

**PDL BIOPHARMA, INC.**

**CHARTER FOR THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS**

**I. STATEMENT OF POLICY**

This Charter specifies the scope of the responsibilities of the Compensation Committee (the "Committee") of the Board of Directors (the "Board") of PDL BioPharma, Inc. (the "Company") and the manner in which those responsibilities shall be performed, including its structure, processes and membership requirements.

The primary purpose of the Committee is to discharge the Board's responsibilities relating to compensation and benefits of the Company's executive officers and employees. In carrying out these responsibilities, the Committee shall review all components of executive officer compensation for consistency with the Committee's compensation philosophy as in effect from time to time.

**II. ORGANIZATION AND MEMBERSHIP REQUIREMENTS**

The Committee shall be comprised of at least two directors, each of whom shall satisfy the independence requirements of Nasdaq for Board members. A director shall not serve as a member of the Committee if the Chief Executive Officer or another executive officer of the Company serves on the compensation committee of another company that employs that director as an executive officer.

The members shall be appointed by the Board, or appointed by the Board on the recommendation of the Nominating and Governance Committee, and shall serve until their successors are duly elected and qualified or their earlier resignation or removal. Any member of the Committee may be replaced by the Board, or replaced by the Board on the recommendation of the Nominating and Governance Committee. Unless a chairman is elected by the Board, the members of the Committee may designate a chairman by the majority vote of the full Committee membership. The Committee may from time to time delegate duties or responsibilities to subcommittees or to one member of the Committee.

A majority of the members shall represent a quorum of the Committee, and, if a quorum is present, any action approved by at least a majority of the members shall represent the valid action of the Committee.

**III. MEETINGS**

The Committee shall have the authority to obtain advice or assistance from consultants, legal counsel, accounting or other advisors as appropriate, to perform its duties hereunder and to determine the scope of and terms, costs and fees for such engagements. Without limitation, the Committee shall have the authority to retain or terminate any consulting firm used to evaluate director, CEO or executive compensation, and to determine and approve the scope of and terms, fees and costs for such engagements. The fees and costs of any consultant or advisor engaged by the Committee to assist it in performing any duties hereunder shall be borne by the Company.

The Committee shall meet as often as it deems appropriate, but not less frequently than once each year, to review the compensation of the executive officers and other employees of the Company, and otherwise perform its duties under this charter.

The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

#### **IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES**

To fulfill its responsibilities and duties, the Committee shall, among its responsibilities:

1. Review and recommend to the Board or approve all compensation for the Chief Executive Officer and other officers of the Company, including incentive-based awards and equity compensation.
2. Review and recommend to the Board or approve annual performance objectives and goals relevant to compensation for the Chief Executive Officer and evaluate the performance of the Chief Executive Officer in light of these goals and objectives.
3. Review and recommend to the Board or approve any long-term incentive component of compensation for the Chief Executive Officer and other officers of the Company.
4. Review and recommend to the Board or approve incentive-based compensation plans in which the Company's officers participate, and review and recommend to the Board or approve salaries, incentive compensation and equity awards for such executive officers.
5. Administer the equity compensation plans of the Company, including, without limitation, a determination of the terms, conditions and restrictions of equity awards under the plans, the forms of award agreements, the vesting and exercisability of awards and approval of any rules, guidelines or policies related to those equity compensation plans.
6. Review and recommend to the Board or approve all employment, severance, or change-in-control agreements, special or supplemental benefits, or provisions including the same, applicable to officers.
7. Periodically review and advise the Board concerning regional, peer and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company's compensation programs, including those for the CEO, other executive officers and directors relative to comparable companies in the Company's industry.
8. Review and propose to the Board from time to time changes in director compensation and equity awards.
9. Prepare an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations.
10. Perform such other activities consistent with this Charter, the Company's bylaws and governing law, as the Committee or the Board deems necessary or appropriate.
11. Make regular reports to the Board of Directors regarding the foregoing.
12. Review and reassess the adequacy of this Charter, as appropriate, and recommend any proposed changes to the Board for approval.