



PDL BioPharma, Inc.
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May 7, 2024

Contact:

PDL Investor Relations
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Dear PDL investors,

We are pleased to present to you our first quarter 2024 results which provide an update on our assets and liabilities in accordance with the liquidation basis of accounting.

As we noted in our previous communications, we filed suit against Eli Lilly and Company in the Southern District of Indiana in December of 2023. Our suit alleges anticipatory breach of contract by Eli Lilly and requests a declaratory judgment that Eli Lilly's humanized antibody drug for the treatment of Alzheimer's Disease, donanemab, is a "Licensed Product" under the Development and License Agreement between PDL and Eli Lilly dated September 15, 2000 and that Eli Lilly is obligated to pay a royalty as specified therein. While Eli Lilly had submitted its traditional approval application to the FDA and had previously stated that it expects action in early 2024, the FDA elected to delay approval and convene an advisory panel to review certain unique aspects of the therapy. Prior to the announcement of the FDA delay, Lilly had filed a motion to dismiss the action and PDL is opposing the motion. In light of the delayed approval, the court, at the request of both Lilly and PDL, ordered a stay of discovery until either (1) donanemab is approved or (2) the court denies Lilly's motion to dismiss. PDL intends to vigorously defend its contractual and intellectual property rights in this case. We will keep you updated regarding this litigation as it proceeds.

We also continue to dispute the California Franchise Tax Board's determination of tax owed in the period from 2013-2015. We have completed the protest process and have filed an appeal with the Office of Tax Appeals in California, an independent agency tasked with reviewing the FTB's determinations. We continue to hold significant reserves related to this proceeding.

We continue to execute on our monetization process for PDL's remaining assets with our goal being the efficient distribution of the proceeds from that process to our shareholders. In accordance with the rules applicable to the dissolution of a Delaware Corporation, we continue to hold significant cash reserves as much of those reserves are earmarked at this time for unresolved potential liabilities. When, and if, the liabilities covered by those cash reserves are resolved, and as deemed appropriate by our Board of Directors, we will request the Delaware Chancery Court approve additional distributions. We anticipate that future revenues may allow additional distributions as we continue to receive income from, for example, our royalty assets. Our Board will consider the amount of our unreserved distributable cash and the costs associated with requesting distributions from the Delaware court and processing with our transfer agent in determining when and how much cash to distribute.

We encourage all of our investors to continue to check for updates at <http://pdl.com/faqs> and <https://investor.pdl.com/investor-updates>.

The following is a brief summary of our first quarter financial results.

First Quarter 2024 Financial Highlights:

- As of March 31, 2024 the value of our net assets in liquidation was estimated to be \$150.6 million. The amount available to investors is \$137.8 million (approximately \$1.20 per share) net of the obligation to our stock options holders under the Wind Down Retention Plan¹.
- Our Net Assets in Liquidation included cash and cash equivalents of \$6.3 million and short-term investments of \$90.8 million.
- The Company received royalty payments related to the Assertio royalty asset of \$2.6 million.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of March 31, 2024.

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,

A handwritten signature in black ink, appearing to read 'Chris Stone', with a stylized flourish at the end.

Christopher Stone
CEO, General Counsel and Secretary

¹ Please refer to our 2020 Form 10-K for details on wind down payment obligations to stock option holders.

TABLE 1

PDL BIOPHARMA, INC.

CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION

(unaudited) ⁽²⁾

(In thousands)

	March 31, 2024	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	6,335
Short-term investments		90,828
Receivables from asset sales		1,857
Royalty assets		105,365
Other assets		2,197
Total assets	\$	206,582
Liabilities		
Uncertain tax positions	\$	31,735
Compensation and benefit costs		1,032
Other accrued liquidation costs		23,202
Total liabilities	\$	55,969
Net assets in liquidation	\$	150,613

⁽²⁾ PDL is not subject to Securities and Exchange Commission reporting requirements and does not file financial information with the SEC. This Consolidated Statement of Net Assets in Liquidation is unaudited and has not been reviewed by an independent public accounting firm.