

## Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

**Part I Reporting Issuer**

<b>1</b> Issuer's name		<b>2</b> Issuer's employer identification number (EIN)	
Poniard Pharmaceuticals, Inc. and Subsidiary		91-1261311	
<b>3</b> Name of contact for additional information	<b>4</b> Telephone No. of contact	<b>5</b> Email address of contact	
Michael K. Jackson	206-286-2501	mjackson@poniard.com	
<b>6</b> Number and street (or P.O. box if mail is not delivered to street address) of contact		<b>7</b> City, town, or post office, state, and Zip code of contact	
300 Elliott Ave. W., Suite 530		Seattle, WA 98119	
<b>8</b> Date of action		<b>9</b> Classification and description	
06/01/2011 and 12/01/2011		Dividend paid on Poniard's \$2.4375 Convertible Exchangeable Preferred Stock, Series 1	
<b>10</b> CUSIP number	<b>11</b> Serial number(s)	<b>12</b> Ticker symbol	<b>13</b> Account number(s)
73244920 1		PARDP (OTC markets)	

**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 ▶ Annual dividend of \$2.4375/share distributed semi-annually on 06/01/2011 and 12/01/2011 (\$1.21875/share each date, respectively) on Poniard's \$2.4375 Convertible Exchangeable Preferred Stock, Series 1.

**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 issuer's current and accumulated earnings and profits were negative for calendar year 2011. As a result, 100% of the cash dividend, or \$2.4375 for each preferred share, should be considered a return of capital. Accordingly, each shareholder would experience a commensurate reduction in the basis of each preferred share.

**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 ▶ Pursuant to the terms of the designation of the Series 1 preferred shares, holders of Series 1 preferred shares are entitled to receive annual dividends of \$2.4375 per Series 1 preferred share held. The company maintains and annually updates an earnings and profits calculation, which is included in its annual tax return filed the IRS on Form 5452.

Total pre-dividend basis = pre-dividend shares X pre-dividend basis per share  
Total post-dividend basis = pre-dividend shares X (pre-dividend basis per share - \$2.4375)

**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC §316(a)(2) and 301(c)(2)

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18 Can any resulting loss be recognized? ▶ This action should not result in a taxable loss to the shareholders. Shareholders should consult their tax advisor to determine the tax impact of this transaction with respect to their individual facts and circumstances for tax year 2011.

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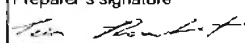
19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Shareholders should consult their tax advisor to determine the tax impact of this transaction with respect to their individual facts and circumstances for tax year 2011.

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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.

Sign Here Signature ▶  Date ▶ 1/13/2012

Print your name ▶ Michael K. Jackson Title ▶ Interim CFO

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	<u>Tim Rinehart</u>	<u></u>	<u>01/13/2012</u>		<u>P01065551</u>
	Firm's name ▶ <u>Ernst &amp; Young U.S. LLP</u>	Firm's address ▶ <u>999 Third Avenue, Suite 3500 Seattle, WA 98104-4086</u>		Firm's EIN ▶ <u>34-6565596</u>	Phone no. <u>206-621-1800</u>