



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 2023 results which provide an update on our assets and liabilities in accordance with the liquidation basis of accounting.

In notable developments regarding our dissolution and monetization process, 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 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 donanemab is not yet approved, Eli Lilly has submitted its traditional approval application to the FDA and expects action in early 2024. 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 and expect resolution within the next 18 months.

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 fourth quarter financial results.

Fourth Quarter 2023 Financial Highlights:

- As of December 31, 2023, the value of our net assets in liquidation was estimated to be \$148.8 million. The amount available to investors is \$136.1 million (approximately \$1.19 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 \$7.6 million and short-term investments of \$87.2 million.
- Upon request by Stanley Capital Partners LLP, the Company agreed to modify the Noden sale agreement to spread out the last quarterly payment of \$3.7 million. Per the modified agreement, fifty percent of the \$3.7 million was received in December 2023. The remaining fifty percent plus interest will be received in two payments of twenty-five percent a piece in April and June of 2024.
- The Company received royalty payments related to the Assertio royalty asset of \$5.2 million.
- During the quarter ended December 31, 2023, the Company updated its forecast of the expected future cash flows for the Assertio royalty asset. This update was made to recognize the negative actual to forecast cash flows that were experienced throughout 2023. As of December 31, 2023 the expected cash realizable value of the Assertio royalty asset was \$110.3 million.
- Included in other accrued liquidation costs is \$14.0 million related to the lawsuit we initiated with Eli Lilly over royalties due upon the commercialization of donanemab. This estimate includes costs related to the litigation through trial.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of December 31, 2023.

Additionally, we note the resignation of John McLaughlin from the Board of Directors. John has presided over the management and direction of PDL since 2008, first as Chief Executive Officer and then as a Director. John's guidance and leadership have been invaluable to PDL, and his participation will be missed.

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

(unaudited) ⁽²⁾

(In thousands)

	December 31, 2023	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	7,616
Short-term investments		87,240
Receivables from asset sales		1,857
Royalty assets		110,275
Other assets		1,884
Total assets	\$	208,873
Liabilities		
Uncertain tax positions	\$	31,330
Compensation and benefit costs		1,970
Other accrued liquidation costs		26,785
Total liabilities	\$	60,086
Net assets in liquidation	\$	148,787

⁽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.