



PDL BioPharma, Inc.  
59 Damonte Ranch Pkwy., Suite B-375  
Reno, NV 89521  
Tel: 775-832-8500  
[www.pdl.com](http://www.pdl.com)

December 5, 2024

**Contact:**

PDL Investor Relations  
[IR@pdl.com](mailto:IR@pdl.com)

Dear PDL investors,

As previously communicated, in Q2 2024 we experienced a drastic reduction in the Company's royalty income as a result of a drop in sales of Glumetza. Specifically, the Company received no Glumetza royalty income in Q2 2024. Bausch Health, the manufacturer of Glumetza, halted shipment of Glumetza in April and reported negative sales for Q2 2024. It is our understanding that, due to the current sales channel mix, the rebates Bausch Health is required to pay exceed the revenue received with respect to sales of Glumetza.

We have no additional information to provide at this time regarding the future direction of Glumetza or whether the product will be returned to the market. As a result, we are unable to provide a current comprehensive valuation for our royalty assets. Given the length of time that Glumetza has been off the market, and the lack of any direction from Bausch regarding their plans with the product, PDL is unable to provide an updated Consolidated Statement of Net Assets in Liquidation at this time. Instead, and for the purpose of assisting our investors in assessing the potential value of their holdings in the Company, we provide below a hypothetical Consolidated Statement of Net Assets in Liquidation, as of June 30, 2024, that assumes no future Glumetza royalties.

**PDL BIOPHARMA, INC.**  
**Unaudited Pro Forma Consolidated Statement of Net Assets in Liquidation**  
**(in thousands)**

	<b>June 30, 2024</b>	
	(Under Liquidation Basis of Accounting)	
<b>Assets</b>		
Cash and cash equivalents	\$	5,813
Short-term investments		94,825
Royalty assets		18,671 <b>{A}</b>
Other assets		1,519
<b>Total assets</b>	<b>\$</b>	<b>120,828</b>
<b>Liabilities</b>		
Uncertain tax positions	\$	31,667
Compensation and benefit costs		857
Other accrued liquidation costs		14,619 <b>{B}</b>
<b>Total liabilities</b>	<b>\$</b>	<b>47,143</b>
<b>Net assets in liquidation</b>	<b>\$</b>	<b>73,685</b>

**{A}** The remaining balance in Royalty assets, if Glumetza is reduced to zero, represents forecasted royalties for Jentaduetto XR, Synjardy XR and Trijardy XR.

**{B}** The deferred tax liability, included in Other accrued liquidation costs, would be reduced by \$8.1 million, if the value of the Glumetza royalty asset was zero.

In other matters, we continue to prosecute our suit against Eli Lilly and Company in the Southern District of Indiana in which we allege breach of contract and request a declaratory judgment that Eli Lilly is obligated to pay a royalty on sales of their Alzheimer's Disease therapeutic, Kisunla®. The proceeding is currently in the discovery phase with no scheduled date for trial. 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.

Our appeal of the California Franchise Tax Board's determination of tax owed in the period from 2013-2015 is ongoing before the Office of Tax Appeals. We continue to hold significant reserves related to this proceeding.

In accordance with the rules applicable to the dissolution of a Delaware Corporation, we are required to continue to hold significant cash reserves as much of those reserves are earmarked at this time for unresolved potential liabilities. We will also need to carefully assess our potential future need for cash to finance our lawsuit against Lilly and intend to reserve appropriate cash to ensure that we are able to effectively litigate the matter until the lawsuit is resolved. With respect to future distributions, we will continue to assess our liquidation balances and our necessary reserves and expected expenses. When

considered appropriate by our Board of Directors in light of the matters discussed above, we will request that the Delaware Chancery 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>.

Sincerely,

A handwritten signature in black ink, appearing to be the initials 'CS' or 'CStone', written in a cursive style.

Christopher Stone  
CEO, General Counsel and Secretary