

**CHARTER OF THE COMPENSATION COMMITTEE
OF THE BOARD OF DIRECTORS OF PDL BIOPHARMA, INC.
AS AMENDED ON JANUARY 23, 2013**

I. PURPOSE

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 the Committee will perform those responsibilities, 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 officers and directors. In carrying out these responsibilities, the Committee will review all components of officer and director compensation for consistency with the Committee’s compensation philosophy as in effect from time to time.

II. ORGANIZATION AND MEMBERSHIP

The Committee will be comprised of at least two directors, each of whom will (i) be an “independent director” under NASDAQ rules, (ii) be a “non-employee director” within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), (iii) be an “outside director” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and (iv) otherwise meet the independence requirements the Board may establish from time to time. A director may not serve as a member of the Committee if any executive officer of the Company serves on the compensation committee of another company that employs that director as an executive officer.

The Board will appoint Committee members (each, a “Member”). Each Member will serve until the Board duly elects and qualifies the Member’s successor, the Board removes the Member or the Member resigns. The Board may replace any Member of the Committee at any time. Unless the Board elects a chairperson of the Committee, the Members may designate a chairperson by a majority vote of all Members. The Committee may from time to time delegate duties or responsibilities to subcommittees of the Committee or to one or more Members.

The operation of the Committee is subject to the provisions of the Bylaws of the Company (the “Bylaws”), including with respect to notice of meetings, quorum requirements, action without a meeting and waiver of notice of meetings. The Committee may determine such other procedural rules for meeting and conducting its business, except as otherwise provided in the Bylaws or required by applicable law. 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 present shall represent the valid action of the Committee.

III. MEETINGS

The Committee has the sole authority to (i) obtain advice or assistance from consultants, legal counsel or accounting or other advisors, as appropriate, to perform its duties under this Charter, (ii) to retain or terminate any such consultant, counsel or advisor and (iii) to determine and approve the scope of and terms, fees and costs for each such engagement. The Company will

bear the fees and costs of any consultant or advisor engaged by the Committee to assist the Committee in performing any duties under this Charter.

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

The Committee will maintain written minutes of its meetings, which minutes the Committee will file with the minutes of the meetings of the Board.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The principal responsibilities and functions of the Committee are to:

1. Periodically review and advise the Board concerning the Company's overall compensation philosophy, policies and plans and regional, peer and industry-wide compensation practices and trends in order to assess the adequacy and competitiveness of the Company's compensation programs;
2. Annually review the effect of the Company's compensation policies on risk management;
3. Advise management on the compensation of any peer group used for comparison purposes;
4. 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;
5. Annually review an assessment of any potential conflicts of interest raised by the work of compensation consultants, whether retained by the Committee or management, who are involved in determining or recommending executive or director compensation. Assess the independence of any consultants or other outside advisors prior to receiving advice from them, and be directly responsible for the appointment, compensation and oversight of the work of any consultants and advisors retained by the Committee.
6. Assess the results of the stockholders' most recent advisory vote on executive compensation;
7. Review and approve corporate and personal performance goals and objectives relevant to the compensation of all executive officers and determine or recommend to the Board for determination compensation of all executive officers;
8. 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;

9. 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;
10. 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 and cash incentive compensation;
11. Monitor compliance by officers and directors with the Company's stock ownership guidelines;
12. Review, at least annually, succession plans relating to positions held by senior executive officers, and make recommendations to the Board regarding the selection of individuals to fill these positions;
13. Make and approve equity awards to all "officers," as that term is defined in Rule 16a-1(f) under the Exchange Act (each, a "Section 16 Officer") and review and recommend to the Board or approve equity awards to officers that are not Section 16 Officers;
14. Administer the equity compensation plans of the Company, including 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;
15. 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;
16. Review and propose to the Board from time to time changes in director compensation and equity awards;
17. Prepare such reports regarding executive compensation for inclusion in the Company's proxy statements as are required by applicable rules and regulations;
18. Review with the Company's management each Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K under the Securities Act of 1933, as amended, to be included in a filing by the Company with the Securities and Exchange Commission and based on such review and discussions with the Company's management, recommend to the Board that the Compensation Discussion and Analysis be included in the filing;
19. Perform such other activities consistent with this Charter, the Bylaws and applicable law, as the Committee or the Board deems necessary or appropriate;
20. Make regular reports to the Board regarding the foregoing;

21. Annually evaluate the performance of the Committee; and
22. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.