

Report of Organizational Actions Affecting Basis of Securities

OMB No. 1545-2224

► See separate instructions.

Part I Reporting Issuer

1 Issuer's name PDL BioPharma, Inc.		2 Issuer's employer identification number (EIN) 94-3023969	
3 Name of contact for additional information Edward Imbrogno	4 Telephone No. of contact 775-832-8504	5 Email address of contact edward.imbrogno@pdl.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 922 Southwest Boulevard		7 City, town, or post office, state, and Zip code of contact Incline Village, NV 89451	
8 Date of action May 21, 2020		9 Classification and description Conversion Rate Adjustment on Convertible Debt	
10 CUSIP number 69329YAJ3 69329YAG9	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

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

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► **In accordance with the terms of its 2.75% Convertible Senior Notes due 2021 and 2024 (the "Notes"), PDL Biopharma, Inc. ("PDL") adjusted the conversion rate of the Notes as a result of PDL's distribution of its stock in Evofem Biosciences, Inc. to its common stock holders. The conversion rate was increased from 262.2951 per Note to 316.5801 per Note on May 21, 2020.**

The value of the conversion rate adjustment was calculated to be \$118.91 per Note.

See separate Form 8937 for a discussion of PDL's distribution of Evofem Biosciences, Inc. to its common stock holders.

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

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

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

Internal Revenue Code Sections 301, 305, 331 and 6045B

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

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

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

Sign Here

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

Signature ▶

Edward A. Imbrogno

Date ▶

10/5/2020

Print your name ▶ **Edward A. Imbrogno**

Title ▶ **VP and CFO**

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.