



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 2022 results. This letter should be read in conjunction with our 2022 year-end audited consolidated financial statements 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 you are aware from our previous communications, we distributed \$24.0 million, or \$0.21 per share in November 2022 and most recently we completed a \$95.9 million or \$0.837438 per share distribution on April 21, 2023. We resolved the examination of our 2020 tax return with the Internal Revenue Service as the statute of limitations has expired with respect to that return. In addition, and 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. For example, PDL continues to reserve \$51.7 million for various potential tax liabilities, primarily those related to the California FTB audit of tax years 2013-2016, and an additional \$31.6 million for employee compensation and other accrued liquidation costs.

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. Additionally, 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 <https://investor.pdl.com/faqs> and <https://investor.pdl.com/investor-updates>.

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

Fourth Quarter 2022 Financial Highlights:

- As of December 31, 2022, the value of our net assets in liquidation was estimated to be \$331.3 million, or \$308.8 million (approximately \$2.69 per share) net of the obligation to our stock options holders under the Wind Down Retention Plan¹.

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

- Our Net Assets in Liquidation included cash and cash equivalents of \$71.6 million and short-term investments of \$118.4 million.
- The Company received the quarterly payment of \$2.75 million related to the sale of the Noden subsidiary.
- The Company received royalty payments related to the Assertio royalty asset of \$8.4 million.
- During the quarter ended December 31, 2022, the Company updated its forecast of the expected future cash flows for the Assertio royalty asset with the assistance of a third-party expert. In addition, management reached the conclusion that the Company should no longer include an expectation that the Assertio royalty will be sold in the foreseeable future. This required an update to the liquidation basis value of the royalty asset in which management made its best estimate of the future cash flows expected to be generated from the asset with no discounting included in its estimation. Therefore, the Assertio royalty value of \$178.6 million includes both a forecasted cash flow update as well as changes to the timing and discounting of those future cash flows.
- As a result of the Company's 2020 tax return being accepted as filed by the Internal Revenue Service, the liability related to an uncertain tax position in that return was reevaluated and was determined to have decreased by \$8.3 million.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of December 31, 2022.

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,



Chris Stone
CEO, General Counsel and Secretary

TABLE 1
PDL BIOPHARMA, INC.
CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION
(In thousands)⁽²⁾

	December 31, 2022	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	71,635
Short-term investments		118,419
Receivables from asset sales		15,290
Royalty assets		178,596
Other assets		2,024
Total assets	\$	385,964
Liabilities		
Uncertain tax positions	\$	31,423
Compensation and benefit costs		3,649
Other accrued liquidation costs		19,624
Total liabilities	\$	54,696
Net assets in liquidation	\$	331,268

⁽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, 2022 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, 2022 can be found at <https://www.pdl.com/investor-relations>.