



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 third quarter 2024 results which provide an update on our assets and liabilities in accordance with the liquidation basis of accounting.

As previously communicated, 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 and Q3 2024. Bausch Health, the manufacturer of Glumetza, halted shipment of Glumetza in April. 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. In late December 2024 Bausch elected to discontinue sales of Glumetza in the United States. As a result, no further royalty revenue from sales of Glumetza is forecasted. We retain our rights under the royalty purchase contract with Assertio and will consider alternative distribution channels, should such an opportunity become available.

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. On January 14, the court denied as moot Lilly's Motion to Dismiss under 12(b)(1) and granted in part and denied in part Lilly's Motion to Dismiss under 12(b)(6). Importantly, the court determined that PDL's breach of contract allegations are sufficiently plead and that, in reading our complaint in the light most favorable to PDL, Lilly refused to perform under the agreement. The result of the court's decision is to allow PDL's breach of contract case to continue. 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>.

The following is a brief summary of our third quarter financial results.

Third Quarter 2024 Financial Highlights:

- As of September 30, 2024 the value of our net assets in liquidation was estimated to be \$72.5 million. The amount available to investors is \$66.5 million (approximately \$0.58 per share) net of the obligation to our stock options holders under the Wind Down Retention Plan¹.
- The Company received royalty payments related to the Assertio royalty asset of \$1.2 million.
- Included in the September 30, 2024 Consolidated Statement of Net Assets in Liquidation are updates in the estimates for compensation and benefit costs and other accrued liquidation costs to reflect expenses that are expected to continue into 2025 that were not previously included in our forecast of expenses. Specifically, as previously detailed, the Company's suit against Eli Lilly and the ongoing California Franchise Tax Board appeal will be ongoing in 2025. The estimates for compensation and benefit costs and other liquidation costs are reviewed by management and the board every quarter to ensure they reflect the costs expected to be incurred to conclude the wind-up of the Company's operations.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of September 30, 2024.

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)

	<u>September 30, 2024</u>	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	4,661
Short-term investments		97,378
Royalty assets		17,330
Other assets		1,472
Total assets	\$	120,842
Liabilities		
Uncertain tax positions	\$	32,098
Compensation and benefit costs		1,715
Other accrued liquidation costs		14,568
Total liabilities	\$	48,382
Net assets in liquidation	\$	72,460

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.