



PDL BioPharma, Inc.
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December 18, 2025

Contact:

PDL Investor Relations
IR@pdl.com

Dear PDL investors,

This letter presents to you our third quarter of 2025 results and provides an update on our assets and liabilities in accordance with the liquidation basis of accounting.

In our suit against Eli Lilly and Company in the Southern District of Indiana in which we alleged breach of contract and requested a declaratory judgment that Eli Lilly was obligated to pay a royalty on sales of their Alzheimer's Disease therapeutic, Kisunla™, the District Court granted Lilly's motion for summary judgment and dismissed the case. While we disagree with the decision of the court, we have elected not to pursue appeal. In light of the cost of appeal and litigation, the increased risk to the Company's case by virtue of the court's decision, the timeline of appeal and, if successful, subsequent trial and litigation, and the context of the Company's dissolution, the Board determined that continuing to pursue the litigation would not be in the best interests of the Company and its investors.

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. In April, the Office of Tax Appeals referred the case to its Subject Matter Expert for review. We expect that, once the Subject Matter Expert has reviewed the case, a hearing will be scheduled to resolve the case. We continue to hold significant reserves related to this proceeding as required by the Delaware court.

Our Board has determined at this time that the retention of employees is no longer necessary to further the wind down process. As a result, the Company will terminate all employees as of December 31, 2025. The current management team, including myself and Christy Horgan, our current CFO, will remain available to the Company as consultants on an hourly as-needed basis to manage the remaining steps of our dissolution process, including the distribution of available funds to our investors. In addition, I am grateful that our current Board members have agreed to continue in their roles overseeing the dissolution process, ensuring continuity in our management. We are confident that the Company will continue to effectively and efficiently manage the needs of the wind down process.

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. With respect to future distributions, we will continue to assess our liquidation balances and our necessary reserves and expected expenses. However, we expect to move shortly in Delaware Chancery Court for a sixth distribution of at least \$0.14.

We encourage all of our investors to continue to check for updates at <https://www.pdl.com/investor-relations/faqs> and <https://investor.pdl.com/investor-updates>.

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

Third Quarter 2025 Financial Highlights:

- As of September 30, 2025, the value of our net assets in liquidation was estimated to be \$56.3 million. The amount available to investors is \$51.6 million (approximately \$0.45 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 \$0.9 million.
- Due to the Company's decision to no longer pursue the suit against Eli Lilly and Company (which occurred after September 30, 2025, but before we made public the third quarter financials), the other accrued liquidation balance has decreased to reflect litigation costs that will no longer be incurred.
- Please see Table 1 for the Consolidated Statement of Net Assets in Liquidation as of September 30, 2025.

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 'CS', is positioned to the right of the word '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)

	September 30, 2025	
	(Under Liquidation Basis of Accounting)	
Assets		
Cash and cash equivalents	\$	1,651
Short-term investments		82,567
Royalty assets		9,787
Other assets		1,392
Total assets	\$	95,397
Liabilities		
Uncertain tax positions	\$	33,845
Compensation and benefit costs		760
Other accrued liquidation costs		4,481
Total liabilities	\$	39,087
Net assets in liquidation	\$	56,310

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.