



PDL BioPharma, Inc.
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Contact:

PDL Investor Relations
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Dear PDL investors,

We are pleased to present to you our fourth quarter 2021 results. This letter should be read in conjunction with our 2021 year-end audited financial statements and our most recently filed Form 10-K (found at <https://www.pdl.com/static-files/40f975bb-616e-423a-a3d2-95bf84b43ed7>) and provides an update on our assets and liabilities in accordance with the liquidation basis of accounting.

We continue to optimize the monetization process for PDL's remaining assets and have made significant progress towards the efficient distribution of the proceeds from that process to our shareholders.

As we mentioned in our last communication to you, in early 2022 we completed the necessary steps to resolve claims under the Safe Harbor Procedures in Delaware and on February 10, 2022 we filed our Petition for Determination in the Court of Chancery of the State of Delaware. On March 24, 2022 we filed our Motion for First Interim Distribution To Shareholders ("Interim Distribution Motion") in which we requested the permission of the Court to distribute \$120,000,000 in cash to our shareholders. Our Interim Distribution Motion includes a reserve for our California Franchise Tax Board ("FTB") liability of \$45,104,262, which is inclusive of the full assessment with all penalties and interest through January 31, 2025. While we believe it prudent to reserve this amount, we continue to dispute this liability through the administrative appeals process at the FTB. Our Interim Distribution Motion also includes reserve amounts for wind-down operating expenses, other known liabilities, and \$4.5 million to reserve against unknown claims, as required by the Delaware Safe Harbor Procedures. The Court required that any oppositions to our motion to be filed by April 25, 2022 and scheduled a hearing for May 23, 2022. No claimants opposed our interim distribution and, other than as noted above with respect to the FTB, we have resolved all known claims against the Company. As a result, the Court granted our motion on May 10, 2022, and we promptly initiated the process to distribute \$1.00/share, or \$114,515,806.

As we collect additional revenue, resolve pending and potential claims, and monetize assets through the dissolution process, and to the extent that our Board of Directors believes it appropriate to do so, we will request that the Court approve additional distributions. We encourage all of our investors to continue to check for updates at <http://pdl.com/faqs> and <https://investor.pdl.com/investor-updates>.

Subsequent to December 31, 2021, the Company received the \$88.4 million federal tax refund. In addition to the refund, the Company also received \$0.5 million in interest. Although this money has been received by the Company, we will reserve the full amount of the refund until it is reasonably certain that the IRS will not request to audit the 2020 tax year from which the refund was generated, at which time we would be able to distribute the reserved cash to our shareholders. Therefore, the Company filed the necessary forms with the IRS to request a prompt assessment of the 2020 tax year. By requesting the prompt assessment, the statute of limitations for assessment purposes is reduced from the normal three-

year limitation period to a maximum of 18 months from the date the written request was filed. If the IRS did decide to audit us for this refund, it is likely that the statute of limitations would be extended. PDL filed its prompt assessment request in mid-July 2021.

We are also pleased to announce the settlement of a previously undisclosed contract dispute which generated a payment of \$26.25 million to us. The remaining terms of this settlement are confidential.

Below is a brief summary of our fourth quarter financial results.

Fourth Quarter 2021 Financial Highlights:

- As of December 31, 2021, the value of our net assets in liquidation was estimated to be \$432.0 million, or \$412.8 million (approximately \$3.60 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 \$167.3 million.
- The Company received the quarterly payment of \$2.75 million related to the sale of the Noden subsidiary.
- The Company recorded a receivable of \$26.25 million as of December 31, 2021 following the settlement of a prior contractual dispute, the terms of which are confidential. The Company received the payment in January 2022.
- The Company received royalty payments related to the Assertio and Cerdelga royalty assets in the amounts of \$6.8 million and \$2.6 million, respectively.
- The Company's legacy Redwood City lease guarantee expired as of December 2021.
- The Company's remaining convertible notes were due and paid in full on December 1, 2021.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of December 31, 2021.

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,



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

(In thousands)⁽²⁾

	December 31, 2021	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	167,280
Receivables from asset sales		26,290
Receivable from legal settlement		26,250
Royalty assets		192,698
Income tax receivable		88,432
Other assets		1,964
Total assets	\$	502,914
Liabilities		
Uncertain tax positions	\$	37,562
Compensation and benefit costs		5,683
Costs to sell assets		3,520
Other accrued liquidation costs		24,186
Total liabilities	\$	70,951
Net assets in liquidation	\$	431,963

⁽²⁾ PDL is not subject to Securities and Exchange Commission reporting requirements and does not file financial information with the SEC. However, the December 31, 2021 Consolidated Statement of Net Assets in Liquidation was audited by an independent public accounting firm. A full set of financial statements for year ended December 31, 2021 can be found at <https://www.pdl.com/investor-relations>.