

**Charter of the
Audit Committee of the Board of Directors of
PDL BioPharma, Inc.
As Amended on April 7, 2015**

This Charter specifies the scope of the responsibilities of the Audit 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.

I. Purpose

The primary purpose of the Committee is to oversee the accounting and financial reporting process of the Company and the audits of the Company's financial statements, assist the Board in fulfilling its oversight responsibilities by reviewing and reporting to the Board on the integrity of the financial reports and other financial information provided by the Company to any governmental body or to the public, and on the Company's compliance with these legal and regulatory requirements.

The Committee, at its discretion, has the authority to initiate special investigations, and, if appropriate, hire special legal, accounting or other outside advisors or experts to assist the Committee, to fulfill its duties under this Charter. In connection with such special investigations, the Committee may, in its discretion, coordinate with management and the Nominating and Governance Committee of the Board as appropriate, and provide the Company's Compliance Officer and the Nominating and Governance Committee with access to the reports provided to and by the Committee as appropriate. The Committee may delegate to the Nominating and Governance Committee or other Board committees or management the investigations of non-financial matters, as deemed appropriate by the Committee.

The Committee may also perform such other activities consistent with this Charter, the Bylaws of the Company (the "Bylaws") and governing law, as the Committee or the Board deems necessary or appropriate.

The Committee shall be empowered to retain such outside counsel, accountants or other advisors as it determines appropriate to assist it in the performance of its functions and shall receive appropriate funding from the Company, as determined by the Committee, for payment of compensation and other expenses of any such advisors and for the payment of ordinary administrative expenses that are necessary or appropriate in carrying out the Committee's duties.

II. Organization and Membership

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, including on the recommendation of the Nominating and Governance Committee. 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 Committee will comprise at least three Members, each of whom will:

1. Be an “independent director” under Nasdaq rules;
2. Meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Securities Exchange Act of 1934; and
3. Otherwise meet the requirements the Board may establish from time to time.

The Committee will not include any Member who:

1. Accepts any consulting, advisory, or other compensatory fee, directly or indirectly, from the Company, other than in his or her capacity as a member of the Committee, the Board, or any other committee of the Board;
2. Has participated in the preparation of the financial statements of the Company or any current subsidiary of the Company at any time during the prior three years; or
3. Is an affiliated person of the Company or any subsidiary of the Company, other than a director who meets the independence requirements of Nasdaq.

Each Member must be able to read and understand fundamental financial statements, including a balance sheet, income statement, and cash flow statement. In addition, at least one Member will have past employment experience in finance or accounting, professional certification in accounting, or other comparable experience or background resulting in the individual being financially sophisticated, including being or having been a chief executive, chief financial, or other senior officer with financial oversight responsibilities. At least one Member will be an audit committee financial expert as determined by the Board in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”).

III. Operation of Committee

The operation of the Committee is subject to the provisions of 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.

IV. Meetings

The Committee will meet at such times as it deems necessary or appropriate, but not less frequently than once a quarter. The Committee will meet with the independent registered public accountant, the principal internal auditor of the Company, management and the general counsel, in separate executive sessions as appropriate, and on a quarterly basis to review the Company's financial statements and financial reports.

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

V. Responsibilities

The principal responsibilities and functions of the Committee are:

1. Oversight of the Company's Independent Registered Public Accounting Firm. The Committee will be directly and solely responsible for the selection, engagement, compensation and oversight of any independent registered public accounting firm employed by the Company for the purpose of preparing or issuing an audit report or performing related audit services or non-audit services, provided that the Committee is prohibited from engaging an independent registered public accountant to perform the non-audit services listed in Exhibit A attached to this Charter. Each independent registered public accounting firm engaged as the Company's independent registered public accountant will report directly to the Committee. The Committee will:
 - a. Discuss with the independent registered public accountant the matters required to be discussed under Auditing Standard No. 16, as adopted by the Public Accounting Oversight Board (PCAOB) and amended from time to time;
 - b. Evaluate annually the qualifications, performance and independence of the independent registered public accountant, including the review and evaluation of the lead partner of the independent registered public accountant, taking into account the opinions of management, and report to the Board on its conclusions, together with any recommendations for additional action;
 - c. Consult with an independent registered public accountant to oversee the rotation of the lead audit partner having primary

responsibility for the audit and the audit partner responsible for reviewing the audit every five years;

- d. Review and monitor the Company's compensation for audit and non-audit services performed by the independent registered public accountant, including review of estimated fee ranges for pre-approved services, provided that the Committee retains sole authority to approve or pre-approve any fees for audit and non-audit services performed by the independent registered public accountant;
- e. Discuss with the independent registered public accountants the overall scope and plans for the audit, including the adequacy of staffing and budget or compensation;
- f. Approve as necessary the termination of the engagement of the independent registered public accountant and select a replacement independent registered public accountant;
- g. Establish policies for the hiring of employees or former employees of the independent registered public accountant who participated in any capacity in the audit of the Company, taking into account the impact of such policies on auditor independence;
- h. Establish policies for ensuring the receipt from the independent registered public accountant of a formal written statement delineating all relationships between the auditor and the company, consistent with PCAOB Rule 3526, and the audit committee's responsibility for actively engaging in a dialogue with the auditor with respect to any disclosed relationships or services that may impact the objectivity and independence of the auditor and for taking, or recommending that the full board take, appropriate action to oversee the independence of the independent registered public accountant; and
- i. Obtain and review, at least annually, a report by the outside auditor describing: (1) the outside auditor's internal quality-control procedures; and (2) any material issues raised by the most recent internal quality-control review, or peer review, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the outside auditor, and any steps taken to deal with any such issues.
- j. Review with the independent registered public accountant and, if appropriate, management, any "management" or "internal control" letter issued or, to the extent practicable, proposed to be issued by the independent registered public accountant and management's

response, if any, to such letter, as well as any additional material written communications between the independent registered public accountant and management.

- k. Evaluate the cooperation received by the independent registered public accountant during its audit examination, including any significant difficulties encountered during the audit or any restrictions on the scope of its activities or access to required records, data and information and, whether or not resolved, significant disagreements with management and management's response, if any.
- l. Review with the independent registered public accountant, as appropriate, communications between the audit team and the independent registered public accountant's national office with respect to accounting or auditing issues presented by the engagement.
- m. Review with management and the independent registered public accountant, or any other registered public accounting firm engaged to perform review or attest services, any conflicts or disagreements between management and the independent registered public accountant, or such other accounting firm, whether or not resolved, regarding financial reporting, accounting practices or policies or other matters, that individually or in the aggregate could be significant to the Company's financial statements or the auditor's report, and to resolve any conflicts or disagreements regarding financial reporting.

2. Internal Audit Oversight. The Committee will:

- a. Review and approve annual internal audit plan and budget (or fee) and all major changes to the plan with the Internal Audit department (or designated outsourced firm).
- b. Review and discuss with the internal auditors (or designated outsourced firm) the scope, progress and results of executing the internal audit plan.
- c. Receive reports on the status of significant findings and recommendations, and management's responses.
- d. Review and concur on the appointment, replacement, reassignment or dismissal of the lead Internal Audit person (or designated outsourced firm), who shall have direct access to the Committee.
- e. Review the annual performance of the internal audit function.

3. Review of Financial Reporting, Policies and Processes. To fulfill its responsibilities and duties, the Committee will, to the extent that it deems necessary or appropriate, and in addition to the items described above:
- a. Review and discuss with management and the independent registered public accountant the Company's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and any Current Reports on Form 8-K to the extent these Current Reports disclose the Company's financial information or conclusions of the Committee, and recommend to the Board whether the audited annual financial statements should be included in the Company's Annual Report on Form 10-K;
 - b. Review and discuss earnings press releases and other information provided to analysts and rating agencies, including "pro forma" or adjusted financial information, the use of non-GAAP financial information and provision of financial guidance;
 - c. Periodically and separately meet with management and with the independent registered public accountant;
 - d. On an annual basis, review management's process for assessing the effectiveness of internal control over financial reporting and management's assessment of the effectiveness of the Company's internal control over financial reporting ("Internal Controls"), and review with the independent registered public accountant the report on the effectiveness of internal control over financial reporting, and consider whether any changes to the Internal Controls are appropriate in light of management's assessment or the independent registered public accountant's report;
 - e. On a quarterly basis, review with management management's evaluation of the Company's procedures and controls designed to assure that information required to be disclosed in the Company's periodic public reports ("Disclosure Controls") is recorded, processed, summarized and reported in such reports within the time periods specified by the SEC for the filing of such reports, and consider whether any changes are appropriate in light of management's evaluation of the effectiveness of such Disclosure Controls;
 - f. Review the Company's investment policy and evaluate the Company's adherence to such policy with regard to investment of the Company's assets;
 - g. Review and discuss with management and the independent registered public accountant any off-balance sheet transactions or structures and their effect on the Company's financial results and

operations, as well as the disclosure regarding such transactions and structures in the Company's public filings;

- h. Review with management and the independent registered public accountant the effect of regulatory and accounting initiatives on the financial statements. Review any major issues regarding accounting principles and financial statement presentations, including any significant changes in selection of an application of accounting principles. Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the independent registered public accountant or management; and
- i. Review analyses prepared by management and/or the independent registered public accountant setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements including the effects of alternative GAAP methods on the financial statements.
- j. The Committee shall discuss, with management and the internal auditors (or designated outsourced firm) , management's process for assessing the effectiveness of internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act, including any material weaknesses or significant deficiencies

4. Risk Management, Related-Party Transactions, and Ethical Obligations Relating to Financial Statements. To further fulfill its responsibilities and duties, the Committee will, to the extent that it deems necessary or appropriate, and in addition to the items described above:

- a. Review any matters to be communicated by the independent registered public accountants under the standards of the PCAOB, including any report on significant deficiencies in the design or operation of the Internal Controls which reasonably could adversely affect the Company's ability to record, process, summarize or report financial data, or any material weaknesses in Internal Controls identified to the auditors;
- b. Review, and establish policies and procedures for the review of, all related-party transactions that the Company would disclose pursuant to Item 404 of Regulation S-K for potential conflicts of interests or other improprieties;
- c. Oversee the Company's compliance program with respect to legal and regulatory requirements and review the Company's policies and procedures for monitoring compliance. Meet, at least annually, to review the implementation and effectiveness of the Company's

compliance program with the Compliance Officer, who shall have the authority to communicate directly to the Committee, promptly, about actual and alleged violations of the Company's Code of Business Conduct, including any matters involving criminal or potential criminal conduct;

- d. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing and federal securities law matters, and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting, auditing or federal securities law matters. Adopt, as necessary, appropriate remedial measures or actions with respect to such complaints or concerns;
- e. Periodically review with the Company's Compliance Officer and/or the Nominating and Governance Committee of the Board the adequacy of the Company's Code of Conduct. Review any proposed amendment or grant of a waiver to the provision of the Company's Code of Conduct that the Company would be required to disclose on Form 8-K and, if appropriate, recommend to the Board for approval any such amendment or waiver. Review and, if appropriate, investigate conduct alleged to be in violation of the Company's Code of Conduct and adopt as necessary or appropriate, remedial, disciplinary, or other measures with respect to such conduct. In connection with any such review or investigation, the Committee may, in its discretion, coordinate with management and the Nominating and Governance Committee of the Board as appropriate in undertaking any such review or investigation;
- f. Discuss with management and the independent registered public accountant any correspondence with regulators or governmental agencies that raise material issues regarding the Company's financial statements or accounting policies;
- g. Review, with the Company's legal counsel, legal matters that reasonably could have a significant impact on the Company's financial statements;
- h. Prepare the Committee's report required by the rules of the SEC to be included in the Company's annual proxy statement; and
- i. Discuss the Company's policies with respect to risk assessment, including the risk of fraud. The Committee shall also discuss the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.

5. Other Matters.

- a. Perform such other activities consistent with this Charter, the Bylaws and applicable law, as the Committee or the Board deems necessary or appropriate;
- b. Make regular reports to the Board regarding the foregoing;
- c. Annually evaluate the performance of the Committee; and
- d. Review and reassess the adequacy of this Charter annually, and recommend any proposed changes to the Board for approval.

Exhibit A

Prohibited Non-Audit Services

The categories of prohibited non-audit services are:

1. Bookkeeping or other services related to the Company's accounting records or financial statements;
2. Financial information systems design and implementation;
3. Appraisal or valuation services, fairness opinions, or contribution-in-kind reports;
4. Actuarial services;
5. Internal audit outsourcing services;
6. Management functions or human resources;
7. Broker or dealer, investment adviser, or investment banking services;
8. Legal services and expert services unrelated to the audit; and
9. Any other service that the Board determines, by regulation, is impermissible.