure of the Controlling Party to take any action specified in the preceding sentence with respect to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability and/or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Non-Controlling Party was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party. In the case of any Tax Contest described in this Article VIII, "Controlling Party," means the Party entitled to control the Tax

Contest under this Article VIII and “Non-Controlling Party” means (I) PDL if LENSAR is the Controlling Party and (II) LENSAR if PDL is the Controlling Party.

d. Tax Contest Participation. Subject to Section 8.2(e), and unless waived by the Parties in writing, the Controlling Party shall provide the Non-Controlling Party with written notice reasonably in advance of, and the Non-Controlling Party shall have the right to attend, any formally scheduled meetings with Tax Authorities or hearings or proceedings before any judicial authorities in connection with any potential adjustment in a Tax Contest (i) pursuant to which the Non-Controlling Party may reasonably be expected to become liable to make any indemnification payment to the Controlling Party under this Agreement or (ii) that is with respect to a LENSAR Separate Return that could reasonably be expected to materially adversely affect any PDL Entity. The failure of the Controlling Party to provide any notice specified in this Section 8.2(d) to the Non-Controlling Party shall not relieve the Non-Controlling Party of any liability or obligation which it may have to the Controlling Party under this Agreement except to the extent that the Non-Controlling Party was actually harmed by such failure, and in no event shall such failure relieve the Non-Controlling Party from any other liability or obligation which it may have to the Controlling Party.

e. Joint Returns. Notwithstanding anything in this Article VIII to the contrary, in the case of a Tax Contest related to a Joint Return, the rights of LENSAR and its Affiliates under Section 8.2(c) and Section 8.2(d) shall be limited in scope to the portion of such Tax Contest relating to Taxes for which LENSAR may reasonably be expected to become liable to make any indemnification payment to PDL under this Agreement.

f. Power of Attorney. Each LENSAR Entity shall execute and deliver to PDL (or such PDL Entity as PDL shall designate) any power of attorney or other similar document reasonably requested by PDL (or such designee) in connection with any Tax Contest (as to which PDL is the Controlling Party) described in this Article VIII. Each PDL Entity shall execute and deliver to LENSAR (or such LENSAR Entity as LENSAR shall designate) any power of attorney or other similar document requested by LENSAR (or such designee) in connection with any Tax Contest (as to which LENSAR is the Controlling Party) described in this Article VIII.

ARTICLE IX TAX TREATMENT OF PAYMENTS

Section 9.1 General Rule. Unless otherwise required by applicable Law, the Parties will treat any indemnity payment made pursuant to this Agreement or any Ancillary Agreement by PDL to LENSAR, or vice versa, in the same manner as if such payment were a non-taxable distribution or capital contribution, as the case may be, made immediately prior to the Distribution, except to the extent that PDL and LENSAR treat a payment as the settlement of an intercompany liability; provided, however, that any such payment that is made or received by a Person other than PDL or LENSAR, as the case may be, shall be treated as if made or received by the payor or the recipient as agent for PDL or LENSAR, in each case as appropriate.

Section 9.2 Interest. Anything herein or in the Separation Agreement to the contrary notwithstanding, to the extent one Party makes a payment of interest to the other Party under this

Agreement with respect to the period from the date that the Party receiving the interest payment made a payment of Tax to a Tax Authority to the date that the Party making the interest payment reimbursed the Party receiving the interest payment for such Tax payment, the interest payment shall be treated as interest expense to the Party making such payment (deductible to the extent provided by Law) and as interest income by the Party receiving such payment (includible in income to the extent provided by Law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the Party making such payment or increase in Tax to the Party receiving such payment.

**ARTICLE X.
GROSS-UP OF INDEMNIFICATION PAYMENTS**

Section 10.1 Gross-Up of Indemnification Payments. Except to the extent provided in Section 9.2, any Tax indemnity payment made by a Party under this Agreement shall be increased as necessary so that after making all payments in respect to Taxes imposed on or attributable to such indemnity payment, the recipient Party receives an amount equal to the sum it would have received had no such Taxes been imposed.

**ARTICLE XI.
MISCELLANEOUS**

Section 11.1 Complete Agreement; Construction. This Agreement and the Ancillary Agreements shall constitute the entire agreement between the Parties with respect to the subject matter hereof and shall supersede all previous negotiations, commitments and writings with respect to such subject matter. For the avoidance of doubt, the preceding sentence shall apply to all other agreements, whether or not written, in respect of any Tax between or among any PDL Entity or PDL Entities, on the one hand, and any LENSAR Entity or LENSAR Entities, on the other hand, which agreements shall be of no further effect between the parties thereto and any rights or obligations existing thereunder shall be fully and finally settled, calculated as of the date hereof. Except as expressly set forth in the Separation Agreement or any Ancillary Agreement: (a) all matters relating to Taxes and Tax Returns of the Parties and their respective Subsidiaries, to the extent such matters are the subject of this Agreement, shall be governed exclusively by this Agreement; and (b) for the avoidance of doubt, in the event of any conflict between the Separation Agreement or any Ancillary Agreement, on the one hand, and this Agreement, on the other hand, with respect to such matters, the terms and conditions of this Agreement shall govern.

Section 11.2 Other Agreements. Except as may be expressly stated herein, this Agreement is not intended to address, and should not be interpreted to address, the matters specifically and expressly covered by the Separation Agreement or the Ancillary Agreements.

Section 11.3 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the Parties and delivered to the other Party.

Section 11.4 Survival of Agreements. Except as otherwise contemplated by this Agreement, all covenants and agreements of the Parties contained in this Agreement shall survive the Distribution Date.

Section 11.5 Notices. All notices and other communications hereunder shall be in writing, shall reference this Agreement and shall be hand delivered or mailed by registered or certified mail (return receipt requested) to the Parties at the following addresses (or at such other addresses for a Party as shall be specified by like notice) and will be deemed given on the date on which such notice is received:

To PDL BioPharma, Inc.:

PDL BioPharma, Inc.
932 Southwood Boulevard
Incline Village, Nevada 89451
Attention: General Counsel
Tel: (775) 832-8500
Fax: (775) 832-8501

To LENSAR, Inc.:

LENSAR, Inc.
2800 Discovery Drive
Orlando, Florida 32826
Attention: General Counsel
Tel: (888) 536-7271
Fax: (407) 386-7228

Section 11.6 Waivers. The failure of any Party to require strict performance by any other Party of any provision in this Agreement will not waive or diminish that Party's right to demand strict performance thereafter of that or any other provision hereof.

Section 11.7 Amendments. This Agreement may not be modified or amended except by an agreement in writing signed by each of the Parties.

Section 11.8 Assignment. This Agreement shall not be assignable, in whole or in part, directly or indirectly, by any Party without the prior written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void; provided, however, that either Party may assign this Agreement to a purchaser of all or substantially all of the properties and assets of such Party so long as such purchases expressly assumes, in a written instrument in form reasonably satisfactory to the non-assigning Party, the due and punctual performance or observance of every agreement and covenant of this Agreement on the part of the assigning Party to be performed or observed.

Section 11.9 Successors and Assigns. The provisions to this Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns.

Section 11.10 Subsidiaries. Each of the Parties shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth herein to be performed by any entity that is contemplated to be a Subsidiary of such Party after the Distribution Date.

Section 11.11 Title and Headings. Titles and headings to Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

Section 11.12 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware applicable to contracts made and to be performed in the state of Delaware.

Section 11.13 Waiver of Jury Trial. The Parties hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement.

Section 11.14 Specific Performance. From and after the Distribution, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Parties agree that the Party to this Agreement who is or is to be thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that, from and after the Distribution, the remedies at Law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any loss, that any defense in any action for specific performance that a remedy at Law would be adequate is hereby waived, and that any requirements for the securing or posting of any bond with such remedy are hereby waived.

Section 11.15 Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The Parties shall endeavor in good faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions, the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 11.16 Payment Terms.

a. Except as otherwise expressly provided to the contrary in this Agreement, any amount to be paid or reimbursed by a Party (where applicable, or one of such Party's Entities) to the other Party (where applicable, or one of such other Party's Entities) under this Agreement shall be paid or reimbursed hereunder within sixty (60) days after presentation of an invoice or a written demand therefor, in either case setting forth, or accompanied by, reasonable documentation or other reasonable explanation supporting such amount.

b. Except as expressly provided to the contrary in this Agreement, any amount not paid when due pursuant to this Agreement (and any amount billed or otherwise invoiced or demanded and properly payable that is not paid within sixty (60) days of such bill, invoice or other demand) shall bear interest at a rate per annum equal to the Applicable Rate, calculated for the actual number of days elapsed, accrued from the date on which such payment was due up to the date of the actual receipt of payment.

c. Without the consent of the Party receiving any payment under this Agreement specifying otherwise, all payments to be made by either PDL or LENSAR under this Agreement shall be made in U.S. dollars. Except as expressly provided herein, any amount which is not expressed in U.S. dollars shall be converted into U.S. dollars by using the exchange rate published on Bloomberg at 5:00 pm, Eastern time, on the day before the relevant date, or in The Wall Street Journal on such date if not so published on Bloomberg. Except as expressly provided herein, in the event that any Tax indemnity payment required to be made hereunder may be denominated in a currency other than U.S. dollars, the amount of such payment shall be converted into U.S. dollars on the date in which notice of the claim is given to the indemnifying Party.

Section 11.17 No Admission of Liability. The allocation of assets and liabilities herein is solely for the purpose of allocating such assets and liabilities between PDL and LENSAR and is not intended as an admission of liability or responsibility for any alleged liabilities vis-à-vis any Third Party, including with respect to the liabilities of any non-wholly owned subsidiary of PDL or LENSAR.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the day and year first above written.

PDL BioPharma, Inc.

By: _____
Name: Dominique Monnet
Title: President and Chief Executive Officer

LENSAR, Inc.

By: _____
Name: Nick Curtis
Title: Chief Executive Officer

[Signature Page to Tax Matters Agreement]



Contact:

Jody Cain
LHA Investor Relations
310-691-7100
jcain@lhai.com

PDL BioPharma Completes Spin-Off of LENSAR

INCLINE VILLAGE, Nev. (October 2, 2020) - PDL BioPharma, Inc. (“PDL” or the “Company”) (Nasdaq: PDLI) today announced that it has completed the previously announced spin-off of its femtosecond laser system business, LENSAR, Inc. (Nasdaq: LNSR) (“LENSAR”).

PDL stockholders received 0.075879 shares of LENSAR common stock for every one share of PDL common stock outstanding at 5:00 p.m. Eastern Time on September 22, 2020, the record date for the spin-off. Stockholders of PDL who have acquired shares of PDL common stock in the “regular way” market since shortly before the record date and through October 1, 2020 acquired such shares with an entitlement to receive shares of LENSAR common stock in connection with the distribution. Stockholders of PDL who acquired their shares of PDL common stock ex-distribution during that time did so without an entitlement to receive shares of LENSAR common stock in connection with the distribution. LENSAR shares will begin “regular way” trading on the NASDAQ Stock Market on October 2, 2020.

Read more about LENSAR at the company’s website, www.lensar.com.

About PDL BioPharma, Inc.

Throughout its history, PDL’s mission has been to improve the lives of patients by aiding in the successful development of innovative therapeutics and healthcare technologies. PDL BioPharma was founded in 1986 as Protein Design Labs, Inc. when it pioneered the humanization of monoclonal antibodies, enabling the discovery of a new generation of targeted treatments that have had a profound impact on patients living with different cancers as well as a variety of other debilitating diseases. In 2006, the Company changed its name to PDL BioPharma, Inc.

As of December 2019, PDL ceased making additional strategic transactions and investments and is pursuing a formal process to unlock the value of its portfolio by monetizing its assets and ultimately distributing net proceeds to stockholders in the form of cash or equity.

For more information please visit <https://www.pdl.com/>

NOTE: PDL, PDL BioPharma, the PDL logo and associated logos and the PDL BioPharma logo are trademarks or registered trademarks of, and are proprietary to, PDL BioPharma, Inc. which reserves all rights therein.

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, including as it relates to the Company’s proposed plan of liquidation and the regular-way trading of LENSAR. 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, including the implementation or success of the Company’s monetization strategy/plan of complete liquidation, are disclosed in the risk factors contained in the Company’s Annual Report on Form 10-K and Quarterly Report on Form 10-Q, filed with the SEC on March 11, 2020 and August 10, 2020, respectively, and subsequent filings, and in the Information Statement included in the Form 10 filed by LENSAR. All forward-looking statements are expressly qualified in their entirety by such factors. The Company does not undertake any duty to update any forward-looking statement except as required by law.