Form **8937**
(December 2017)
Department of the Treasury
Internal Revenue Service

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

OMB No. 1545-0123

Part I Reporting Issuer

1 Issuer's name	2 Issuer's employer identification number (EIN)
Pfenex, Inc.	27-1356759

3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact
Tavo Espinoza	(858) 550-7870	TESPINOZA@LIGAND.COM

6 Number and street (or P.O. box if mail is not delivered to street address) of contact	7 City, town, or post office, state, and ZIP code of contact
3911 Sorrento ValleY Boulevard, Suite 110	San Diego, CA 92121

8 Date of action	9 Classification and description
October 1, 2020	Company shares exchanged for cash and contingent value rights ("CVRs")

10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
N/A	N/A	N/A	N/A

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 ▶ On October 1, 2020, Ligand Pharmaceuticals Incorporated ("LGND") acquired all of the outstanding shares of stock of Pfenex Inc("PFNX") in exchange for: (1) cash of $12 per share and (ii) CVRs representing the contingent right of holders of the CVR to receive $2 cash per share of PFNX stock upon the achievement of certain milestones. LGND is treating such transaction as a closed transaction for US federal income tax purposes.

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 ▶ The receipt of CRV and cash in exchange for PFNX shares held by those former shareholders of PFNX resulted in their obtaining a basis in each of the CRV units equal to the fair market value of such CRVs, or $0.95 per CRV.

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 ▶ As the CRV units were not publicly traded, the fair market value of the CRV units is determined to equal the present value of contingent amount of cash each unit holder has the right to receive, weighted by the probability of such milestone occurring.

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **Sections 1001 and 1012.**

18 Can any resulting loss be recognized? ▶ **No loss is recognized on the issuance of the CVR.**

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **This action is reportable in the tax year ending December 31, 2020.**

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 ▶ Matthew Korenberg Date ▶ 1/5/2021

Print your name ▶ Matthew Korenberg Title ▶ 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.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054