



PDL BioPharma, Inc.
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March 11, 2025

Contact:

PDL Investor Relations
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Dear PDL investors,

This letter presents to you our fourth quarter 2024 results and provides 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 has not received Glumetza royalty income since Q1 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 latter stages of the discovery phase with no scheduled date for trial. PDL intends to vigorously defend its contractual and intellectual property rights in this case. PDL has retained sufficient reserves to fund the litigation against Lilly. Those reserves are included in our Consolidated Statement of Net Assets in Liquidation under Other Accrued Liquidation Costs. 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 as required by the Delaware court.

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 fourth quarter financial results.

Fourth Quarter 2024 Financial Highlights:

- As of December 31, 2024, the value of our net assets in liquidation was estimated to be \$64.6 million. The amount available to investors is \$59.4 million (approximately \$0.52 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 \$1.0 million. In addition, the Company updated its forecast of the expected future cash flows for the Assertio royalty asset at December 31, 2024 to be reflective of the actual to forecast results during 2024.
- Included in the December 31, 2024 Consolidated Statement of Net Assets in Liquidation are updates in the estimates for legal expenses related to the Company's suit against Eli Lilly and the ongoing California Franchise Tax Board dispute.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of December 31, 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)

	December 31, 2024	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	3,853
Short-term investments		97,772
Royalty assets		13,432
Other assets		1,440
Total assets	\$	116,497
Liabilities		
Uncertain tax positions	\$	32,543
Compensation and benefit costs		1,312
Other accrued liquidation costs		18,051
Total liabilities	\$	51,906
Net assets in liquidation	\$	64,591

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.