



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

September 9, 2021

Contact:

PDL Investor Relations
IR@pdl.com

Dear PDL Investors:

Since the filing of our certificate of dissolution, we have continued to make progress in our wind-down efforts. As previously disclosed, we filed the certificate of dissolution on January 4, 2021 and the official delisting of our common PDLI stock occurred on January 7, 2021. I refer you to the Form 10-K for the year ended December 31, 2020 that we filed at the end of March for a comprehensive discussion of our processes and risk factors, and also to the May 11, 2021, letter to investors regarding Q1 results. This letter should be read in conjunction with our Form 10-K and provides an update on our assets and liabilities in accordance with the liquidation basis of accounting.

As noted in our May 11, 2021 letter, we have adjusted our structure and governance. Our previous CEO, Dominique Monnet, and our previous CFO, Edward Imbrogno, stepped down from their executive positions in May. We are very grateful to Ed and Dominique for their considerable contributions to PDL over the past couple of years and in guiding PDL towards a successful dissolution and liquidation process. I have taken over the responsibilities of CEO, in addition to continuing my responsibilities as General Counsel, and am teamed with my colleague, Christy Horgan, our previous Corporate Controller, who has taken on the responsibilities of Chief Financial Officer. We have retained a skeleton support staff and have moved to new smaller offices in Reno, Nevada, and the organization is now right sized to facilitate efficient finalization of the dissolution and distribution process.

Our mission continues to be to optimize the monetization process for PDL's remaining assets and distribution of the proceeds from that process to our shareholders. We continue to hold our Assertio royalty assets for sale and have continued with an active process in that regard. We filed our 2020 federal tax return with a refund request for \$88.4 million. Additionally, we received a decision of the California Franchise Tax Board ("CA FTB") reversing its tax assessments against PDL for 2009-2012 and agreeing with us that no tax was due in those years resulting in a reduction in our uncertain tax position, as noted below.

Below is a brief summary of our second quarter unaudited financial results.

Second Quarter 2021 Financial Highlights:

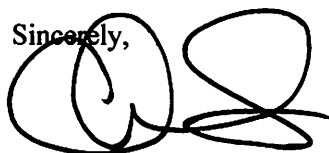
- As of June 30, 2021, the value of our net assets in liquidation was estimated to be \$413.2 million, or \$395.6 million (approximately \$3.45 per share) net of the obligation to our stock options holders under the Wind Down Retention Plan¹. Our Net Assets in Liquidation included cash and cash equivalents of \$145.8 million.

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

- 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 and Cerdelga royalty assets in the amounts of \$5.5 million and \$2.6 million, respectively.
- 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, upon the adoption of the liquidation basis of accounting, the Company had to make an estimate of when the Assertio royalty asset would be sold, which management estimated to be June 30, 2021. As the Assertio royalty asset has not been sold as of this date, management has made a new estimate of June 30, 2022. Under the liquidation basis of accounting the Assertio royalties are valued using undiscounted estimated cash receipts until the estimated date of sale, plus a discounted value of the remaining estimated cash flows as an estimate of the expected cash consideration from the sale of these royalty rights. Therefore, the Assertio royalty value included in the Consolidated Statement of Net Assets on June 30, 2021 of \$201.3 million includes both a forecasted cash flow update as well as changes to the timing of the discounting of those future cash flows.
- The CARES Act receivable as of June 30, 2021 is estimated to be \$88.4 million. This is \$3.7 million less than the previously reported balance on March 31, 2021 of \$92.1 million due to adjustments made during the preparation of the 2020 tax return as filed with the Internal Revenue Service.
- During the second quarter of 2021 the Company received notice that the CA FTB had reversed its assessments for the tax years 2009 to 2012. The audits for tax years 2013 to 2016 remain ongoing with the CA FTB. As a result of the CA FTB's reversal, the liability related to our uncertain tax position was reevaluated and was determined to have decreased by \$11.0 million.
- The Company's legacy Redwood City lease guarantee decreased by \$5.4 million from December 31, 2020 and will continue to decrease throughout 2021 as the underlying lease is set to expire in December 2021.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of June 30, 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,

A handwritten signature in black ink, appearing to read 'Christopher Stone', written over the word 'Sincerely,'.

Christopher Stone
CEO, General Counsel and Secretary

TABLE 1

PDL BIOPHARMA, INC.

CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION

(unaudited)⁽²⁾

(In thousands)

	June 30, 2021	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	145,817
Receivables from asset sales		34,324
Royalty assets		212,686
Income tax receivable		88,509
Other assets		2,622
Total assets	\$	483,958
Liabilities		
Accounts payable	\$	39
Uncertain tax positions		33,016
Compensation and benefit costs		7,050
Lease guarantee		5,350
Costs to sell assets		3,580
Other accrued liquidation costs		21,535
Convertible notes payable		213
Total liabilities	\$	70,784
Net assets in liquidation	\$	413,174

⁽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.