PDL®

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March 29, 2021

Dear PDL investors,

2020 marked a turning point for PDL BioPharma. We made strong progress in the execution of our plan of liquidation and dissolution that was overwhelmingly approved at our Annual Meeting of Stockholders last August. After a proud 35-year history of serving patients by participating in the successful development of innovative therapeutics and healthcare technologies, we are confident that our monetization strategy and voluntary dissolution process will enable us to maximize the value of our assets for our stockholders. I urge you to review the Form 10-K that we just uploaded to our website under the Investor Relations section. This letter will attempt to provide a brief summary of highlights of 2020, of our situation at year end, and of our focus in 2021, but it is in no way a substitute for the comprehensive discussion – in particular of risk factors – included in our 10-K filing. For that reason, this letter should be read in conjunction with the Form 10-K.

Let me first go over some highlights of 2020:

- In February 2020, the PDL Board of Directors approved a plan of complete liquidation (the "Plan of Liquidation")
- In May 2020, pursuant to this Plan of Liquidation, we made a liquidation distribution of our common stock in Evofem Biosciences to PDL stockholders on a pro rata basis
- In August 2020, we entered into a settlement agreement (the "Settlement Agreement") with related entities of Defined Diagnostics, LLC (f/k/a Wellstat Diagnostics, LLC) ("Wellstat Diagnostics" and, together with such related entities, the "Wellstat Parties") resolving previously reported litigation relating to loans we had made to Wellstat Diagnostics that provided for payments to PDL
- In August 2020, we sold three royalty interests related to third-party sales of Kybella®, Zalviso®, and Coflex® to SWK Funding, LLC for $4.35 million
- In September 2020, we completed the sale of our wholly owned pharmaceutical subsidiaries, Noden DAC and Noden USA, for consideration of up to $52.8 million
- In October 2020 we completed the spin-off of LENSAR, our majority-owned medical device company, and made a liquidation distribution of our shares of LENSAR common stock to our stockholders on a pro rata basis

- In November 2020, our Board approved proceeding with the dissolution process for PDL in accordance with the Delaware General Corporation Law (DGCL). The filing of the certificate of dissolution occurred on January 4, 2021, and we closed our stock transfer books on that date (the "Final Record Date")
- In December 2020, we sold all remaining amounts owed to us under the Settlement Agreement with the Wellstat Parties for $51.4 million
- Before the market opened on December 31, 2020, in accordance with our dissolution plan, we executed the voluntary delisting process from Nasdaq resulting in suspension of trading of the PDLI common stock. Official delisting of our common stock occurred on January 7, 2021.
- In the first half of 2020, we repurchased 12.3 million shares of our common stock for an aggregate price of $39.4 million, or an average cost of $3.20 per share, under the share repurchase program approved by our Board of Directors in December 2019
- Finally, we actively repurchased our 2021 and 2024 convertible notes during 2020. As of December 31, 2020, there were no December 2024 notes outstanding and approximately $0.4 million principal amount of the December 2021 notes outstanding[1]. We have continued to repurchase outstanding December 2021 notes since the beginning of this year.

As a result of all these developments, we finished 2020 in a strong position to enter the dissolution process:

- At December 31, 2020, we had $386.9 million in Net Assets in Liquidation[2], or $371.7 million (approximately $3.25 per share) net of the obligation to our stock options holders under the Wind Down Retention Plan[3]. Our Net Assets in Liquidation included $126.8 million in cash and cash equivalents. We believe that cash on hand and future cash expected to be generated from our remaining royalty assets and the milestone payments pursuant to the sale of the Noden entities, net of operating expenses, remaining debt service, income taxes and other obligations, will be sufficient to fund our wind-down operations until all net proceeds, if any, are distributed to our stockholders.
- We are pleased we were able to retain all our key staff through this challenging year. We are grateful for the dedication and professionalism of our team, and they deserve credit for achieving much progress under exceptional conditions and in a remarkably short time. As contemplated by our liquidation and dissolution plans, we progressively right-sized the organization as we executed our monetization plan, and we ended 2020 with a small team of only 11 employees.

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[1] Excluding $1.9 million par value of 2021 Notes that were repurchased prior to December 31, 2020 but settled in the first quarter of 2021

[2] The estimated liquidation values for assets derived from future revenue streams and asset sales and the settlement of estimated liabilities are reflected on the Consolidated Statement of Net Assets in Liquidation below and in our Form 10-K. The actual amounts realized could differ materially from the estimated amounts as detailed in the Risk Factors in our Form 10-K. Please refer to our Form 10-K.

[3] Please refer to our Form 10-K for details on wind down payment obligations to stock option holders

- We are also very grateful to our Board of Directors who engaged very closely in guiding our liquidation, meeting as often as weekly during the most intense part of the year. Finally, I would like to thank our financial advisors whose partnership was critical to our monetization process.

Here are our continued areas of focus as we move forward:

- Royalty assets: We continue to pursue the sale of our remaining assets, in particular our Assertio royalty assets the value of which was estimated at $204.5 million as of December 31, 2020, assuming a sale at the end of the second quarter 2021. BofA Securities continues to lead this sale process. As previously mentioned, if no buyer is willing to pay a price that our Board of Directors determines to be in the best interest of our stockholders, we will keep our remaining royalty assets and consider transferring them to a liquidating trust at a later stage in the dissolution process. We do not plan to sell our Celderga royalty asset with an estimated value of $15.5 million due to the short lifespan of the asset, which will pay out in its entirety during our dissolution process.
- CARES Act tax refunds: Provisions of the CARES Act could generate meaningful tax benefits to PDL as the CARES Act permits taxpayers to carry back five years any net operating losses arising in a taxable year beginning in 2018, 2019 or 2020. In connection with our monetization process, we have executed transactions in 2020 that we expect should result in ordinary tax losses that can be applied to prior tax years in which PDL was a substantial tax payor. Our estimated Net Assets in Liquidation includes our estimate of a potential tax refund under the CARES Act. Please note that there can be no assurance that such tax benefit will be realized in full or at all.
- Examination by the California Franchise Tax Board: We are currently under income tax examination by the State of California for tax years 2009 through 2018. Please note that the timing of the resolution of this examination is highly uncertain, and the amount ultimately paid, if any, may differ materially from our recorded liability. It is also possible that the timing of the resolution of this liability may impact the timing of payment and amount of distributions to our stockholders.
- Dissolution Safe Harbor Procedures and distributions to our stockholders of record: As previously mentioned, we intend to rely on the "safe harbor" procedures under Sections 280 and 281(a) of the DGCL to obtain an order from the Delaware Court of Chancery (the Court Order) establishing the amount and form of security for all known, contingent, and potential future claims for which the Company may be liable during the dissolution process. We expect to distribute to our stockholders all of our remaining assets in excess of the amount required to pay claims and fund the reserves required by the Court Order and pay our operating expenses through the completion of the dissolution process. Please note that there can be no assurances that the Delaware Court of Chancery will not require us to withhold additional amounts in excess of the amounts that we believe are sufficient to satisfy our potential claims and liabilities. Accordingly, stockholders may not receive any distributions of our remaining assets, if any, for a substantial period of time. Recall that the dissolution process under Delaware law takes a minimum of 3 years from the date of filing – so in our case at least until January 2024. Please consult our Form 10-K for more complete information on this critical matter.

- Operating expenses through dissolution: We continue to take measures to right-size our staff and operating expenses as we move forward. We relocated our headquarters to a small office in Reno, Nevada at the end of 2020. Beyond the middle of this year, we expect to retain only a small legal and finance team under the leadership of Chris Stone, our VP and General Counsel, to manage our remaining business through dissolution. Chris is uniquely qualified to lead this process through its successful completion, and I am grateful that he has agreed to succeed me as CEO upon my departure anticipated in the second quarter.
- Board Governance: Directors Natasha Hernday and Alan Bazaar have made the decision to resign from the Board effective March 31, 2021. I would like to express my deepest appreciation to Natasha and Alan for their valued contributions to PDL. As of April 1, 2021, our Board of Directors will include Elizabeth O'Farrell, continuing as chairperson, John McLaughlin and myself.
- Information to investors: We have revamped the pdl.com website during the first quarter to focus on our communications with our investors. I encourage you to consult the website regularly for updates. Please send us any questions you may have to IR@pdl.com.

On behalf of the Board of Directors and the whole team of PDL BioPharma, I would like to thank you again for your investment in our company.

Sincerely,

Dominique Monnet

Dominique P. Monnet
President & CEO
PDL BioPharma, Inc.

PDL BIOPHARMA, INC.
CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION
(In thousands)

	December 31, 2020 (Note 2) (Under Liquidation Basis of Accounting)
Assets	
Current assets:	
Cash and cash equivalents	$ 126,842
Receivables from asset sales	40,574
Royalty assets	220,023
Income tax receivable	91,753
Other assets	5,768
Total assets	$ 484,960
Liabilities	
Current liabilities:	
Accounts payable	$ 531
Uncertain tax positions	43,742
Compensation and benefit costs	9,337
Lease guarantee	10,700
Costs to sell assets	3,997
Other accrued liquidation costs	27,268
Convertible notes payable	2,466
Total liabilities	$ 98,041
Net assets in liquidation	$ 386,919

See accompanying notes in Form 10-K

Forward-looking Statements

This communication contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including as it relates to PDL BioPharma's Plan of Liquidation, dissolution and wind-down of operations. Each of these forward-looking statements involves risks and uncertainties. Actual results may differ materially from those, express or implied, in these forward-looking statements. Important factors that could impair the value of the Company's assets and business, including the implementation or success of the Company's monetization strategy/Plan of Liquidation, are disclosed in the risk factors contained in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (the "SEC") on March 29, 2021, in the Company's Quarterly Reports on Form 10-Q filed with the SEC on May 11, 2020, August 10, 2020 and November 13, 2020 and in the Company's Definitive Proxy Statement on Schedule 14A filed with the SEC on July 7, 2020. All forward-looking statements are expressly qualified in their entirety by such factors. We do not undertake any duty to update any forward-looking statement except as required by law.