As filed with the Securities and Exchange Commission on June 28, 2016

File No. 001-37746

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 2
To
Form 10

GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of
the Securities Exchange Act of 1934

Aptevo Therapeutics Inc.
(Exact name of Registrant as specified in its charter)

Delaware	**81-1567056**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. employer Identification number)**
2401 4th Avenue, Suite 1050 **Seattle, Washington**	**98121**
(Address of principal executive offices)	**(Zip Code)**

(206) 838-0500
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

Title of Each Class to be so Registered	**Name of Each Exchange on which Each Class is to be Registered**
Common Stock, par value $0.001 per share	**The NASDAQ Stock Market LLC**

Securities to be registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐

APTEVO THERAPEUTICS INC.

INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. ***Business.***

The information required by this item is contained under the sections of the information statement entitled "Information Statement Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Certain Relationships and Related Party Transactions," and "Where You Can Find More Information." Those sections are incorporated herein by reference.

Item 1A. ***Risk Factors.***

The information required by this item is contained under the section of the information statement entitled "Risk Factors." That section is incorporated herein by reference.

Item 2. ***Financial Information.***

The information required by this item is contained under the sections of the information statement entitled "Capitalization," "Unaudited Pro Forma Combined Financial Information," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Index to Financial Statements" and the financial statements referenced therein. Those sections are incorporated herein by reference.

Item 3. ***Properties.***

The information required by this item is contained under the section of the information statement entitled "Business—Properties." That section is incorporated herein by reference.

Item 4. ***Security Ownership of Certain Beneficial Owners and Management.***

The information required by this item is contained under the section of the information statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

Item 5. ***Directors and Executive Officers.***

The information required by this item is contained under the section of the information statement entitled "Management." That section is incorporated herein by reference.

Item 6. ***Executive Compensation.***

The information required by this item is contained under the sections of the information statement entitled "Compensation Discussion and Analysis" and "Executive Compensation." Those sections are incorporated herein by reference.

Item 7. ***Certain Relationships and Related Transactions.***

The information required by this item is contained under the sections of the information statement entitled "Management" and "Certain Relationships and Related Party Transactions." Those sections are incorporated herein by reference.

Item 8. ***Legal Proceedings.***

The information required by this item is contained under the section of the information statement entitled "Business—Legal Proceedings." That section is incorporated herein by reference.

Item 9. ***Market Price of, and Dividends on, the Registrant's Common Equity and Related Stockholder Matters.***

The information required by this item is contained under the sections of the information statement entitled "Dividend Policy," "Capitalization," "The Separation and Distribution," and "Description of Aptevo's Capital Stock." Those sections are incorporated herein by reference.

Item 10. ***Recent Sales of Unregistered Securities.***

The information required by this item is contained under the section of the information statement entitled "Description of Aptevo's Capital Stock—Sale of Unregistered Securities." That section is incorporated herein by reference.

Item 11. ***Description of Registrant's Securities to be Registered.***

The information required by this item is contained under the sections of the information statement entitled "Dividend Policy," "The Separation and Distribution," and "Description of Aptevo's Capital Stock." Those sections are incorporated herein by reference.

Item 12. ***Indemnification of Directors and Officers.***

The information required by this item is contained under the section of the information statement entitled "Description of Aptevo's Capital Stock—Limitation of Liability and Indemnification of Officers and Directors." That section is incorporated herein by reference.

Item 13. ***Financial Statements and Supplementary Data.***

The information required by this item is contained under the section of the information statement entitled "Index to Financial Statements" and the financial statements referenced therein. That section is incorporated herein by reference.

Item 14. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.***

None.

Item 15. ***Financial Statements and Exhibits.***

(a) Financial Statements

The information required by this item is contained under the sections of the information statement entitled "Unaudited Pro Forma Combined Financial Information" and "Index to Financial Statements" and the financial statements referenced therein. Those sections are incorporated herein by reference.

(b) Exhibits

See below.

Exhibit Number	Exhibit Description
2**	Form of Separation and Distribution Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc. (schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The company hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the Securities and Exchange Commission.)
3.1**	Form of Restated Certificate of Incorporation of Aptevo Therapeutics Inc.
3.2**	Form of Amended and Restated By-Laws of Aptevo Therapeutics Inc.
4.1*	Form of Common Stock Certificate
4.2*	Form of Registration Rights Agreement by and among Aptevo Therapeutics Inc. and the stockholders parties thereto
10.1*	Form of Transition Services Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc.
10.2**	Form of Tax Matters Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc.
10.3*	Form of Employee Matters Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc.
10.4*	Form of Manufacturing Services Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc.
10.5*	Form of Canadian Distributor Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc.
10.6*	Form of Trademark License Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc.
10.7*	Form of Product License Agreement by and between Emergent BioSolutions Inc. and Aptevo Therapeutics Inc.
10.8**	Form of Promissory Note made by Emergent BioSolutions Inc. in favor of Aptevo Therapeutics Inc.
C 10.9**	Form of Indemnity Agreement for directors and senior officers
C 10.10*	Form of Aptevo Therapeutics Inc. 2016 Stock Incentive Plan
C 10.11*	Form of Aptevo Therapeutics Inc. Senior Management Severance Plan
10.12**	Fourth and Battery Office Lease, dated as of April 28, 2003, by and between Emergent Product Development Seattle, LLC (as successor-in-interest to Trubion Pharmaceuticals, Inc. and Genecraft, Inc.) and Selig Real Estate Holdings Eight L.L.C. (the “Seattle Office Lease”)
10.13**	Seattle Office Lease Amendment, dated December 8, 2004
10.14**	Seattle Office Lease Amendment, dated February 1, 2006
10.15**	Seattle Office Lease Amendment, dated February 2, 2007
10.16**	Seattle Office Lease Amendment, dated June 7, 2010
10.17**	Seattle Office Lease Amendment, dated December 21, 2010
10.18**	Seattle Office Lease Amendment, dated July 17, 2012
10.19**	Seventh Amendment to Seattle Office Lease, dated December 5, 2014

Exhibit Number	Exhibit Description
10.20†*	License and Co-Development Agreement, dated as of August 19, 2014, by and between Emergent Product Development Seattle, LLC and MorphoSys AG (the "MorphoSys Collaboration Agreement")
10.21†**	First Amendment to MorphoSys Collaboration Agreement, dated June 19, 2015
10.22†**	Second Amendment to MorphoSys Collaboration Agreement, dated December 7, 2015
10.23†**	Amended and Restated License Agreement, dated as of November 28, 2008, by and between Cangene Corporation (as successor-in-interest to Inspiration Biopharmaceuticals, Inc.) and The University of North Carolina at Chapel Hill, as amended on June 14, 2012
10.24†**	CMC Commercial Supply (Manufacturing Services) Agreement, dated June 17, 2011, between CMC ICOS Biologics, Inc. and Aptevo BioTherapeutics LLC (as successor-in-interest to Inspiration Biopharmaceuticals, Inc.)
10.25†**	Settlement and Amendment, dated November 20, 2012, Concerning a Manufacturing Agreement dated December 2, 2005 and a Commercial Supply Agreement dated June 20, 2011 between CMC ICOS Biologics, Inc. and Aptevo BioTherapeutics LLC (as successor-in-interest to Inspiration Biopharmaceuticals, Inc.)
10.26†**	Supply Agreement, dated April 29, 2014, between Aptevo BioTherapeutics LLC and Rovi Contract Manufacturing, S.L.
10.27†**	Manufacturing Services Agreement, dated May 27, 2015, Aptevo BioTherapeutics LLC and Patheon UK Limited
C 10.28*	Form of Aptevo Therapeutics Inc. Converted Equity Awards Incentive Plan
21*	Subsidiaries of Aptevo Therapeutics Inc.
99*	Information Statement of Aptevo Therapeutics Inc., preliminary and subject to completion, dated May 31, 2016

* Filed herewith.
** Previously Filed.
*** To be filed by amendment.
C Management contract or compensatory plan or arrangement.
† Confidential treatment requested from the Securities and Exchange Commission as to certain portions, which portions have been omitted and filed separately with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 2 to Registration Statement on Form 10 to be signed on its behalf by the undersigned, thereunto duly authorized.

APTEVO THERAPEUTICS INC.

By: /s/ Robert G. Kramer
Name: Robert G. Kramer
Title: President

Date: June 28, 2016


SPECIMEN
SPECIMEN
NUMBER
APVO
Aptevo™
Therapeutics
SHARES
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE
SEE REVERSE FOR CERTAIN DEFINITIONS
COMMON STOCK
CUSIP 03835L 10 8
THIS CERTIFIES THAT:
SPECIMEN
IS THE OWNER OF
FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK, PAR VALUE $0.001 OF
APTEVO THERAPEUTICS INC.
transferable only on the books of the Corporation in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate and the shares represented hereby are issued and shall be held subject to the laws of the State of Delaware, and the provisions of the Restated Certificate of Incorporation and Amended and Restated By-laws of the Corporation, as now or hereafter amended to which the holder by acceptance hereof assents.
This certificate is not valid until countersigned by the Transfer Agent and registered by the Registrar.
WITNESS the seal of the Corporation and the facsimile signatures of its duly authorized officers.
DATED:
COUNTERSIGNED:
BROADRIDGE CORPORATE ISSUER SOLUTIONS, INC.
1717 ARCH ST., STE. 1300, PHILADELPHIA, PA 19103
TRANSFER AGENT
BY:
AUTHORIZED SIGNATURE
APTEVO THERAPEUTICS INC. CORPORATE SEAL 2016 DELAWARE
PRESIDENT
TREASURER

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	*UNIF GIFT MIN ACT - .....Custodian..... (Cust) (Minor)*
TEN ENT - as tenants by the entireties	*under Uniform Gifts to Minors*
JT TEN - as joint tenants with right of survivorship and not as tenants in common	*Act ..... (State)*

Additional abbreviations may also be used though not in the above list.

For Value Received,_____ hereby sell, assign and transfer unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ *Shares of the stock represented by the within Certificate, and do hereby irrevocably constitute and appoint*

_____ *Attorney to transfer the said stock on the books of the within named Corporation with full power of substitution in the premises.*

Dated _____

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

Signature(s) Guaranteed

By _____

The Signature(s) must be guaranteed by an eligible guarantor institution (Banks, Stockbrokers, Savings and Loan Associations and Credit Unions with membership in an approved Signature Guarantee Medallion Program), pursuant to SEC Rule 17Ad-15.

THE CORPORATION WILL FURNISH TO ANY STOCKHOLDER, UPON REQUEST AND WITHOUT CHARGE, A FULL STATEMENT OF THE DESIGNATIONS, RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF THE SHARES OF EACH CLASS AND SERIES AUTHORIZED TO BE ISSUED, SO FAR AS THE SAME HAVE BEEN DETERMINED, AND OF THE AUTHORITY, IF ANY, OF THE BOARD TO DIVIDE THE SHARES INTO CLASSES OR SERIES AND TO DETERMINE AND CHANGE THE RELATIVE RIGHTS, PREFERENCES AND LIMITATIONS OF ANY CLASS OR SERIES. SUCH REQUEST MAY BE MADE TO THE SECRETARY OF THE CORPORATION OR TO THE TRANSFER AGENT NAMED ON THIS CERTIFICATE.

Exhibit 4.2

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "***Agreement***") is made as of [•], by and among Aptevo Therapeutics Inc., a Delaware corporation (together with any successor thereto, the "***Company***") and the holders of shares of the Company's Common Stock, $0.001 par value per share, listed on Exhibit A attached hereto (each, a "***Stockholder***" and together, the "***Stockholders***"). Each of the Company and the Stockholders is referred to herein as a "***Party***" and collectively, as the "***Parties***."

WHEREAS, as a result of the completion on the Distribution Date of the spin-off of the Company by Emergent BioSolutions Inc., a Delaware corporation ("***Emergent***"), by means of a distribution by Emergent of shares of Common Stock to Emergent stockholders, the Stockholders are the owners of issued and outstanding shares of Common Stock, as more fully set forth on Exhibit A attached hereto; and

WHEREAS, the Company and each of the Stockholders desire to provide for certain arrangements with respect to the registration of such shares of Common Stock.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Certain Definitions. Capitalized terms used in this Agreement and not otherwise defined shall have the following respective meanings:

"***Agreement***" shall mean this Registration Rights Agreement, as amended, restated, supplemented or otherwise modified from time to time.

"***Commission***" shall mean the United States Securities and Exchange Commission or any other federal agency at the time administering the Securities Act and the Exchange Act.

"***Common Stock***" shall mean the Company's Common Stock, $0.001 par value per share.

"***Distribution Date***" shall mean [•].

"***Exchange Act***" shall mean the Securities Exchange Act of 1934, as amended, or any similar successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"***Holder***" shall mean each Stockholder or other holder of Registrable Securities who was assigned registration rights by a Stockholder hereunder, in accordance with Section 7 hereof.

"***Majority Holders***" has the meaning set forth in Section 2(a)(ii).

"***Other Registrable Securities***" shall mean securities of the Company (other than the Registrable Securities) that holders of securities of the Company are entitled, by contract with the Company, to have included in a registration statement (other than a registration statement on Form S-4 or Form S-8 promulgated under the Securities Act or any successor forms thereto) filed by the Company with the Commission for a public offering and sale of securities by the Company.

"***Person***" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

"***Registrable Securities***" shall mean (a) the shares of Common Stock issuable or issued to each Stockholder, (b) any Common Stock issued or issuable upon conversion of any capital stock of the Company acquired by the Stockholders after the date hereof and (c) any Common Stock issued as (or issuable upon the conversion or exercise of any warrant, right or other security which is issued as) a dividend, stock split or other distribution with respect to, or in exchange for or in replacement of, the shares referenced in clause (a) and (b) above; provided, however, that notwithstanding anything to the contrary contained herein, "***Registrable Securities***" shall not at any time include any securities (i) registered and sold pursuant to the Securities Act, (ii) sold pursuant to Rule 144 or (iii) which could then be sold in their entirety pursuant to Rule 144 without limitation or restriction.

"***Rule 144***" shall mean Rule 144 promulgated under the Securities Act or any successor regulation.

"***Securities Act***" shall mean the Securities Act of 1933, as amended, or any similar successor federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

2. Registrations.

(a) **Demand Registration**.

(i) At any time after the expiration of 90 days after the Distribution Date, if the Company receives from the Holders of Registrable Securities then outstanding, a written request to file a registration statement for Registrable Securities under the Securities Act (a "***Demand Notice***") in accordance with this Section 2(a), for which the anticipated aggregate offering price to the public is not less than $[•], then the Company shall use commercially reasonable efforts to effect, as soon as practicable, such a registration statement. Upon receipt of a Demand Notice, the Company shall give written notice of such proposed registration to all Holders and shall offer to include in such proposed registration any Registrable Securities requested to be included in such proposed registration by such Holders who respond in writing to the Company's notice within 30 days after delivery of such notice (which response shall specify the number of Registrable Securities proposed to be included in such registration). The Company shall use commercially reasonable efforts, as soon as practicable, to effect such registration on an appropriate form, including Form S-3, if available, under the Securities Act of the Registrable Securities which the Company has been so requested to register; provided, however, that the Company shall not be obligated to effect any registration under the Securities Act except in accordance with the following provisions:

(A) The Company shall not be obligated to file more than one registration statement initiated by the Holders of Registrable Securities pursuant to this Section 2(a);

(B) The Company shall not be obligated to file a registration statement when any of the Holders is subject to any restrictions on disposition of Registrable Securities pursuant to any agreement described in Section 6; and

(C) The Company shall not be obligated to file any registration statement during any period in which any other registration statement (other than on Form S-4 or Form S-8 promulgated under the Securities Act or any successor forms thereto) pursuant to which securities of the Company are to be or were sold has been filed and not withdrawn or has been declared effective within the prior 90 days.

(ii) If the Holders of a majority of the Registrable Securities requested to be included in a registration pursuant to this Section 2(a) (the "***Majority Holders***") so elect, the offering of such Registrable Securities pursuant to such registration shall be in the form of an underwritten offering. In the event of such election, the Majority Holders shall select one or more nationally recognized firms of investment bankers reasonably acceptable to the Company to act as the lead managing underwriter or underwriters in connection with such offering and shall select any additional investment bankers and managers to be used in connection with the offering, which shall also be reasonably acceptable to the Company.

(iii) With respect to any registration pursuant to this Section 2(a), the Company may include in such registration any Common Stock for its own account or on the account of others; provided, however, that if a managing underwriter, if any, advises the Company that the inclusion of all Registrable Securities and Common Stock requested to be included by the Company in such registration would interfere with the successful marketing (including pricing) of all such securities, then the number of Registrable Securities and Common Stock proposed to be included in such registration shall be included in the following order:

(A) first, the Registrable Securities and the Other Registrable Securities shall be included, pro rata based upon the aggregate number of Registrable Securities and Other Registrable Securities to be included at the time of such registration; and

(B) second, any other Common Stock requested to be included by the Company for its own account or on the account of others.

(iv) At any time before the registration statement covering Registrable Securities becomes effective, the Majority Holders may request the Company to withdraw or not to file the registration statement. In that event, if such request of withdrawal shall have been caused by, or made in response to, a material adverse effect or change in the Company's financial condition, operations, business or prospects, such Holders of Registrable Securities shall not be deemed to have used their demand registration rights under this Section 2(a).

(b) **Piggyback Registration.** If at any time the Company shall seek to register any shares of its Common Stock under the Securities Act for sale to the public for its

own account or on the account of others (except with respect to registration statements on Form S-4, S-8 or another form not available for registering the Registrable Securities for sale to the public), the Company will give written notice thereof to all Holders. If within 15 business days after their receipt of such notice one or more Holders request in writing the inclusion of some or all of the Registrable Securities owned by them in such registration, the Company will use commercially reasonable efforts to effect the registration under the Securities Act of such Registrable Securities. In the case of the registration of shares of capital stock by the Company in connection with any underwritten public offering, if the principal underwriter determines that the number of Registrable Securities to be offered must be limited, the Company shall not be required to register Registrable Securities of the Holders in excess of the amount, if any, of shares of the capital stock which the principal underwriter of such underwritten offering shall reasonably and in good faith agree to include in such offering in addition to any amount to be registered for the account of the Company.

(c) **Acknowledgments with Respect to Emergent**. Each Stockholder (on its behalf and on behalf of its successors and permitted assigns) hereby acknowledges and agrees that neither Emergent nor any of its subsidiaries or other affiliates (as defined in Rule 405 under the Securities Act) has any obligation to any Stockholder or any other person to register under the Securities Act or any other applicable securities laws any shares of Common Stock or other securities of the Company, whether under the Class A Common Stockholders Registration Rights Agreement, dated as of September 22, 2006, among the Company, the Stockholders and the other parties thereto, or otherwise. Emergent is an express third party beneficiary of this Section 2(c).

3. Further Obligations of the Company.

(a) Whenever the Company is required hereunder to register any Registrable Securities, it agrees that it shall also do the following:

(i) Prepare and file, and use commercially reasonable efforts to cause to become effective, with the Commission a registration statement and such amendments and supplements to said registration statement and the prospectus used in connection therewith as may be necessary to keep said registration statement effective until the Holder or Holders have completed the distribution described in the registration statement relating thereto (but for no more than 180 days or such lesser period until all such Registrable Securities are sold) and to comply with the provisions of the Securities Act with respect to the sale of securities covered by said registration statement for such period;

(ii) Furnish to each selling Holder a draft copy of the registration statement and such copies of each preliminary and final prospectus as such Holder may reasonably request to facilitate the public offering of its Registrable Securities;

(iii) Enter into and perform its obligations under any reasonable underwriting agreement required by the proposed underwriter, if any, in such form and containing such terms as are customary;

(iv) Use its commercially reasonable efforts to register or qualify the securities covered by said registration statement under the securities or “blue sky” laws of such jurisdictions as any selling Holder may reasonably request provided the Company shall not be required to qualify to do business or file a general consent to service of process in connection therewith;

(v) Cause upon or immediately after the effectiveness of a registration all such Registrable Securities to be listed on each securities exchange or quotation system on which the Common Stock of the Company is then listed or quoted;

(vi) notify each Holder of Registrable Securities covered by a registration statement, at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (A) the issuance of any stop order by the Commission in respect of such registration statement, or (B) the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; and

(vii) provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(b) With a view to making available to the Holders the benefits of Rule 144, the Company agrees to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144;

(ii) file with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act, if any; and

(iii) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (A) a written statement by the Company that it has complied with the information and reporting requirements of Rule 144(c) and (B) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company.

(c) From and after the date of this Agreement, the Company shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any holder or prospective holder of any securities of the Company that would allow such holder or prospective holder to include such securities in any registration statement filed under Section 2 hereof, unless under the terms of such agreement, such holder or prospective holder may include such securities in any such registration only to the extent that the inclusion of such securities will not reduce the amount of the Registrable Securities of the Holders that are included.

4. Payment of Expenses by, Cooperation by, and Obligations of, Prospective Sellers.

(a) Notwithstanding any other provision in this Agreement to the contrary, the Company and the Holders shall each pay one-half of all expenses of any registration effected pursuant to Section 2(a) hereof and the Holders shall pay in full any incremental expenses of including the Holders' Registrable Securities in a Piggyback Registration pursuant to Section 2(b) hereof, including, without limitation, all legal and accounting fees, printing costs, listing fees and miscellaneous expenses, but excluding underwriters' commissions or discounts attributable to the Registrable Securities being offered and sold by the Holders, which shall be borne exclusively by the Holders.

(b) Each prospective seller of Registrable Securities shall furnish to the Company in writing such information as the Company may reasonably request from such seller in connection with any registration statement with respect to such Registrable Securities.

(c) The failure of any prospective seller of Registrable Securities to furnish any information or documents in accordance with any provision contained in this Agreement shall not affect the obligations of the Company under this Agreement to any remaining sellers who furnish such information and documents unless, in the reasonable opinion of counsel to the Company and/or the underwriters, such failure impairs or adversely affects the offering or the legality of the registration statement or causes the request not to meet the requirements of Section 2 of this Agreement.

(d) Upon receipt of a notice (telephonic or written) from the Company or the underwriter of the happening of an event which makes any statement made in a registration statement or related prospectus covering Registrable Securities untrue or which requires the making of any changes in such registration statement or prospectus so that they will not contain any untrue statement of material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading, the Holders of Registrable Securities included in such registration statement shall discontinue disposition of such Registrable Securities pursuant to such registration statement until such Holders' receipt of copies of the supplemented or amended prospectus or until advised by the Company or the underwriters that dispositions may be resumed.

(e) Each Holder of Registrable Securities included in any registration statement will effect sales of such securities in accordance with the plan of distribution given to the Company.

(f) At the end of any period during which the Company is obligated to keep any registration statement current and effective as provided in this Agreement, the Holders of Registrable Securities included in such registration statement shall discontinue sales of shares pursuant to such registration statement, unless they receive notice from the Company of its intention to continue effectiveness of such registration statement with respect to such shares which remain unsold and such Holders shall notify the Company of the number of shares registered which remain unsold promptly upon expiration of the period during which the Company is obligated to maintain the effectiveness of the registration statement.

(g) No Person may participate in any underwritten registration pursuant to this Agreement unless such Person (i) agrees to sell such Person's securities on the basis provided in any underwriting arrangements made with respect to such registration and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required by the terms of such underwriting arrangements.

5. Indemnification; Contribution.

(a) Incident to any registration of any Registrable Securities under the Securities Act pursuant to this Agreement, the Company will indemnify and hold harmless each Holder who offers or sells any such Registrable Securities in connection with such registration statement (including its partners (including partners of partners and stockholders of any such partners), and directors, officers, employees, representatives and agents of any of them, and each person who controls any of them within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, reasonable expenses and liabilities, joint or several (including any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, as the same are incurred), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based on (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement (including any related preliminary or definitive prospectus, or any amendment or supplement to such registration statement or prospectus) or (ii) any omission or alleged omission to state in such document a material fact required to be stated in it or necessary to make the statements in it not misleading; provided, however, that the Company will not be liable to the extent that (1) such loss, claim, damage, expense or liability arises from and is based on an untrue statement or omission or alleged untrue statement or omission made in reliance on and in conformity with information furnished in writing to the Company by or on behalf of such Holder in accordance with Section 4(b) of this Agreement for use in such registration statement, or (2) in the case of a sale directly by such Holder (including a sale of Registrable Securities through any underwriter retained by such Holder to engage in a distribution solely on behalf of such Holder), such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final or amended prospectus, and such Holder failed to deliver a copy of the final or amended prospectus at or prior to the confirmation of the sale of the Registrable Securities to the Person asserting any such loss, claim, damage or liability in any case where such delivery is required by the Securities Act or any state securities laws. With respect to such untrue statement or omission or alleged untrue statement or omission in the information furnished in writing to the Company by or on behalf of such Holder in accordance with Section 4(b) of this Agreement for use in such registration statement, such Holder, on a several and not joint basis, will indemnify and hold harmless the Company (including its directors, officers, employees, representatives and agents), each other Holder (including its partners (including partners of partners and stockholders of such partners) and directors, officers, employees, representatives and agents of any of them, and each person who controls any of them

within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), from and against any and all losses, claims, damages, reasonable expenses and liabilities, joint or several (including any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, as the same are incurred), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise.

(b) If the indemnification provided for in Section 5(a) above for any reason is held by a court of competent jurisdiction to be unavailable to an indemnified party in respect of any losses, claims, damages, expenses or liabilities referred to therein, then each indemnifying party under this Section 5, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, expenses or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the other Holders from the offering of the Registrable Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company and the other Holders in connection with the statements or omissions which resulted in such losses, claims, damages, expenses or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Holders shall be deemed to be in the same respective proportions that the net proceeds from the offering received by the Company and the Holders, in each case as set forth in the table on the cover page of the applicable prospectus, bear to the aggregate public offering price of the Registrable Securities. The relative fault of the Company and the Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by or on behalf of the Company or the Holders and the Parties' relative intent, knowledge and access to information.

The Company and the Holders agree that it would not be just and equitable if contribution pursuant to this Section 5(b) were determined by pro rata or per capita allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not found guilty of such fraudulent misrepresentation.

(c) The amount paid by an indemnifying party or payable to an indemnified party as a result of the losses, claims, damages and liabilities referred to in this Section 5 shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim, payable as the same are incurred. The indemnification and contribution provided for in this Section 5 will remain in full force and effect regardless of any investigation made by or on behalf of the indemnified parties or any officer, director, employee, agent or controlling person of the indemnified parties. No indemnifying party, in the defense of any such claim or litigation, shall enter into a consent of entry of any judgment or enter into a settlement without the consent of the indemnified party, which consent will not be unreasonably withheld. Any indemnified party that proposes to assert the right to be indemnified under this

Section 5 will, promptly after receipt of notice of commencement or threat of any claim or action against such party in respect of which a claim is to be made against an indemnifying party under this Section 5 notify the indemnifying party in writing (such written notice, an "***Indemnification Notice***") of the commencement or threat of such action, enclosing a copy of all papers served or notices received (if applicable), but the omission so to notify the indemnifying party will not relieve the indemnifying party from any liability that the indemnifying party may have to any indemnified party under the foregoing provisions of this Section 5 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. The indemnified party will have the right to retain its own counsel in any such action if (i) the employment of counsel by the indemnified party has been authorized by the indemnifying party, (ii) the indemnified party's counsel, with the concurrence of indemnifying party's counsel, shall have reasonably concluded that there is a substantial likelihood of a conflict of interest between the indemnifying party and the indemnified party in the conduct of the defense of such action or (iii) the indemnifying party shall not in fact have employed counsel to assume the defense of such action within a reasonable period of time following its receipt of the Indemnification Notice, in each of which cases the fees and expenses of the indemnified party's separate counsel shall be at the expense of the indemnifying party; provided, however, that the indemnified party shall agree to repay any expenses so advanced hereunder if it is ultimately determined by a court of competent jurisdiction that the indemnified party to whom such expenses are advanced is not entitled to be indemnified; and provided, further, that so long as the indemnified party has reasonably concluded that no conflict of interest exists, the indemnifying party may assume the defense of any action hereunder with counsel reasonably satisfactory to the indemnified party.

(d) In the event of an underwritten offering of Registrable Securities under this Agreement, the Company and the Holders shall enter into standard indemnification and underwriting agreements with the underwriter thereof. To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the provisions of this Section 5, the provisions in the underwriting agreement shall control.

(e) The obligation of the Company and Holders under this Section 5 shall survive the completion of any offering of Registrable Securities in a registration statement under Section 2, and otherwise.

6. Market Standoff Agreement. Each Holder agrees that in the event the Company proposes to offer for sale to the public any of its equity securities, and if (i) such Holder holds beneficially or of record 5% or more of the outstanding equity securities of the Company, (ii) such Holder is requested by the Company and the managing underwriter of Common Stock or other securities of the Company to sign, and (iii) all other such 5% Holders are requested by the Company and such underwriter to sign, and actually do sign, a similar or more restrictive agreement restricting the sale or other transfer of shares of the Company, then such Holder will not, directly or indirectly, offer, sell, pledge, contract to sell (including any short sale), grant any option to purchase or otherwise dispose of any securities of the Company held by it (except for any securities sold pursuant to such registration statement), for a period of 90 days (or such longer period, not to exceed 180 days, that the managing underwriter specifies is required for successful completion of the offering) following the effective date of such registration statement. Such agreement shall be in writing and in form and substance reasonably satisfactory to the Holders, the Company and such underwriter and pursuant to customary and prevailing terms and conditions.

7. Transferability of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to Section 2(a) or Section 2(b) hereof may be assigned (but only with all related obligations) by a Holder to a transferee of such Registrable Securities that is an affiliate, partner, member, limited partner, retired partner, retired member, or stockholder of a Holder; provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such registration rights are being transferred; and (y) such transferee agrees in writing to be bound by and subject to the terms and conditions of this Agreement. For the purposes of determining the number of shares of Registrable Securities held by a transferee, the holdings of a transferee that is an affiliate, limited partner, retired partner, member, retired member, or stockholder of a Holder shall be aggregated together and with those of the transferring Holder.

8. Miscellaneous.

(a) **Notices.** Except as otherwise expressly provided herein, all notices, requests, demands, claims, and other communications hereunder will be in writing. Any such notice, request, demand, claim, or other communication hereunder shall be deemed duly given (a) upon confirmation of facsimile, (b) one business day following the date sent when sent by overnight delivery and (c) five business days following the date mailed when mailed by registered or certified mail return receipt requested and postage prepaid at the addresses specified on the signature pages hereto (or such other address for a Party as shall be specified by such Party by like notice).

(b) **Entire Agreement.** This Agreement, together with the instruments and other documents hereby contemplated to be executed and delivered in connection herewith, contains the entire agreement and understanding of the parties hereto, and supersedes any prior agreements or understandings between or among them, with respect to the subject matter hereof.

(c) **Successors and Assigns.** The parties intend that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person other than Parties hereto and their respective successors and permitted assigns.

(d) **Amendments and Waivers.** Except as otherwise expressly set forth in this Agreement, any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), with the written consent of the Company and the Holders of at least a majority of the Registrable Securities. All Parties hereby acknowledge and agree that significant modifications may be made to this Agreement without the consent of each of the Holders due to the operation of this Section 8(d) which does not require the consent of each Holder for an amendment hereto. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

(e) **Counterparts; Facsimile Execution.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original but all of which shall constitute but one and the same instrument. One or more counterparts of this Agreement may be delivered via telecopier, with the intention that they shall have the same effect as an original counterpart hereof. Facsimile execution and delivery of this Agreement is legal, valid and binding for all purposes.

(f) **Captions.** The captions of the sections, subsections and paragraphs of this Agreement have been added for convenience only and shall not be deemed to be a part of this Agreement.

(g) **Severability.** Each provision of this Agreement shall be interpreted in such manner as to validate and give effect thereto to the fullest lawful extent, but if any provision of this Agreement is determined by a court of competent jurisdiction to be invalid or unenforceable under applicable law, such provision shall be ineffective only to the extent so determined and such invalidity or unenforceability shall not affect the remainder of such provision or the remaining provisions of this Agreement; provided, however, that the Company and a majority of Holders shall negotiate in good faith to attempt to implement an equitable adjustment in the provisions of this Agreement with a view toward effecting the purposes of this Agreement by replacing the provision that is invalid or unenforceable with a valid and enforceable provision the economic effect of which comes as close as possible to that of the provision that has been found to be invalid and unenforceable.

(h) **Governing Law.** This Agreement and the rights and obligations of the Parties hereunder shall be governed by, and construed in accordance with, the laws of the State of Delaware.

(i) **Submission to Jurisdiction**.

(i) The Parties agree that any suit, action or proceeding with respect to any dispute, controversies or claims or any judgment entered by any court in respect thereof may be brought in any state or federal court in the State of Delaware and any appellate court thereof and irrevocably and unconditionally submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment. Each of the Parties hereto agrees that final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the Parties further submits, for the purpose of any such suit, action, proceeding or judgment brought or rendered against it, to the appropriate courts of the jurisdiction of its domicile.

(ii) The Parties agree that any suit, action or proceeding with respect to the Agreement or any judgment entered by any court in respect thereof may be brought in the competent courts of the State of Delaware, and irrevocably submits to the non-exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding or judgment.

(iii) Nothing herein shall in any way be deemed to limit the ability of any Party to serve any such process of summons, complaint and other legal process in any other manner permitted by applicable law or to obtain jurisdiction over, or bring any suit, action or proceeding against, any other Party in such other jurisdiction, and in such manner, as may be permitted by applicable law.

(iv) The Parties also irrevocably consent, if for any reason any of the Party's authorized agent for service of process of summons, complaint and other legal process in any action, suit or proceeding is not present in Delaware, to the service of such papers being made out of those courts by mailing copies of the papers by registered United States air mail, postage prepaid, to the Party at its address specified in Section 8(a). In such a case, the relevant Party shall also send by facsimile, or have sent by facsimile, a copy of the papers to all Parties.

(v) Service in the manner provided in Section 8(j) in any action, suit or proceeding will be deemed personal service, will be accepted by each of the Parties as such and will be valid and binding upon such Party for all purposes of any such action, suit or proceeding.

(j) **Appointment of Process Agent.** Each of the Parties hereby irrevocably appoints The Corporation Trust Company (the "***Process Agent***"), with an office on the date hereof at 1209 Orange Street, Wilmington, Delaware 19801, United States of America as its agent to receive on behalf of such Party service of copies of the summons and complaint and any other process which may be served in any suit, action or proceeding. Each Party agrees that the failure of the Process Agent to give any notice of any such service of process to such Party shall not impair or affect the validity of such service or, to the extent permitted by applicable law, the enforcement of any judgment based thereon. Such appointment shall be irrevocable as long as any amounts payable under this Agreement or the terms and conditions of this Agreement are outstanding, except that if for any reason the Process Agent appointed hereby ceases to be able to act as such, each Party shall, by an instrument reasonably satisfactory to the other Parties, appoint another Person in the State of Delaware as such Process Agent subject to the approval (which approval shall not be unreasonably withheld) of the other Parties. Each of the Holders covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of a Process Agent pursuant to this Section 8(j) in full force and effect and to cause the Process Agent to act as such.

(k) **Other Methods of Service.** Nothing herein shall in any way be deemed to limit the ability of any Party to serve any such process or summonses in any other manner permitted by applicable law or to obtain jurisdiction over, or bring any suit, action or proceeding against, the other Parties in such other jurisdictions, and in such manner, as may be permitted by applicable law.

(l) **Waiver of Inconvenient Forum, Etc.** Each of the Parties hereby irrevocably waives any objection that it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in any state or federal court in the State of Delaware, United States of America, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. A final judgment (in respect of which time for all appeals has elapsed) in any such suit, action or proceeding shall be conclusive and may be enforced in any court to the jurisdiction of which the Parties are or may be subject, by suit upon judgment.

(m) **Waiver of Jury Trial.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (i) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (ii) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

[*Signature page follows*]

{COMPANY SIGNATURE PAGE}

IN WITNESS WHEREOF, the Parties hereto have caused this Registration Rights Agreement to be duly executed as of the date first set forth above.

COMPANY:

APTEVO THERAPEUTICS INC.

By _____

Name:
Title:

Address:

APTEVO BIOTHERAPEUTICS INC.
2401 4th Ave. Suite 1050
Seattle, Washington 98121
Attention: General Counsel
Telephone: (206) 838-0500].
Facsimile No.: [•]

{STOCKHOLDER SIGNATURE PAGE}

IN WITNESS WHEREOF, the Parties hereto have caused this Registration Rights Agreement to be duly executed as of the date first set forth above.

INTERVAC, LLC

By _____

Name:
Title:

Address for Notices:

[•]

[Signature Page to Registration Rights Agreement]

{STOCKHOLDER SIGNATURE PAGE}

IN WITNESS WHEREOF, the Parties hereto have caused this Registration Rights Agreement to be duly executed as of the date first set forth above.

BIOVAC, LLC

By _____

Name:
Title:

Address for Notices:

[•]

[Signature Page to Registration Rights Agreement]

EXHIBIT A

STOCKHOLDERS

Name	Number of Shares
1. Intervac, LLC	[•]
2. BioVac, LLC	[•]

Exhibit 10.1

TRANSITION SERVICES AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [●], 2016

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TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of [●], 2016 (this "Agreement"), is entered into by and between Emergent BioSolutions Inc., a Delaware corporation ("Emergent"), and Aptevo Therapeutics Inc., a Delaware corporation ("Aptevo"). Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement, dated as of the date hereof, by and between Emergent and Aptevo (as amended, modified or supplemented from time to time in accordance with its terms, the "SDA").

RECITALS

WHEREAS, the board of directors of Emergent has determined that it is in the best interests of Emergent and its shareholders that the Aptevo Business be operated by a newly incorporated publicly traded company;

WHEREAS, Emergent and Aptevo have entered into the SDA;

WHEREAS, in order to facilitate and provide for an orderly transition under the SDA, the Parties (as defined herein) desire to enter into this Agreement to set forth the terms and conditions pursuant to which members of the Emergent Group shall provide to members of the Aptevo Group the Services (as defined herein) for a transitional period; and

WHEREAS, the SDA requires execution and delivery of this Agreement by Emergent and Aptevo on or prior to the Distribution Date.

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements contained in this Agreement, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

The following capitalized terms used in this Agreement shall have the meanings set forth below:

"Agreement" shall have the meaning set forth in the Preamble.

"Additional Services" shall have the meaning set forth in Section 2.04.

"Aptevo" shall have the meaning set forth in the Preamble.

"Aptevo Local Service Manager" shall have the meaning set forth in Section 8.08(b).

"Aptevo Services Manager" shall have the meaning set forth in Section 8.08(b).

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Emergent" shall have the meaning set forth in the Preamble.

"Emergent Local Service Manager" shall have the meaning set forth in Section 8.08(a).

"Emergent Services Manager" shall have the meaning set forth in Section 8.08(a).

"FATCA" shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version thereof or any similar non-U.S. law), any current or future regulations or official interpretations thereof (including any Revenue Ruling, Revenue Procedure, Notice or similar guidance issued by the IRS thereunder as a precondition to relief or exemption from taxes under such provisions), and any intergovernmental agreements and any agreements entered into pursuant to Section 1471(b) of the Code.

"Interest Payment" shall have the meaning set forth in Section 4.01(d).

"Party" shall mean Emergent and Aptevo individually, and "Parties" means Emergent and Aptevo collectively, and, in each case, their permitted successors and assigns.

"Provider" shall mean any member of the Emergent Group providing (or causing to be provided) a Service under this Agreement.

"Provider Host Systems" shall mean the information technology systems and platforms of the Provider.

"Provider Indemnified Party" shall have the meaning set forth in Section 6.05.

"Provider Individual User" shall mean those employees and contractors of the Provider who have a need to access the Recipient Host Systems in order to provide the Services.

"Quality Agreement" shall mean the Quality Agreement by and between Aptevo and Emergent attached hereto as Exhibit B.

"Recipient" shall mean any member of the Aptevo Group to whom a Service under this Agreement is being provided.

"Recipient Host Systems" shall mean the information technology systems and platforms of the Recipient.

"Recipient Indemnified Party" shall have the meaning set forth in Section 6.06.

"Recipient Individual User" shall mean those employees and contractors of the Recipient who have a need to access the Provider Host Systems in order to receive the Services.

"Reimbursement Charges" shall have the meaning set forth in Section 4.01(c).

"Schedule(s)" shall have the meaning set forth in Section 2.01.

"SDA" shall have the meaning set forth in the Preamble.

"Service Charges" shall have the meaning set forth in Section 4.01(a).

"Services" shall have the meaning set forth in Section 2.01.

"Tax" or "Taxes" shall have the meaning set forth in the Tax Matters Agreement.

"Transfer Taxes" shall have the meaning set forth in Section 4.02(a).

"VAT" shall have the meaning set forth in Section 4.02(a).

ARTICLE II
SERVICES, DURATION AND SERVICES MANAGERS

Section 2.01. Services. Subject to the terms and conditions of this Agreement, Emergent shall use commercially reasonable efforts to provide or cause to be provided to the Recipient the services (the "Services") listed on Schedules A-1 through A-[●] (each a "Schedule", and collectively, the "Schedules") in accordance with the terms and conditions of this Agreement. For the avoidance of doubt, Services provided in different regions or countries (as indicated by such Services being listed on different subparts of the Schedules hereto) shall be considered separate Services hereunder, notwithstanding that such Services may be similar in nature. All of the Services shall be for the sole use and benefit of the respective Recipient and the members of its Group. Emergent shall be responsible for all actions and omissions of each Provider under this Agreement, and Aptevo shall be responsible for all actions and omissions of each Recipient under this Agreement. The Quality Agreement shall, together with this Agreement, apply to the provision of any Service solely to the extent such Service relates to quality assurance matters and is within the subject matter of the Quality Agreement. In the event of any conflict or inconsistency between the Quality Agreement and this Agreement solely with respect to quality assurance matters, the Quality Agreement shall control. In the event of any other conflict or inconsistency (including, for the avoidance of doubt, with respect to the respective remedies of the parties with respect to any Service), this Agreement shall control.

Section 2.02. Duration of Services. Subject to the terms of this Agreement, Emergent shall use commercially reasonable efforts to provide or cause to be provided to the respective Recipient each Service until the earlier to occur of, with respect to each such Service, (a) the expiration of the term for such Service as set forth on the applicable Schedule or (b) the date on which such Service is terminated under Section 7.01(b).

Section 2.03. Services Not Included. It is not the intent of the Provider to render, nor of the Recipient to receive from the Provider, professional advice or opinions, whether with regard to Tax, legal or intellectual property matters. The Recipient shall not rely on, or construe, any Service rendered by or on behalf of the Provider as such Tax, legal or intellectual property professional advice or opinions, and the Recipient shall seek all third-party professional advice and opinions with respect to such matters. The Parties expressly agree that no Provider shall have any Liability under any professional code of conduct or other professional standards, duties or responsibilities.

Section 2.04. Additional Services. During the Term, the Recipient may identify additional services it wishes to receive that are not set forth in the Schedule, provided that such services were provided to the Aptevo Business as of the Effective Time and are necessary for its operation as conducted as of the Effective Time, (collectively, the "Additional Services"). If the Provider agrees (in its sole discretion) to provide Additional Services, the Parties shall work together in good faith to determine the associated price, terms and conditions with respect to the performance of each Additional Service. Upon written agreement to such terms, such Additional Services shall be deemed Services hereunder and the Parties shall execute a written amendment to the then-current Schedules to reflect such Additional Service. Notwithstanding the foregoing, the Provider will not have any obligation to agree to provide any Additional Services.

Section 2.05. Personnel.

(a) The Provider of any Service will have the right, in its sole discretion, to (i) designate which personnel it will assign to perform any Service unless specific personnel are identified as the personnel to be providing the applicable Service in the Schedules and (ii) remove and replace such personnel at any time; *provided*, *however*, that, in the event of any such replacement, the Provider shall use commercially reasonable efforts to replace any such personnel with personnel of similar expertise, education, training, qualification and seniority (in each case to the extent such concepts are relevant to the delivery of the applicable Service) and any such removal or replacement shall not relieve the Provider of its obligation to provide any Service hereunder on the timeline set forth in the Schedules; and *provided*, *further*, that the Provider will use its commercially reasonable efforts to take such actions as may be reasonably necessary to limit the disruption to the Recipient in the transition of the Services to different personnel. If the Recipient, in its reasonable discretion and following discussions with the Provider, requests the Provider to remove and/or replace any such personnel from their roles in respect of the Services provided by the Recipient, the Provider shall consider such request in good faith, and if such personnel are removed or replaced pursuant to the Recipient's request, then the Provider shall be under no obligation to provide the Services previously provided by such personnel. Without limiting the foregoing, the Recipient shall have the right to remove or require the removal of any Provider personnel, agents or representatives from its premises whom the Recipient believes in good faith are in violation of applicable Law, the terms of this Agreement, or the Recipient's reasonable policies generally applicable to its employees or other service providers and of which the Provider has knowledge based on written copies of such policies previously provided to the Provider by the Recipient.

(b) In the event that the provision of any Service by the Provider requires the cooperation and services of the personnel of the Recipient, the Recipient will use commercially reasonable efforts to make available to the Provider such personnel (who shall be appropriately qualified for purposes of so supporting the provision of such Service by the Provider) as may be necessary for the Provider to provide such Service, *provided* that nothing in this Agreement shall be construed as an obligation of the Provider or the Recipient to hire, or maintain the employment of, any individuals. If the Provider, in its reasonable discretion and following discussions with the Recipient, requests the Recipient to remove and/or replace any such personnel from their roles in respect of the Services being provided by the Provider, the Recipient shall consider such request in good faith.

(c) No Provider shall be liable under this Agreement for any Liabilities incurred by the Recipient Indemnified Parties that are primarily attributable to, or that are a consequence of, any actions or inactions of the personnel of the Recipient, except for any such actions or inactions undertaken pursuant to the written direction of the Provider.

(d) A Provider may hire or engage one or more subcontractors to perform any or all of its obligations under this Agreement; provided, however, that (i) the Provider shall use the same degree of care in selecting any such subcontractor as it would if such subcontractor was being retained to provide similar services to the Provider and (ii) any contract with a subcontractor pertaining to the provision of any Service by such subcontractor will be consistent with the provisions of this Agreement. Without limitation of the foregoing, the Provider agrees that any subcontract relationship that is evidenced by a written agreement will obligate the subcontractor to provisions regarding standards of service, compliance with applicable Law, inspection, Intellectual Property and confidentiality no less stringent than those contained in this Agreement. The engagement of any subcontractor in compliance with this Section 2.05(d) will not relieve the Provider of its obligations under this Agreement or any other Ancillary Agreement, including without limitation, with respect to the scope of the Services, the standard for services as set forth in ARTICLE V and the content of the Services provided to the Recipient.

(e) Nothing in this Agreement shall grant any Party, or its employees, agents, third-party providers and other Representatives, the right directly or indirectly to control or direct the employees, business or operations of the other Party or any member of its Group. The employees, agents, third-party providers and other Representatives of a Party shall not be required to report to the management of the other Party nor be deemed to be under the management or direction of the other Party. The Recipient acknowledges and agrees that, except as may be expressly set forth herein as a Service or in the Schedules or otherwise expressly set forth in the SDA, another Ancillary Agreement or any other applicable agreement, no Provider or any member of its Group shall be obligated to provide, or cause to be provided, any service or goods to any Recipient or any member of its Group.

ARTICLE III
ADDITIONAL ARRANGEMENTS

Section 3.01. Software and Software Licenses.

(a) If and to the extent requested by the Provider, the Recipient shall use commercially reasonable efforts to assist the Provider in the Provider's efforts to obtain licenses (or other appropriate rights) to use, duplicate and distribute, as necessary and applicable, certain computer software necessary for the provision of Services and the Recipient shall be responsible for any fees, payments or other Liabilities incurred by or on behalf of the Provider in connection with obtaining any such license or rights to the extent such license or rights relate exclusively to the provision of Services. The Parties acknowledge and agree that there can be no assurance that such efforts will be successful. In the event that the Provider is unable to obtain such software licenses, the Parties shall work together using commercially reasonable efforts to obtain an alternative software license to allow the Provider to provide the applicable Services, and the Parties shall negotiate in good faith an amendment to the applicable Schedule to reflect any such new arrangement.

(b) Without limitation of anything in Section 3.01(a), in the event that there are any costs associated with obtaining software licenses in accordance with Section 3.01(a), such costs shall be borne by the Recipient.

Section 3.02. Computer-Based and Other Resources. From and after the date of this Agreement, each Party and its Affiliates shall cause all of their personnel having access to the computer software, networks, hardware, technology or computer based resources of the other Party pursuant to the SDA, or any Ancillary Agreement, or in connection with performance, receipt or delivery of a Service, to comply with all security guidelines (including physical security, network access, internet security, confidentiality and personal data security guidelines) of such other Party to the extent made known to the first Party. Each Party shall ensure that the access contemplated by this Section 3.02 shall be used by its personnel only for the purposes contemplated by, and subject to the terms of, this Agreement. Without limiting the foregoing, subject to the terms and conditions of this Agreement, during the Term, (a) the Recipient shall permit the Provider and authorized Provider Individual Users to access the Recipient Host Systems for the sole purpose of providing the Services in accordance with the terms and conditions expressly stated in this Agreement and (b) the Provider shall permit the Recipient and authorized Recipient Individual Users to access the Provider Host Systems for the sole purpose of receiving the Services in accordance with the terms and conditions expressly stated in this Agreement. Notwithstanding anything else to the contrary in this Agreement, (x) Emergent shall not permit any party (including contractors) other than Provider Individual Users to access the Recipient Host Systems without Aptevo's prior written consent, which consent may be withheld in Aptevo's sole discretion and (y) Aptevo shall not permit any party (including contractors) other than Recipient Individual Users to access the Provider Host Systems without Emergent's prior written consent, which consent may be withheld in Emergent's sole discretion.

Section 3.03. Connectivity to Host Systems.

(a) The Provider shall, at its sole expense, provide all equipment and network connectivity necessary for each of its Representatives and each Provider Individual User to connect to the Recipient Host Systems.

(b) The Recipient shall, at its sole expense, provide all equipment and network connectivity necessary for each of its Representatives and each Recipient Individual User to connect to the Provider Host Systems.

Section 3.04. Access to Facilities.

(a) Subject to Section 2.05(a), Aptevo shall, and shall cause its Subsidiaries to, allow Emergent and its Representatives reasonable access to the facilities of Aptevo necessary (including if more efficient) for Emergent to provide the Services in accordance with this Agreement. Such access shall be conditioned on compliance with applicable Laws, the terms of this Agreement, and Aptevo's reasonable policies generally applicable to its service providers or visitors of which the Provider has knowledge based on written copies of such policies previously provided to the Provider by the Recipient.

(b) Notwithstanding the other rights of access of the Parties under this Agreement, each Party shall, and shall cause its Subsidiaries to, afford the other Party, its Subsidiaries and Representatives, following not less than ten (10) business days' prior written notice from the other Party, reasonable access during normal business hours to the facilities, information, systems, infrastructure, and personnel of the relevant Providers as reasonably necessary for the other Party to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; *provided*, *however*, that such access shall not unreasonably interfere with any of the business or operations of such Party or its Subsidiaries.

(c) Except as otherwise permitted by the other Party in writing, each Party shall permit only its authorized Representatives, contractors, invitees or licensees to access the other Party's facilities, and shall permit such access only to the extent necessary to perform obligations under this Agreement.

Section 3.05. Cooperation. It is understood that it will require the significant efforts of both Parties to implement this Agreement and to ensure performance of this Agreement by the Parties at the agreed-upon levels in accordance with all of the terms and conditions of this Agreement. The Parties will cooperate, acting in good faith and using commercially reasonable efforts, to permit the Provider to provide the relevant Services and to effect a smooth and orderly transition of the Services provided under this Agreement from the Provider to the Recipient; provided, however, that this Section 3.05 shall not require either Party to incur any out-of-pocket costs or expenses exceeding $1,000 during any one (1) month period.

Section 3.06. License Grants. Subject to the terms and conditions of this Agreement, Aptevo hereby grants to Emergent a non-exclusive, non-sublicenseable (except to those other members of the Emergent Group or third-party service providers performing the Services on behalf of Emergent), non-transferable (except in accordance with Section 9.10), limited license, to use during the term of this Agreement the intellectual property that is owned or controlled by Aptevo now or in the future, solely to the extent necessary or reasonably useful for Emergent to perform the Services.

Section 3.07. Data Protection. The Provider shall only process personal data which it may receive from the Recipient, while carrying out its duties under this Agreement: (a) in such a manner as is necessary to carry out those duties and (b) in accordance with the instructions of the Recipient.

ARTICLE IV
COSTS AND DISBURSEMENTS

Section 4.01. Costs and Disbursements.

(a) Except as otherwise provided in this Agreement, Aptevo shall pay, or cause to be paid, to the Provider of Services the fee for the Services (or category of Services, as applicable) (each fee constituting the "Service Charge" and, collectively, "Service Charges") as listed on Schedule [●]; provided, that, Emergent shall give written notice to Aptevo when, in its reasonable business judgment, Emergent believes in good faith that it is likely that Aptevo will request that Services be provided by Emergent during any contract year after the Effective Time exceeding the number of hours in the "Annual Services Work Hours Cap" set forth on Schedule [●]. Emergent shall neither have any obligation to provide nor have any right to charge for such Services above such Annual Services Work Hours Cap without the prior written consent of Aptevo. With respect to each Service or category of Services, the applicable Schedule shall set forth (i) the Recipient that will be invoiced the Service Charge for such Service or category of Services and (ii) the Provider that will be paid such Service Charge.

(b) In addition, during the term of this Agreement, the amount of a Service Charge for any Services (or category of Services, as applicable) may increase: (i) as expressly set forth on the applicable Schedule, (ii) as mutually agreed to by the Parties in writing in advance of any such increase, provided that Aptevo may withhold such agreement in its sole discretion, (iii) to the extent of any increase in the Provider's actual and direct costs of providing a Service are increased as a result of any increase in the rates or charges imposed by any unaffiliated third-party provider that is providing Services or (iv) to reflect the removal or replacement of personnel pursuant to Section 2.05(a), prorated with respect to the portion of Services provided under this Agreement; *provided that*, with respect to foregoing clause (iii), the Provider shall provide the Recipient with reasonably detailed written documentation evidencing the increased fees from the applicable third-party provider and setting forth the calculation of the Provider's increased direct costs of providing the applicable Service.

(c) Notwithstanding Section 3.05, the Recipient shall reimburse the Provider for reasonable out-of-pocket costs and expenses exceeding $1,000 during any one (1) month period incurred by the Provider or its Affiliates in connection with providing the Services (including necessary travel-related expenses) (each such cost or expense, a "Reimbursement Charge" and, collectively, "Reimbursement Charges"); provided, however, that any such cost or expense that is materially inconsistent with the Provider's historical practice for any Service (including business travel and related expenses) shall require advance approval of the Recipient.

(d) The Service Charges and Reimbursement Charges due and payable hereunder shall be invoiced and paid in the currency expressly applicable to such Service in the relevant Schedule hereto. Each month the Provider shall provide to the Recipient an invoice setting forth the Service Charges and Reimbursement Charges for the immediately preceding month, and the Recipient shall pay the amount of each monthly invoice by wire transfer (or such other method of payment as may be agreed between the Parties) to the Provider within forty-five (45) days of the receipt of each such invoice. Each invoice provided by the Recipient to the Provider shall also include reasonably detailed documentation to support the calculation of such

Service Charges and Reimbursement Charges. In the absence of a timely notice of a billing dispute in accordance with the provisions of Article VIII of the SDA, if the Recipient fails to pay such amount by the due date, the Recipient shall be obligated to pay to the Provider, in addition to the amount due, interest at an annual default interest rate of twelve percent (12%), or the maximum legal rate, whichever is lower (the "Interest Payment"), accruing from the date the payment was due through the date of actual payment. In the event of any billing dispute, the Recipient shall promptly pay any undisputed amount.

(e) Subject to the confidentiality provisions set forth in Section 9.03, Emergent shall, and shall cause its Affiliates to, provide, upon ten (10) business days' prior written notice from Aptevo, any information within Emergent's or the Provider's possession or control that Aptevo reasonably requests in connection with any Services being provided to Aptevo by an unaffiliated third-party provider, including any applicable invoices, agreements documenting the arrangements between such third-party provider and the Provider and other supporting documentation.

(f) If any amount to be paid under this Agreement is originally stated or expressed in a currency other than United States Dollars, then, for the purpose of determining the amount to be so paid, such amount shall be converted into United States Dollars at the exchange rate between those two currencies most recently quoted in *The Wall Street Journal* in New York as of the business day immediately prior to (or, if no such quote exists on such business day, on the closest business day prior to) the day on which the Party is required to make such payment.

Section 4.02. Tax Matters.

(a) Without limiting any provisions of this Agreement, the Recipient shall be responsible for (i) all excise, sales, use, transfer, stamp, documentary, filing, recordation and other similar Taxes, (ii) any value added, goods and services or similar recoverable indirect Taxes ("VAT") and (iii) any related interest and penalties (collectively, "Transfer Taxes"), in each case imposed or assessed as a result of the provision of Services by the Provider. In particular, but without prejudice to the generality of the foregoing, all amounts payable pursuant to this Agreement are exclusive of amounts in respect of VAT. Where any taxable supply for VAT purposes is made pursuant to this Agreement by the Provider to the Recipient, the Recipient shall either (i) on receipt of a valid VAT invoice from the Provider, pay to the Provider such additional amounts in respect of VAT as are chargeable on the supply of the services at the same time as payment is due for the supply of the services; or (ii) where required by legislation to do so, account directly to the relevant Governmental Authority for any such VAT amounts. The Party required to account for Transfer Tax shall provide to the other Party evidence of the remittance of the amount of such Transfer Tax to the relevant Governmental Authority, including, without limitation, copies of any Tax returns remitting such amount. The Provider agrees that it shall take commercially reasonable actions to cooperate with the Recipient in obtaining any refund, return, rebate, or the like of any Transfer Tax, including by filing any necessary exemption or other similar forms, certificates, or other similar documents. The Recipient shall promptly reimburse the Provider for any costs incurred by the Provider or its Affiliates in connection with the Recipient obtaining a refund or overpayment of refund, return, rebate, or the like of any Transfer Tax. For the avoidance of doubt, any applicable gross receipts-based or net income-based Taxes shall be borne by the Provider.

(b) The Recipient shall be entitled to deduct and withhold Taxes required by any Governmental Authority to be withheld on payments made pursuant to this Agreement. To the extent any amounts are so withheld, except for amounts withheld (i) attributable to the failure of the Provider to comply with the next sentence of this Section 4.02(b), (ii) attributable to backup withholding under Section 3406 of the Code or any similar provision of state, local, or non-U.S. law, or (iii) pursuant to FATCA, the Recipient shall (A) pay, in addition to the amount otherwise due to the Provider under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by the Provider will equal the full amount the Provider would have received had no such deduction or withholding been required, (B) pay such deducted and withheld amount to the proper Governmental Authority, and (C) promptly provide to the Provider evidence of such payment to such Governmental Authority. The Provider shall, prior to the date of any payment to be made pursuant to this Agreement, at the request of the Recipient, use commercially reasonable efforts to provide the Recipient any certificate or other documentary evidence that (1) is required by a Governmental Authority and/or (2) the Provider is entitled by a Governmental Authority to provide in order to reduce the amount of any Taxes that may be deducted or withheld from such payment and the Recipient agrees to accept and act in reliance on any such duly and properly executed certificate or other applicable documentary evidence.

(c) If the Provider (i) receives any refund (whether by payment, offset, credit or otherwise) or (ii) utilizes any overpayment, of Taxes that are borne by Recipient pursuant to this Agreement, then the Provider shall promptly pay, or cause to be paid, to the Recipient the amount of such refund or overpayment (including, for the avoidance of doubt, any interest or other amounts received with respect to such refund or overpayment), net of any additional Taxes the Provider incurs or will incur as a result of the receipt of such refund or such overpayment.

ARTICLE V
STANDARD FOR SERVICE

Section 5.01. Standard for Service.

(a) The Provider agrees (i) to perform the Services with at least substantially the same nature, quality, standard of care and service levels at which the same or similar services were performed by or on behalf of the Provider prior to the Effective Time or, if not so previously provided, then substantially similar to that which are applicable to similar services provided to the Provider's Affiliates or other business components; and (ii) upon receipt of written notice from the Recipient identifying any outage, interruption or other failure of any Service, to respond to such outage, interruption or other failure of such Service in a manner that is at least substantially similar to the manner in which such Provider or its Affiliates responded to any outage, interruption or other failure of the same or similar services prior to the Effective Time. The Parties acknowledge that an outage, interruption or other failure of any Service shall not be deemed to be a breach of the provisions of this Section 5.01 so long as the applicable Provider complies with the foregoing clause (ii). In addition, the Provider will perform all Services in a professional and workmanlike manner.

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent the manner of such performance would constitute a

violation of applicable Law or any existing contract or agreement with a third-party. If the Provider is or becomes aware of any such potential violation on the part of the Provider, the Provider shall promptly send a written notice to the Recipient of any such potential violation. The Parties each agree to cooperate and use commercially reasonable efforts to obtain any necessary third-party consents required under any existing contract or agreement with a third-party to allow the Provider to perform or cause to be performed any Service in accordance with the standards set forth in this Section 5.01. Any costs and expenses incurred by either Party in connection with obtaining any such third-party consent that is required to allow the Provider to perform or cause to be performed any Service shall be solely the responsibility of the Recipient. If, with respect to a Service, the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required third-party consent or the performance of such Service by the Provider would continue to constitute a violation of applicable Laws, the Provider shall use commercially reasonable efforts in good faith to provide such Services in a manner as closely as possible to the standards described in this Section 5.01.

Section 5.02. Disclaimer of Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PARTIES ACKNOWLEDGE AND AGREE THAT THE SERVICES ARE PROVIDED AS-IS, THAT EACH RECIPIENT ASSUMES ALL RISKS AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES AND EACH PARTY, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, MAKES NO OTHER REPRESENTATION OR WARRANTY WITH RESPECT THERETO. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES REGARDING THE SERVICES, WHETHER EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, INCLUDING ANY REPRESENTATION OR WARRANTY IN REGARD TO QUALITY, PERFORMANCE, NONINFRINGEMENT, COMMERCIAL UTILITY, MERCHANTABILITY OR FITNESS OF ANY SERVICE FOR A PARTICULAR PURPOSE.

Section 5.03. Compliance with Laws and Regulations. Each Party shall be responsible for its own compliance and its subcontractors' compliance with any and all Laws applicable to its performance under this Agreement. No Party will knowingly take any action in violation of any such applicable Law that results in liability being imposed on the other Party.

ARTICLE VI
REPRESENTATIONS; LIMITED LIABILITY AND INDEMNIFICATION

Section 6.01. Representations. The Provider represents, warrants and covenants with respect to itself and the Recipient represents, warrants and covenants with respect to itself:

(a) this Agreement is a legal and valid obligation binding upon such Person and enforceable in accordance with its terms, and that such Person will undertake and perform all of its obligations as set forth in this Agreement; and

(b) all of such Person's personnel are, and shall at all times during the Term remain, sufficient in number and qualification to perform or receive, as applicable, the Services.

Section 6.02. Consequential and Other Damages. Notwithstanding anything to the contrary contained in the SDA or this Agreement, the Provider shall not be liable to the Recipient or any of its Affiliates or Representatives, whether in contract, tort (including negligence and strict liability) or otherwise, at law or equity, for any special, indirect, incidental, punitive or consequential damages whatsoever (including lost profits or damages calculated on multiples of earnings approaches), which in any way arise out of, relate to or are a consequence of, the performance or nonperformance by the Provider (including any Affiliates and Representatives of the Provider and any unaffiliated third-party providers, in each case, providing the applicable Services) under this Agreement or the provision of, or failure to provide, any Services under this Agreement, including with respect to loss of profits, business interruptions or claims of customers.

Section 6.03. Limitation of Liability. THE LIABILITIES OF EACH PARTY AND ITS AFFILIATES AND REPRESENTATIVES, COLLECTIVELY, UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION HEREWITH (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, AT LAW OR EQUITY, SHALL NOT EXCEED THE TOTAL AGGREGATE AMOUNTS PAID OR PAYABLE TO EMERGENT BY APTEVO PURSUANT TO THIS AGREEMENT DURING THE ONE YEAR PRECEDING THE EVENT THAT GAVE RISE TO SUCH LIABILITY.

Section 6.04. Obligation To Reperform; Liabilities. In the event of any breach of this Agreement by any Provider with respect to the provision of any Services (with respect to which the Provider can reasonably be expected to re-perform in a commercially reasonable manner), the Provider shall (a) promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of the Recipient and at the sole cost and expense of the Provider and (b) subject to the limitations set forth in Section 6.02 and Section 6.03, reimburse the Recipient and its Affiliates and Representatives for Liabilities attributable to such breach by the Provider. The remedy set forth in this Section 6.04 shall be the sole and exclusive remedy of the Recipient for any such breach of this Agreement. Any request for re-performance in accordance with this Section 6.04 by the Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than two (2) months from the date such error, defect or breach becomes apparent or should have reasonably become apparent to the Recipient.

Section 6.05. Release and Recipient Indemnity. Subject to Section 6.02, each Recipient hereby releases the applicable Provider and its Affiliates and Representatives (each, a "Provider Indemnified Party"), and each Recipient hereby agrees to indemnify, defend and hold harmless each such Provider Indemnified Party from and against (a) all Liabilities arising from, relating to or in connection with, in each case to the extent suffered, sustained or incurred by the Provider Indemnified Party pursuant to a Third-Party Claim, the provision of any Services by Provider hereunder or the use of any Services by any Recipient or any of its Affiliates, Representatives or other Persons, except in each case to the extent that such Liabilities arise out of, relate to or are a consequence of the applicable Provider Indemnified Party's bad faith, gross negligence or willful misconduct, and (b) all Liabilities arising from, relating to or in connection with a breach by any Recipient of its obligations under this Agreement.

Section 6.06. Provider Indemnity. Subject to Section 6.02, each Provider hereby agrees to indemnify, defend and hold harmless the applicable Recipient and its Affiliates and Representatives (each a "Recipient Indemnified Party"), from and against all Liabilities arising from, relating to or in connection with, in each case to the extent suffered, sustained or incurred by the Recipient Indemnified Party pursuant to a Third-Party Claim, the provision of any Services by Provider hereunder or the use of any Services by any Recipient or any of its Affiliates, Representatives or other Persons, in each case to the extent that such Liabilities arise out of, relate to or are a consequence of the applicable Provider's bad faith, gross negligence or willful misconduct.

Section 6.07. Indemnification Procedures. The provisions of Sections 4.4 and 4.5 of the SDA shall govern claims for indemnification under this Agreement.

Section 6.08. Liability for Payment Obligations. Nothing in this ARTICLE VI shall be deemed to eliminate or limit, in any respect, Aptevo's express obligation in this Agreement to pay Service Charges and Reimbursement Charges for Services rendered in accordance with this Agreement.

Section 6.09. Exclusion of Other Remedies. Notwithstanding anything to the contrary contained in the SDA, the provisions of Section 6.04, Section 6.05 and Section 6.06 of this Agreement shall, to the maximum extent permitted by applicable Law, be the sole and exclusive remedies of the Provider Indemnified Parties and the Recipient Indemnified Parties, as applicable, for any claim, loss, damage, expense or liability, whether arising from statute, principle of common or civil law, principles of strict liability, tort, contract or otherwise under this Agreement.

Section 6.10. Confirmation. Neither Party excludes responsibility for any liability which cannot be excluded pursuant to applicable Law.

ARTICLE VII
TERM AND TERMINATION

Section 7.01. Term and Termination.

(a) This Agreement shall commence immediately upon the Effective Time and shall terminate upon the earliest to occur of: (i) the second (2nd) anniversary of the Effective Time, (ii) the last date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement and the Schedules or (iii) the mutual written agreement of the Parties to terminate this Agreement in its entirety.

(b) Without prejudice to a Recipient's rights with respect to a Force Majeure, a Recipient may from time to time terminate this Agreement with respect to any individual Service or a portion thereof:

(i) for any reason or no reason, upon providing the requisite prior written notice to the Provider pursuant to the Schedules and in any event, at least thirty (30) days' prior notice; provided, however, that the Recipient shall pay to the Provider the necessary and reasonable documented out-of-pocket costs incurred prior to Provider's receipt of such notice or in connection with the wind down of such Service other than any employee severance and relocation expenses; or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure continues to exist forty-five (45) days after receipt by the Provider of written notice of such failure from the Recipient.

(c) Without prejudice to a Provider's rights with respect to a Force Majeure, Provider may terminate this Agreement with respect to the entirety of any individual Service but not a portion thereof if the Recipient of such Service (i) has failed to pay Service Charges or Reimbursement Charges or any other amounts due under this Agreement with respect to such Service, and such failure shall continue to exist twenty (20) business days after receipt by the Recipient of written notice of such failure to pay from the Provider, or (ii) has failed to perform any of its other material obligations under this Agreement with respect to such Service, and such failure shall continue to exist forty-five (45) days after receipt by the Recipient of written notice of such failure from the Provider.

In the event that any Service is terminated other than at the end of a month, the Service Charge associated with such Service shall be pro-rated appropriately. The Parties acknowledge that there may be interdependencies among the Services being provided under this Agreement that may not be identified on the applicable Schedules and agree that, if the Provider's ability to provide a particular Service in accordance with this Agreement is materially and adversely affected by the termination of another Service in accordance with Section 7.01(b)(i), then the Parties shall negotiate in good faith to amend the Schedule relating to such affected continuing Service, which amendment shall be in writing and consistent with the terms of, and the pricing methodology used for, comparable services.

Section 7.02. Effect of Termination. Upon termination of any Service pursuant to this Agreement, the Provider of the terminated Service will have no further obligation to provide the terminated Service, and the relevant Recipient will have no obligation to pay any future Service Charges relating to any such Service; *provided*, *however*, that the Recipient shall remain obligated to the relevant Provider for the (a) Service Charges and Reimbursement Charges owed and payable in respect of Services provided prior to the effective date of termination and (b) any applicable charges described in Section 7.01(b)(i), which charges shall be payable only in the event that the Recipient terminates any Service pursuant to Section 7.01(b)(i). In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement, ARTICLE I, Section 4.02, Section 4.03, Section 5.02, ARTICLE VI (including liability in respect of any indemnifiable Liabilities under this Agreement arising or occurring on or prior to the date of termination), ARTICLE VII, ARTICLE VIII, all confidentiality obligations under this Agreement and liability for all due and unpaid Service Charges and Reimbursement Charges and any applicable charges payable pursuant to Section 7.01(b)(i), shall continue to survive indefinitely.

Section 7.03. Force Majeure.

(a) Neither Party (nor any Person acting on its behalf) shall have any liability or responsibility for failure to fulfill any obligation (other than a payment obligation) under this Agreement so long as and to the extent to which the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of a Force Majeure; *provided*, *however*, that (i) such Party (or such Person) shall have exercised commercially reasonable efforts to minimize the effect of such Force Majeure on its obligations; and (ii) the nature, quality and standard of care that the Provider shall provide in delivering a Service after a Force Majeure shall be substantially the same as the nature, quality and standard of care that the Provider provides to its Affiliates with respect to such Service. In the event of an occurrence of a Force Majeure, the Party whose performance is affected thereby shall give notice of suspension as soon as reasonably practicable to the other stating the date and extent of such suspension and the cause thereof, and such Party shall resume the performance of such obligations as soon as reasonably practicable after the removal of such cause.

(b) During the period of a Force Majeure affecting the Provider, the Recipient shall be entitled to permanently terminate such Service(s) (and, in any event, shall be relieved of the obligation to pay Service Charges and Reimbursement Charges for such Services(s) throughout the duration of such Force Majeure) if a Force Majeure shall continue to exist for more than twenty (20) consecutive days, it being understood that the Recipient shall not be required to provide any advance notice of such termination to the Provider or pay any charges in connection therewith.

ARTICLE VIII
DISPUTE RESOLUTION; SERVICES MANAGERS

Notwithstanding anything to the contrary in the SDA, any Dispute (as defined below) shall be resolved exclusively in accordance with the following provisions of this ARTICLE VIII:

Section 8.01. Disputes. Any controversy or claim arising out of or relating to this Agreement, or the breach hereof (a "Dispute"), shall be resolved: (a) first, by negotiation between the applicable Emergent Local Service Manager and the Aptevo Local Service Manager, then (if there remains a Dispute) negotiation between the Emergent Services Manager and the Aptevo Services Manager (each as defined below), and then (if there remains a Dispute) negotiation by and among the members of the Transition Committee, with the possibility of mediation as provided in Section 8.02; and (b) then, if negotiation and mediation fail, by binding arbitration as provided in Section 8.03. Each Party agrees on behalf of itself and each of its Subsidiaries that the procedures set forth in this ARTICLE VIII shall be the exclusive means for resolution of any Dispute. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

Section 8.02. Negotiation and Mediation. If either Party serves written notice of a Dispute upon the other party (a "Dispute Notice"), the Parties will first attempt to resolve such

Dispute by direct discussions and negotiation (including as set forth in Section 8.01). If the parties to the Dispute agree, the Parties may also attempt to resolve the Dispute by a mediation administered by the International Institute for Conflict Prevention & Resolution ("CPR") under its Mediation Procedure.

Section 8.03. Arbitration.

(a) If a Dispute is not resolved within forty-five (45) days (or later if mutually agreed by the Parties) after the service of a Dispute Notice, either Party shall have the right to commence arbitration. The arbitration shall be administered by the CPR pursuant to its Arbitration Rules and Procedures. References herein to any arbitration rules or procedures mean such rules or procedures as amended from time to time, including any successor rules or procedures, and references herein to the CPR include any successor thereto. The arbitration shall be before three (3) arbitrators. Each Party shall designate one arbitrator in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Rules. The two Party-appointed arbitrators will select the third, who will serve as the panel's chair or president. This arbitration provision, and the arbitration itself, shall be governed by the Laws of the State of Delaware and the Federal Arbitration Act, 9 U.S.C. §§ 1-16.

(b) Consistent with the expedited nature of arbitration, each Party will, upon the written request of the other Party, promptly provide the other with copies of documents on which the producing Party may rely in support of or in opposition to any claim or defense. At the request of a Party, the arbitrators shall have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of five per Party and shall be held within forty-five (45) days of the grant of a request. Additional depositions may be scheduled only with the permission of the arbitrators, and for good cause shown. Each deposition shall be limited to a maximum of one day's duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. The Parties shall not utilize any other discovery mechanisms, including international processes and U.S. federal statutes, to obtain additional evidence for use in the arbitration. Any Dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrators, which determination shall be conclusive. All discovery shall be completed within sixty (60) days following the appointment of the arbitrators. All costs and fees relating to the retrieval, review and production of electronic discovery shall be paid by the Party requesting such discovery.

(c) The panel of arbitrators shall have no power to award non-monetary or equitable relief of any sort. The arbitrators shall have no power or authority, under the CPR Rules for Non-Administered Arbitration or otherwise, to relieve the Parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this Agreement. The award of the arbitrators shall be final, binding and the sole and exclusive remedy to the Parties. Either Party may seek to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.

(d) Absent fraud or manifest error, any arbitral award issued hereunder shall be final and binding on the Parties.

(e) Except as may be required by Law or any applicable rules and regulations of any stock exchange, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

Section 8.04. Interim Relief. At any time during the resolution of a Dispute between the Parties, either Party has the right to apply to any court of competent jurisdiction for interim relief, including pre-arbitration attachments or injunctions, necessary to preserve the Parties' rights or to maintain the Parties' relative positions until such time as the arbitration award is rendered or the Dispute is otherwise resolved.

Section 8.05. Remedies. The arbitrators shall have no authority or power to limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement nor any right or power to award punitive, exemplary or treble damages (or other multiple damages that are not actual damages).

Section 8.06. Expenses. Each Party shall bear its own costs, expenses and attorneys' fees in pursuit and resolution of any Dispute; provided, however, that, in the event of any arbitration with respect to any Dispute pursuant to Section 8.03 in which the arbitrator issues an arbitral award in an amount that is within ten percent (10%) of the amount of the most recent *bona fide* written settlement offer submitted by a Party and rejected by a Party in connection with such Dispute, then the Party that rejected such settlement offer shall bear both Parties' costs, expenses and attorneys' fees incurred in connection with such arbitration (including the fees and expenses of any arbitrator).

Section 8.07. Continuation of Services and Commitments. Unless otherwise agreed in writing, the Parties shall, and shall cause their respective Subsidiaries to, continue to honor all commitments under this Agreement to the extent required by this Agreement during the course of dispute resolution pursuant to the provisions of this ARTICLE VIII with respect to all matters related to such Dispute.

Section 8.08. Transition Services Managers.

(a) Emergent hereby appoints and designates the individual holding the Emergent position set forth on Exhibit A to act as its initial services manager (the "Emergent Services Manager"), who will be directly responsible for coordinating and managing the delivery of the Services and have authority to act on Emergent's behalf with respect to matters relating to the provision of Services under this Agreement. The Emergent Services Manager will be a member of the Transition Committee established pursuant to Section 2.14 of the SDA. The Emergent Services Manager will work with the personnel of the Emergent Group to periodically address issues and matters raised by Aptevo relating to the provision of Services under this Agreement. Notwithstanding the requirements of Section 9.06, all communications from Aptevo to Emergent pursuant to this Agreement regarding routine matters involving a Service shall be made through the individual specified as the local service manager (the "Emergent Local Service Manager") with respect to such Service on the applicable Schedule or such other individual as may be specified by the Emergent Services Manager in writing and delivered to Aptevo by email or facsimile transmission with receipt confirmed. Emergent shall notify Aptevo of the appointment of a different Emergent Services Manager or Emergent Local Service Manager(s), if necessary, in accordance with Section 9.06.

(b) Aptevo hereby appoints and designates the individual holding the Aptevo position set forth on Exhibit A to act as its initial services manager (the "Aptevo Services Manager"), who will be directly responsible for coordinating and managing the receipt of the Services and have authority to act on Aptevo's behalf with respect to matters relating to this Agreement. The Aptevo Services Manager will be a member of the Transition Committee established pursuant to Section 2.14 of the SDA. The Aptevo Services Manager will work with the personnel of the Aptevo Group to periodically address issues and matters raised by Emergent relating to this Agreement. Notwithstanding the requirements of Section 9.06, except for in-person communications made during the course of performing and receiving the Services, all communications from Emergent to Aptevo pursuant to this Agreement regarding routine matters involving a Service shall be made through the individual specified as the local service manager (the "Aptevo Local Service Manager") with respect to such Service on the applicable Schedule or as specified by the Aptevo Services Manager in writing and delivered to Emergent by email or facsimile transmission with receipt confirmed. Aptevo shall notify Emergent of the appointment of a different Aptevo Services Manager or Aptevo Local Service Manager(s), if necessary, in accordance with Section 9.06.

ARTICLE IX
GENERAL PROVISIONS

Section 9.01. Provisions from the SDA. The Parties agree and acknowledge that this Agreement is an Ancillary Agreement and, therefore, that certain provisions of the SDA apply hereto (including any capitalized terms used but not defined herein), provided, however, that if there is any conflict between the terms of this Agreement and the terms of the SDA, the terms of this Agreement apply with respect to the subject matter hereof. Sections 11.1 (Counterparts; Entire Agreement; Corporate Power), 11.2 (Governing Law), 11.6 (Severability), 11.10 (Headings), 11.11 (Survival of Covenants), 11.12 (Waivers of Default), 11.14 (Amendments) and 11.16 (No Set Off) of the SDA are incorporated herein by reference, *mutatis mutandis*.

Section 9.02. No Agency. Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any Party an agent of an unaffiliated party in the conduct of such other party's business. A Provider of any Service under this Agreement shall act as an independent contractor and not as the agent of the Recipient in performing such Service, maintaining control over its employees, its subcontractors and their employees and complying with all withholding of income at source requirements, whether federal, national, state, local or foreign.

Section 9.03. Treatment of Confidential Information. Each Party shall, and shall cause its Affiliates and its and their Representatives to, treat all Confidential Information of the other Party in accordance with Section 7.7 of the SDA. For the avoidance of doubt, all proprietary or Confidential Information of (a) Aptevo or any Recipient that is received or accessed by any Provider or its personnel, agents or Representatives in the course of performing obligations under this Agreement constitutes Aptevo's Confidential Information and (b) Emergent or any Provider that is received or accessed by any Recipient or its personnel, agents or Representatives in the course of performing obligations under this Agreement constitutes Emergent's Confidential Information.

Section 9.04. Further Assurances. Each Party covenants and agrees that, without any additional consideration, it shall execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate this Agreement.

Section 9.05. Dispute Resolution. Any Dispute shall be resolved in accordance with the procedures set forth in Article VIII of the SDA, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified herein or in Article VIII of the SDA.

Section 9.06. Notices. Except with respect to routine communications by the Emergent Services Manager, Aptevo Services Manager, Emergent Local Services Manager and Aptevo Local Services Manager under Section 8.08, all notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.06):

(i) if to Emergent:

[●]

with copies to:

[●]

(ii) if to Aptevo:

[●]

with copies to:

[●]

Section 9.07. Entire Agreement. This Agreement, together with the documents referenced herein (including the SDA, the Quality Agreement and any other Ancillary Agreements) contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

Section 9.08. No Third-Party Beneficiaries. Except as provided in ARTICLE VI with respect to Provider Indemnified Parties and Recipient Indemnified Parties, (a) the provisions of

this Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 9.09. Interpretation. Interpretation of this Agreement shall be governed by the following rules of construction: (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules and Exhibits hereto and thereto) and not to any particular provision of this Agreement; (c) Article, Section, Exhibit and Schedule references are to the Articles, Sections, Exhibits and Schedules to this Agreement unless otherwise specified; (d) references to "$" shall mean U.S. dollars; (e) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation"; (f) the word "or" shall not be exclusive; (g) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to [●], 2016, regardless of any amendment or restatement hereof; (h) the verb "will" means "shall"; (i) except where the context otherwise requires, references to Subsidiaries of Aptevo refers to Persons that will be Subsidiaries of Aptevo upon consummation of the Distribution; (j) Emergent and Aptevo have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement; (k) a reference to any Person includes such Person's successors and permitted assigns; (l) any reference to "days" means calendar days unless business days are expressly specified; and (m) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a business day, the period shall end on the next succeeding business day.

Section 9.10. Assignability. This Agreement shall not be assigned by operation of Law or otherwise without the prior written consent of Emergent and Aptevo, except that each Party may:

(a) assign all of its rights and obligations under this Agreement to any of its Subsidiaries (so long as it remains a Subsidiary); provided, that in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement; and

(b) in connection with the sale, transfer or other divestiture to an acquiror (that, in the case of an assignment by a Recipient, is not a competitor of the Provider) of all or substantially all of an entire product line, division or other business unit to which this Agreement relates, assign to the acquiror of such product line, division or other business unit its rights and obligations as a Recipient (in the case of an assignment by a Recipient) or a Provider (in the case of an assignment by a Provider) under this Agreement to the extent related to such product line,

division or other business unit; *provided that* (i) in connection with any such assignment, the assigning Party provides a guarantee to the non-assigning Party (in a form reasonably agreed upon) for any liability or obligation of the assignee under this Agreement, (ii) any and all costs and expenses incurred by either Party in connection with such assignment (including in connection with clause (iii) of this proviso) shall be borne solely by the assigning Party, and (iii) the Parties shall in good faith negotiate any amendments to this Agreement, including the Schedules hereto, that may be necessary or appropriate in order to assign such Services.

Section 9.11. Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, shareholder, Affiliate, agent, attorney or representative of either Emergent or Aptevo or their Affiliates shall have any liability for any Liabilities of Emergent or Aptevo, respectively, under this Agreement or for any claims based on, in respect of, or by reason of, the transactions contemplated by this Agreement.

Section 9.12. Expenses. Except as expressly set forth in this Agreement, all fees, costs and expenses incurred in connection with the preparation, execution, delivery and implementation of this Agreement will be borne by the Party incurring such fees, costs or expenses.

[*The remainder of this page is intentionally left blank.*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

EMERGENT BIOSOLUTIONS INC.

By: _____
Name:
Title:

APTEVO THERAPEUTICS INC.

By: _____
Name:
Title:

Exhibit A

Services Managers

Exhibit B

Quality Agreement

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [●], 2016

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of [_____], 2016 (this Agreement"), is made and entered into by and between Emergent BioSolutions Inc., a Delaware corporation ("Emergent"), and Aptevo Therapeutics Inc., a Delaware corporation ("Aptevo"). Aptevo and Emergent are referred to together as the "Parties" and individually as a "Party." Capitalized terms used herein shall have the respective meanings assigned to them in Article I or elsewhere in this Agreement and capitalized terms used in this Agreement but not otherwise defined herein shall have the meaning assigned to them in the Separation and Distribution Agreement.

RECITALS:

WHEREAS, Emergent, directly or indirectly, currently owns and operates both the Emergent Business and the Aptevo Business;

WHEREAS, the Emergent Board has determined that it is in the best interests of Emergent and its shareholders that the Aptevo Business be operated by a newly incorporated publicly traded company;

WHEREAS, to effect the foregoing, the Separation and Distribution Agreement provides for the contribution from Emergent to Aptevo of certain Assets, the assumption by Aptevo of certain Liabilities from Emergent, the distribution by Emergent of Aptevo Common Shares to Emergent shareholders, and the execution and delivery of this Agreement and certain other agreements to facilitate and provide for the foregoing, in each case subject to the terms and conditions set forth herein and therein; and

WHEREAS, this Agreement describes the principal employment, compensation and employee benefit plan arrangements between the Parties.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, the Parties hereby agree as follows:

AGREEMENT

ARTICLE I
DEFINITIONS

Section 1.01 Defined Terms. The following capitalized terms as used in this Agreement shall have the meaning set forth below:

"Agreement" shall mean this Employee Matters Agreement and any Schedule hereto.

"Aptevo" shall have the meaning set forth in the first sentence of this Agreement.

"Aptevo 401(k) Plan" shall have the meaning set forth in Section 3.01(a).

"Aptevo Benefit Plan" shall mean, following the Distribution, each Benefit Plan sponsored by, maintained by, or contributed to by the Aptevo Group.

"Aptevo Board" shall mean the board of directors of Aptevo.

"Aptevo Employee" shall mean any Employee of the Aptevo Business as of immediately prior to the Distribution Date as identified on Schedule 1.01 hereto and any other individual identified on Schedule 1.01 hereto.

"Aptevo Equity Awards" shall mean, collectively, the Aptevo Options and Aptevo RSUs.

"Aptevo Health and Welfare Plan" shall mean, following the Distribution, a Health and Welfare Plan sponsored by, maintained by, or contributed to by the Aptevo Group.

"Aptevo Price Ratio" shall mean the quotient obtained by dividing the Aptevo Stock Value by the Emergent Stock Value.

"Aptevo Share Ratio" shall mean the quotient obtained by dividing the Emergent Stock Value by the Aptevo Stock Value.

"Aptevo Stock Value" shall mean the opening per-share price, as reported on the NASDAQ Global Market, of an Aptevo Common Share on the first trading day following completion of the Distribution on which "regular way" trading in Aptevo Common Shares begins.

"Benefit Plan" shall mean any (i) "employee benefit plan," as defined in ERISA Section 3(3) (whether or not such plan is subject to ERISA); and (ii) employment, compensation, severance, salary continuation, bonus, thirteenth month, incentive, retirement, thrift, superannuation, savings, pension, workers' compensation, termination benefit (including termination notice requirements), termination indemnity, other indemnification, supplemental unemployment benefit, redundancy pay, profit sharing, deferred compensation, stock ownership, stock purchase, stock option, stock appreciation right, restricted stock, "phantom" stock, performance share, restricted stock unit, other stock-based incentive, change in control, paid time off, perquisite, fringe benefit, vacation, disability, life, or other insurance, death benefit, hospitalization, medical, or other compensatory or benefit plan, program, fund, agreement, arrangement, or policy of any kind (whether written or oral, qualified or nonqualified, funded or unfunded, foreign or domestic, currently effective or terminated), and any trust, escrow or similar agreement related thereto, whether or not funded, excluding any plan, program, fund, agreement, arrangement, or policy (other than for workers' compensation Liabilities) that is mandated by and maintained solely pursuant to applicable Law.

"COBRA" shall mean coverage required by Code Section 4980B or ERISA Section 601 et. seq.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Emergent" shall have the meaning set forth in the first sentence of this Agreement.

"Emergent 401(k) Plan" shall mean the Emergent BioSolutions, Inc. Employee Deferred Compensation Plan.

"Emergent Benefit Plan" shall mean a Benefit Plan sponsored by, maintained by, or contributed to by the Emergent Group.

"Emergent Board" shall mean the board of directors of Emergent.

"Emergent Employee" shall mean any Employee other than an Aptevo Employee.

"Emergent ESPP" shall mean the Emergent BioSolutions Inc. 2012 Employee Stock Purchase Plan.

"Emergent Health and Welfare Plan" shall mean a Health and Welfare Plan sponsored by, maintained by, or contributed to by the Emergent Group.

"Emergent Post-Distribution Stock Value" shall mean the opening per-share price, as reported on the NYSE, of an Emergent Common Share on the first trading day following completion of the Distribution on which "regular way" trading in Aptevo Common Shares begins.

"Emergent Price Ratio" shall mean the quotient obtained by dividing the Emergent Post-Distribution Stock Value by the Emergent Stock Value.

"Emergent Share Ratio" shall mean the quotient obtained by dividing the Emergent Stock Value by the Emergent Post-Distribution Stock Value.

"Emergent Stock Program" shall mean, any of, the Fourth Amended and Restated Emergent BioSolutions Inc. 2006 Stock Incentive Plan, the Emergent BioSolutions Inc. Employee Stock Option Plan, as amended and restated, and any incentive compensation program or arrangement that governs the terms of equity-based incentive awards assumed by the Emergent Group in connection with a corporate transaction and that is maintained by the Emergent Group immediately prior to the Distribution Date, and any sub-plans established thereunder.

"Emergent Stock Value" shall mean the sum of the Emergent Post-Distribution Stock Value and the Aptevo Stock Value.

"Employee" shall mean an current or former employee of the Emergent Group or the Aptevo Group, as applicable, including any employee absent from work on account of vacation, jury duty, funeral leave, personal leave, sickness, short-term disability, long-term disability or workers' compensation leave (in each case, unless treated as a separated employee for employment purposes), military leave, family leave, pay continuation leave, or other approved leave of absence or for whom an obligation to recall, rehire or otherwise return to employment exists under a contractual obligation or Law.

"Employee Agreement" shall mean an employment contract or other letter agreement between a member of the Emergent Group and an Aptevo Employee.

"Employee Recoupment Asset" shall mean an employer's right to repayment from an Employee in respect of a tax equalization payment, sign-on bonus payment, relocation expense payment, tuition payment, reimbursement, loan, or other similar item, including any agreement related thereto.

"Employment Tax" shall mean withholding, payroll, social security, workers' compensation, unemployment, disability and any similar tax imposed by any Tax Authority or social security authority, and any interest, penalties, additions to tax, or additional amounts with respect to the foregoing imposed on any taxpayer or consolidated, combined, or unitary group of taxpayers. With respect to any Employment Tax, the term "Tax Authority" shall mean the governmental entity or political subdivision thereof that imposes such Employment Tax, and the agency (if any) charged with the collection of such Employment Tax for such entity or subdivision.

"ERISA" shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended.

"Health and Welfare Plan" shall mean any Benefit Plan established or maintained to provide, for Employees who work primarily in the United States or their beneficiaries, through the purchase of insurance or otherwise, medical, dental, prescription, vision, short-term disability, long-term disability, death benefits, life insurance, accidental death and dismemberment insurance, business travel accident insurance, employee assistance program, group legal services, wellness, cafeteria (including premium payment, health care flexible spending account, and dependent care flexible spending account components), travel reimbursement, transportation, vacation benefits, apprenticeship or other training programs, day care centers, or prepaid legal services benefits, including any "employee welfare benefit plan" (as defined in ERISA Section 3(1)) that is not a severance plan.

"HIPAA" shall mean the Health Insurance Portability and Accountability Act of 1996, as amended.

"Incurred Claim" shall mean a Liability related to services or benefits provided under a Benefit Plan, and shall be deemed to be incurred: (i) with respect to medical, dental, vision, and prescription drug benefits, upon the rendering of services giving rise to such Liability; (ii) with respect to death benefits, life insurance, accidental death and dismemberment insurance, and business travel accident insurance, upon the occurrence of the event giving rise to such Liability; (iii) with respect to disability benefits, upon the date of disability, as determined by the disability benefit insurance carrier or claim administrator, giving rise to such Liability; (iv) with respect to a period of continuous hospitalization, upon the date of admission to the hospital; and (v) with respect to tuition reimbursement, upon completion of the requirements for such reimbursement.

"Option" shall mean (i) when immediately preceded by "Emergent," an option to purchase one or more Emergent Common Shares granted under an Emergent Stock Program and outstanding immediately prior to the Distribution Date (whether or not then exercisable); (ii) when immediately preceded by "Adjusted Emergent," an option to purchase one or more Emergent Common Shares adjusted in accordance with Section 5.01; and (iii) when immediately preceded by "Aptevo," an option to purchase one or more Aptevo Common Shares granted by Aptevo in accordance with Section 5.01.

"Party" shall have the meaning set forth in the second sentence of this Agreement.

"RSU" shall mean (i) when immediately preceded by "Emergent," a restricted stock unit award granted pursuant to an Emergent Stock Program and outstanding immediately prior to the Distribution Date; (ii) when immediately preceded by "Adjusted Emergent," a restricted stock unit award granted pursuant to an Emergent Stock Program adjusted in accordance with Section 5.01; and (iii) when immediately preceded by "Aptevo," a restricted stock unit award granted by Aptevo in accordance with Section 5.01.

"Securities Act" shall mean the U.S. Securities Act of 1933, as amended.

"Separation and Distribution Agreement" shall mean the Separation and Distribution Agreement by and between the Parties, dated as of the date hereof.

"Transferred Employee" shall have the meaning set forth in Section 2.02(a).

"Transferred Flexible Spending Account Balances" shall have the meaning set forth in Section 4.01(d)(iii).

ARTICLE II
GENERAL PRINCIPLES

Section 2.01 Allocation of Liabilities.

(a) *Aptevo Liabilities*. Effective as of the Distribution Date, and except as expressly provided in this Agreement, Aptevo hereby assumes (or retains) and agrees to pay, perform, fulfill, and discharge all Liabilities to the extent relating to, arising out of, or resulting from:

(i) the employment (or termination of employment) of each Transferred Employee on or after the Distribution Date (including, in each case, all Liabilities relating to, arising out of, or resulting from Employment Taxes, any Emergent Benefit Plan or any Aptevo Benefit Plan);

(ii) the employment of each Aptevo Employee prior to the Distribution Date (including all Liabilities relating to, arising out of, or resulting from Employment Taxes, any Emergent Benefit Plan or any Aptevo Benefit Plan) to the extent such Liabilities have not been paid, performed, fulfilled or discharged by Emergent prior to the Distribution Date; and

(iii) obligations, Liabilities, and responsibilities expressly assumed or retained by Aptevo pursuant to this Agreement.

(b) *Emergent Liabilities*. Effective as of the Distribution Date, and except as expressly provided in this Agreement, Emergent hereby retains (or assumes) and agrees to pay, perform, fulfill, and discharge all Liabilities to the extent relating to, arising out of, or resulting from:

(i) the employment (or termination of employment) (i) of each Aptevo Employee before the Distribution Date (including, in each case, all Liabilities relating to, arising out of, or resulting from Employment Taxes or any Emergent Benefit Plan);

(ii) the employment (or termination of employment) of each Emergent Employee prior to, on, or after the Distribution Date (including all Liabilities to the extent relating to, arising out of, or resulting from Employment Taxes or any Emergent Benefit Plan); and

(iii) obligations, Liabilities, and responsibilities expressly retained or assumed by Emergent pursuant to this Agreement.

(c) *Other Liabilities*. To the extent that this Agreement does not cover particular obligations, Liabilities or responsibilities that relate to, arise out of, or result from employment (or termination of employment), Employment Taxes or any Benefit Plan and the Parties later determine that they should be allocated in connection with the Separation, such obligations, Liabilities or responsibilities shall be handled in a manner similar to the manner in which this Agreement handles comparable obligations, Liabilities or responsibilities, subject to the mutual agreement of the Parties.

Section 2.02 Employment with Aptevo.

(a) *Employment Transfers*. The Parties intend for Aptevo Employees to transfer to the Aptevo Group and shall use commercially reasonable efforts and cooperate with each other to effectuate this intent. Except as otherwise mutually agreed upon by the Parties, as of the Distribution Date, the Aptevo Group shall continue to employ (on a basis consistent with Section 2.02(b)) each Aptevo Employee. Each Aptevo Employee who continues employment with the Aptevo Group following the Distribution Date will be referred to in this Agreement as a "Transferred Employee."

(b) *Compensation and Benefits*.

(i) Emergent shall use commercially reasonable efforts to provide that, except as otherwise mutually agreed upon by the Parties, no transfer of employment of an Aptevo Employee prior to the Distribution Date to an entity that will be a part of the Aptevo Group will cause such Aptevo Employee to lose coverage under any Emergent Benefit Plan prior to the Distribution Date. Except as expressly provided in this Agreement or as required by Law, no Transferred Employee shall participate in any Emergent Benefit Plan following the Distribution Date.

(ii) Except as expressly provided in this Agreement, the Aptevo Group shall provide to each Transferred Employee as of the Distribution Date (A) base salary at at least the same rate as provided to that Transferred Employee immediately prior to the Distribution Date and (B) cash incentive compensation opportunities that are comparable in the aggregate to those cash incentive compensation opportunities offered under the corresponding Emergent Benefit Plan(s) immediately prior to the Distribution Date.

(iii) Except as expressly provided in this Agreement, the Aptevo Group shall take commercially reasonable efforts to provide the Transferred Employees with total cash and non-cash compensation that is substantially comparable in the aggregate to cash and non-cash compensation provided by the Emergent Group immediately prior to the Distribution Date.

Nothing in (ii) or (iii) of this section 2.02(b) shall prevent the Aptevo Group from modifying the compensation and benefits of a Transferred Employee after the Distribution Date.

(c) *Service Credit*. Except as expressly provided in this Agreement or to the extent it would result in a duplication of benefits, Aptevo and each Aptevo Benefit Plan shall give each Transferred Employee credit for all service with the Emergent Group and shall calculate such service as it would be calculated by Emergent or under the corresponding Emergent Benefit Plan as of the Distribution Date.

Section 2.03 Establishment of Aptevo Plans.

(a) *Generally*. Prior to the Distribution Date, except to the extent they would result in the imposition of a commercially unreasonable cost or administrative burden on Aptevo, Aptevo shall take commercially reasonable efforts to adopt Benefit Plans (and related trusts, if applicable, as determined by the Parties), and Aptevo shall take commercially reasonable efforts to provide that such Aptevo Benefit Plans have terms that are substantially similar to those of the corresponding Emergent Benefit Plans. For the avoidance of doubt, Aptevo may limit participation in any Aptevo Benefit Plan to Transferred Employees who participated in the corresponding Emergent Benefit Plan immediately prior to the Distribution Date.

(b) *Plan Information and Operation*. Aptevo shall require Transferred Employees to submit new elections with respect to the Aptevo Benefit Plans. Except as provided in this Agreement, the Distribution and the transfer of any Employee's employment to the Aptevo Group shall not cause a distribution from or payment of benefits under any Emergent Benefit Plan.

ARTICLE III
U.S. QUALIFIED RETIREMENT PLAN

Section 3.01 401(k) Plan.

(a) *Establishment of Aptevo 401(k) Plan*. Prior to the Distribution Date, Aptevo shall take any and all steps necessary or appropriate to establish a defined contribution plan and trust to be effective as of the Distribution Date for the benefit of Transferred Employees (the "Aptevo 401(k) Plan"). The Aptevo Group shall be responsible for taking or causing to be taken all necessary, reasonable and appropriate action to establish, maintain, and administer the Aptevo 401(k) Plan so that it qualifies under Section 401(a) of the Code and the related trust

thereunder is exempted from federal income taxation under Section 501(a)(1) of the Code. For the avoidance of doubt, nothing in this Section 3.01 shall be construed to require Aptevo to maintain any investment option which the fiduciaries (as such term is defined in Section 3(21) of ERISA) of the Aptevo 401(k) Plan deem to be imprudent or inappropriate for the Aptevo 401(k) Plan or which cannot be maintained without commercially unreasonable cost or administrative burden for the Aptevo 401(k) Plan and its administrator.

(b) *Assumption of Liabilities and Transfer of Assets*.

(i) Effective as of the Distribution Date or at such other time as is mutually agreed to by the Parties, but subject to the asset transfer specified in Section 3.01(b)(ii) below, the Aptevo 401(k) Plan shall assume and be solely responsible for all Liabilities for or relating to Transferred Employees under the Emergent 401(k) Plan. The Aptevo Group shall be responsible for all ongoing rights of or relating to Aptevo Employees for future participation (including the right to make contributions through payroll deductions) in the Aptevo 401(k) Plan.

(ii) Effective as of the Distribution Date or at such other time as is mutually agreed to by the Parties, Emergent shall cause the account balances (including any outstanding loan balances) in the Emergent 401(k) Plan attributable to Transferred Employees to be transferred in cash and in-kind (including, but not limited to, participant loans), to the Aptevo 401(k) Plan, and Aptevo shall cause the Aptevo 401(k) Plan to accept such transfer or accounts and underlying assets and, effective as of the date of such transfer, to assume and to fully perform pay or discharge, all obligations of the Emergent 401(k) Plans relating to the accounts of Transferred Employees (to the extent those assets related to those accounts are actually transferred from the Emergent 401(k) Plan). The transfer shall be conducted in accordance with Section 414(l) of the Code, Treasury Regulation Section 1.414(l)-1, and Section 208 of ERISA. Subject to the generally applicable requirements of this Section 3.01(b)(ii), the named fiduciaries (as such term is defined in ERISA) of the Aptevo 401(k) Plan and the Emergent 401(k) Plan shall cooperate in good faith to effect the transfers contemplated by this Section 3.01(b)(ii) in an efficient and effective manner and in the best interests of participants and beneficiaries, including, but not limited to, determining whether and to what extent any investments held under the Emergent 401(k) Plan (other than participant loans) shall be liquidated prior to the transfer date to enable the value of such investments to be transferred to the Aptevo 401(k) Plan in cash or cash equivalents.

ARTICLE IV
WELFARE AND FRINGE BENEFIT PLANS

Section 4.01 Health and Welfare Plans.

(a) *Establishment of Aptevo Health and Welfare Plans*. Aptevo shall establish the Aptevo Health and Welfare Plans in accordance with Section 2.03(a) hereof.

(b) *Waiver of Conditions; Benefit Maximums.*

(i) With respect to initial enrollment following the Distribution Date, Aptevo shall, to the extent commercially reasonable, cause the Aptevo Health and Welfare Plans to waive:

(A) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any Transferred Employee, other than limitations that were in effect with respect to the Transferred Employee under the applicable Emergent Health and Welfare Plan as of immediately prior to the Distribution Date, and

(B) any waiting period limitation or evidence of insurability requirement applicable to a Transferred Employee other than limitations or requirements that were in effect with respect to such Transferred Employee under the applicable Emergent Health and Welfare Plan as of immediately prior to the Distribution Date; and

(ii) The Aptevo Health and Welfare Plans shall not be required to take into account:

(A) with respect to aggregate annual, lifetime, or similar maximum benefits available under the Aptevo Health and Welfare Plans, a Transferred Employee's prior claim experience under the Emergent Health and Welfare Plans and any Benefit Plan that provides leave benefits; or

(B) any eligible expenses incurred by a Transferred Employee and his or her covered dependents during the portion of the plan year of the applicable Emergent Health and Welfare Plan ending on the Distribution Date to be taken into account under such Aptevo Health and Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such Transferred Employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such Aptevo Health and Welfare Plan.

(c) *Allocation of Health and Welfare Assets and Liabilities.*

(i) General Principles. Except as otherwise specifically provided in this Agreement, Emergent shall retain all Liabilities relating to Incurred Claims under the Emergent Health and Welfare Plans, and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims. Aptevo shall be responsible for all Liabilities relating to Incurred Claims under any Aptevo Health and Welfare Plan and shall also retain Assets (including, without limitation, Medicare reimbursements, pharmaceutical rebates, and similar items) associated with such Incurred Claims.

(ii) Disability Benefits. Notwithstanding any other provision hereof, Emergent shall be responsible for Incurred Claims (including ongoing benefit payments) of Emergent Employees for short- and long-term disability benefits, regardless of when the applicable Incurred Claim is or was incurred (including either before or after the Distribution Date), and Aptevo shall be responsible for Incurred Claims (including ongoing benefit payments) of Transferred Employees for short-term disability benefits, regardless of when the applicable Incurred Claim is or was incurred (including either before or after the Distribution Date) and for long-term disability benefits to the extent the claim is incurred on or after the Distribution Date. For the avoidance of doubt, Emergent shall be responsible for the Incurred Claims of any Aptevo Employee for long-term disability benefits to the extent the claim was incurred prior to the Distribution Date and any Aptevo Employee with such an Incurred Claim for long-term disability benefits shall be eligible to receive benefits under the applicable Emergent long term disability plan notwithstanding his or her having become a Transferred Employee.

(iii) Flexible Spending Accounts. The Parties shall take all actions necessary to ensure that, effective as of the Distribution Date (A) the health care and dependent care flexible spending accounts of each Transferred Employee (whether positive or negative) (collectively, the "Transferred Flexible Spending Account Balances") under the applicable Emergent Health and Welfare Plan shall be transferred to the corresponding Aptevo Health and Welfare Plan; (B) the elections, contribution levels and coverage of the applicable Transferred Employees shall apply under the Aptevo Health and Welfare Plan in the same manner as under the corresponding Emergent Health and Welfare Plan; and (C) the applicable Transferred Employees shall be eligible for reimbursement from the Aptevo Health and Welfare Plan on the same basis and the same terms and conditions as under the corresponding Emergent Health and Welfare Plan. As soon as practicable after the Distribution Date, and in any event within 30 business days after the amount of the Transferred Flexible Spending Account Balances is determined, Emergent shall pay Aptevo the net aggregate amount of the Transferred Flexible Spending Account Balances, if such amount is positive, and Aptevo shall pay Emergent the net aggregate amount of the Transferred Flexible Spending Account Balances, if such amount is negative.

(d) *Emergent Health and Welfare Plans after Distribution Date*. Transferred Employees shall cease to participate in the Emergent Health and Welfare Plans effective as of the Distribution Date, subject to Section 4.02 hereof.

Section 4.02 COBRA and HIPAA. Emergent shall continue to be responsible for compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Emergent Health and Welfare Plans with respect to any (a) Emergent Employees (and their covered dependents) who incur a qualifying event under COBRA on, prior to, or following the Distribution Date and (b) Aptevo Employees (and their covered dependents), with respect to qualifying events under COBRA incurred prior to or on the Distribution Date. Aptevo shall assume responsibility for compliance with the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Aptevo Health and Welfare Plans with respect to any Transferred Employees (and their covered dependents) who incur a qualifying event or loss of coverage under the Emergent Health and Welfare Plans and/or the Aptevo Health and Welfare Plans after the Distribution Date. The Parties agree that the consummation of the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 4.03 Vacation, Holidays and Leaves of Absence. Effective as of the Distribution Date, Aptevo shall assume all Liabilities with respect to vacation, holiday, annual leave or other leave of absence (including unused paid-time off hours held in each Aptevo Employee's catastrophic bank), and required payments related thereto, for each Aptevo Employee. Emergent shall retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence (including unused paid-time off hours held in each Emergent Employee's catastrophic bank), and required payments related thereto, for each Emergent Employee.

Section 4.04 Severance and Unemployment Compensation. Effective as of the Distribution Date, Aptevo shall be responsible for any and all Liabilities to, or relating to, Transferred Employees in respect of severance and unemployment compensation. Emergent shall be responsible for any and all Liabilities to, or relating to, Emergent Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the Liability occurred prior to, on, or following the Distribution Date.

Section 4.05. Workers' Compensation. With respect to claims for workers compensation in the United States, (a) the Aptevo Group shall be responsible for claims in respect of Transferred Employees, whether occurring on or following the Distribution Date, and (b) the Emergent Group shall be responsible for all claims in respect of Emergent Employees, whether occurring prior to, on or following the Distribution Date.

ARTICLE V
EQUITY, INCENTIVE, AND EXECUTIVE COMPENSATION PROGRAMS

Section 5.01 Equity Incentive Programs.

(a) *General Principles*.

(i) Except as set forth on Schedule 5.01, outstanding Emergent Options and Emergent RSUs shall be treated as set forth in this Section 5.01. The Parties shall use commercially reasonable efforts to take all actions necessary or appropriate so that each outstanding Emergent Option and Emergent RSU award granted under an Emergent Stock Program (other than the awards described on Schedule 5.01) shall be adjusted as set forth in this Section 5.01.

(ii) Following the Distribution, an Employee or other service provider who is employed (or otherwise providing services) (a "Holder") who has outstanding awards under the Emergent Stock Program or Aptevo Equity Awards shall be considered to have been employed by or have provided services to, as the case may be, the applicable plan sponsor before and after the Distribution for purposes of vesting. For purposes of the equity awards described in this Section 5.01, the Distribution shall not result in a termination of employment or service for any service provider. Rather the date of termination of employment or service with the applicable plan sponsor following the Distribution shall be the Holder's termination date for

purposes of any outstanding equity awards. For the avoidance of doubt, however, for purposes of the Emergent ESPP only, the Distribution shall result in a termination of employment or service for any service provider holding options granted under the Emergent ESPP at the Effective Time.

(iii) No award described in this Article V, whether outstanding or to be issued, adjusted, substituted or cancelled by reason of or in connection with the Distribution, shall be adjusted, settled, cancelled, or exercisable, until in the judgment of the administrator of the applicable plan or program such action is consistent with all applicable Laws, including U.S. securities Laws. Neither the period of exercisability nor the term of any award will be extended on account of a period during which such an award is not exercisable pursuant to the preceding sentence.

(iv) The adjustment or conversion of Emergent Options and Emergent RSUs shall be effectuated in a manner that is intended to avoid the imposition of any penalty or other taxes on the holders thereof pursuant to Section 409A of the Internal Revenue Code.

(b) *Options.*

(i) Each Emergent Option that is outstanding as of the Effective Time that is held by an Emergent Employee or other Emergent Business service provider shall remain an option to purchase Emergent Common Shares and shall be adjusted as described below to reflect the Distribution. Each such Adjusted Emergent Option shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Emergent Option immediately prior to the Effective Time; provided, however, that from and after the Effective Time: (x) the per-share exercise price of each such Adjusted Emergent Option shall be equal to the product of (I) the per-share exercise price of the corresponding Emergent Option immediately prior to the Distribution Date multiplied by (II) the Emergent Price Ratio, rounded up to the nearest whole cent; and (y) the number of Emergent Common Shares subject to each such Adjusted Emergent Option shall be equal to the product of (I) the number of Emergent Common Shares subject to each such Adjusted Emergent Option immediately prior to the Effective Time multiplied by (II) the Emergent Share Ratio, with any fractional shares rounded down to the nearest whole share.

(ii) Each Emergent Option that is outstanding as of the Effective Time that is held by an Aptevo Employee or other Aptevo Business service provider shall be converted into an option to purchase Aptevo Common Shares and shall be adjusted as described below to reflect the Distribution. Each such Aptevo Option shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Emergent Option immediately prior to the Effective Time; provided, however, that from and after the Effective Time: (x) the per-share exercise price of each such Aptevo Option shall be equal to the product of (I) the per-share exercise price of the corresponding Emergent Option immediately prior to the Effective Time multiplied by (II) the Aptevo Price Ratio, rounded up to the nearest whole cent; and (y) the number of Aptevo Common Shares subject to each such

Aptevo Option shall be equal to the product of (A) the number of Emergent Common Shares subject to the corresponding Emergent Option immediately prior to the Effective Time multiplied by (B) the Aptevo Share Ratio, with any fractional share rounded down to the nearest whole share.

(c) *RSUs*.

(i) Each award of Emergent RSUs held by an Emergent Employee or other Emergent Business service provider immediately prior to the Effective Time shall be adjusted, effective as of the Effective Time, by multiplying the number of Emergent Common Shares subject to each such award of Emergent RSUs by the Emergent Share Ratio, which product shall be rounded up to the nearest whole number of units. Each Adjusted Emergent RSU shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Emergent RSU immediately prior to the Effective Time.

(ii) Each award of Emergent RSUs held by an Aptevo Employee or other Aptevo Business service provider immediately prior to the Effective Time shall be converted to a restricted unit award relating to a number of Aptevo Common Shares determined by multiplying the number of Emergent Common Shares subject to each such award of Emergent RSUs by the Aptevo Share Ratio, which product shall be rounded up to the nearest whole number of Aptevo RSUs. Except as otherwise provided herein, each Aptevo RSU shall be subject to the same terms and conditions after the Distribution as the terms and conditions applicable to the corresponding Emergent RSUs immediately prior to the Distribution.

(d) *Liabilities for Settlement of Awards.*

(i) Emergent shall be responsible for all Liabilities associated with Adjusted Emergent Options (regardless of the holder of such awards) including any option exercise, share delivery, registration or other obligations related to the exercise of the Adjusted Emergent Options.

(ii) Emergent shall be responsible for all Liabilities associated with Adjusted Emergent RSUs (regardless of the holder of such awards) including any share delivery, registration or other obligations related to the settlement of the Adjusted Emergent RSUs.

(iii) Aptevo shall be responsible for all Liabilities associated with Aptevo Options (regardless of the holder of such awards) including any option exercise, share delivery, registration or other obligations related to the exercise of the Aptevo Options.

(iv) Aptevo shall be responsible for all Liabilities associated with Aptevo RSUs (regardless of the holder of such awards) including any share delivery, registration or other obligations related to the settlement of the Aptevo RSUs.

(e) *Registration and Other Regulatory Requirements*. As soon as possible following the Distribution Date, but in any case before the date of issuance of any Aptevo Common Shares pursuant to the Aptevo Therapeutics Inc. Converted Equity Awards Incentive

Plan, Aptevo agrees to file a Form S-8 Registration Statement with respect to, and to cause to be registered pursuant to the Securities Act, the Aptevo Common Shares authorized for issuance under such equity plan as required pursuant to the Securities Act.

Section 5.02 Annual Incentive Plans and Executive Severance Arrangements.

(a) *Annual Bonuses Generally*. The Aptevo Group shall be responsible for all annual bonus payments to Transferred Employees in respect of any plan year, the payment date for which occurs on or after the Distribution Date.

(b) *Establishment of Aptevo Annual Bonus Plan for Executive Officers*. Effective as of or before the Distribution Date, Aptevo shall establish the Aptevo Annual Bonus Plan for Executive Officers with terms and conditions substantially similar to those of the Emergent Annual Bonus Plan for Executive Officers as of the Distribution Date.

(c) Establishment of Aptevo Senior Management Severance Plan. Effective as of or before the Distribution Date, Aptevo shall establish the Aptevo Senior Management Severance Plan with terms and conditions similar to those of the Second Amended and Restated Emergent Senior Management Severance Plan as of the Distribution Date.

ARTICLE VI
MISCELLANEOUS

Section 6.01 Transfer of Records and Information. Emergent shall transfer to Aptevo any and all employment records and information (including, but not limited to, any Form I-9, Form W-2 or other Internal Revenue Service forms) with respect to Transferred Employees and other records reasonably required by Aptevo to enable Aptevo properly to carry out its obligations under this Agreement. Such transfer of records and information generally shall occur as soon as administratively practicable on or after the Distribution Date. Each Party will permit the other Party reasonable access to Employee records and information, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

Section 6.02 Cooperation. Each Party shall upon reasonable request provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's performance of its obligations hereunder. The Parties agree to use their respective best efforts and to cooperate with each other in order to carry out their obligations hereunder and to effectuate the terms of this Agreement.

Section 6.03 Employee Agreements. As of the Distribution Date, Emergent and the applicable member of the Emergent Group hereby assign to Aptevo or another member of the Aptevo Group: (a) to the extent an Aptevo Employee did not otherwise sign an Employee Agreement to effectuate his or her transfer to and hiring by Aptevo, each Employee Agreement entered into between a member of the Emergent Group and any Aptevo Employee; and (b) all rights or obligations under any Employee Agreement relating to the Aptevo Business; provided, however, that Emergent and the Emergent Group shall retain all rights or obligations under each

Employee Agreement or applicable Law to the extent that such rights or obligations are unrelated to the Aptevo Business. After the Distribution Date, (i) the Aptevo Group shall keep secret and retain in strictest confidence, and shall not use for the benefit of itself or others, any Emergent Group confidential or proprietary information that is unrelated to the Aptevo Business, and the Aptevo Group shall ensure that its Employees are bound by a secrecy obligation in accordance with this provision, and (ii) the Emergent Group shall keep secret and retain in strictest confidence, and shall not use for the benefit of itself or others, any Aptevo Group confidential or proprietary information that is unrelated to the Emergent Business, and the Emergent Group shall ensure that its Employees are bound by a secrecy obligation in accordance with this provision. Upon written request by Emergent or the Emergent Group, Aptevo or the Aptevo Group shall make available to Emergent or the Emergent Group the original copy of any Employee Agreement that was assigned to Aptevo or the Aptevo Group under this Agreement.

Section 6.04 Repayment Assets. Effective as of the Distribution Date, the Emergent Group shall be entitled to all Employee Recoupment Assets in respect of Emergent Employees, and the Aptevo Group shall be entitled to all Employee Recoupment Assets in respect of Aptevo Employees. Without limiting the generality of the foregoing, the Emergent Group hereby assigns to the Aptevo Group, effective as of the Distribution Date, all rights and obligations relating to any Employee Recoupment Assets of the Emergent Group in respect of any Aptevo Employee.

Section 6.05 Compliance. The agreements and covenants of the Parties hereunder shall at all times be subject to the requirements and limitations of applicable Law. Where an agreement or covenant of a Party hereunder cannot be effected in compliance with applicable Law, the Parties agree to negotiate in good faith to modify such agreement or covenant to the least extent possible in keeping with the original agreement or covenant in order to comply with applicable Law. Each provision of this Agreement is subject to and qualified by this Section 6.05, whether or not such provision expressly states that it is subject to or limited by applicable Law. Each reference to the Code, ERISA, or the Securities Act or any other Law shall be deemed to include the rules, regulations, and guidance issued thereunder.

Section 6.06 Preservation of Rights. Unless expressly provided otherwise in this Agreement, nothing herein shall be construed as a limitation on the right of the Emergent Group or the Aptevo Group to (a) amend or terminate any Benefit Plan or (b) terminate the employment of any Employee.

Section 6.07 Transition Services. Except as otherwise provided in the Transition Services Agreement or as otherwise expressly provided herein, neither Party shall have any responsibility for providing services to the other Party with respect to employee or Benefit Plan matters after the Distribution Date.

Section 6.08 Reimbursement. The Parties acknowledge that the Emergent Group, on the one hand, and the Aptevo Group, on the other hand, may incur costs and expenses (including, without limitation, contributions to Benefit Plans and the payment of insurance premiums) which are, as set forth in this Agreement, the responsibility of the other Party. Accordingly, the Parties agree to reimburse each other, as soon as practicable but in any event within 30 days after receipt from the other Party of appropriate verification, for all such costs and expenses.

Section 6.09 Not a Change in Control. The Parties acknowledge and agree that the transactions contemplated by the Separation and Distribution Agreement and this Agreement do not constitute a “change in control” or a “change of control” for purposes of any Benefit Plan.

Section 6.10 Incorporation by Reference. The following sections of the Separation and Distribution Agreement are hereby incorporated into this Agreement by reference: Section 11.1. Counterparts; Entire Agreement; Corporate Power; Section 11.2. Governing Law; Section 11.3. Assignability; Section 11.4. Third-Party Beneficiaries; Section 11.5. Notices; Section 11.6. Severability; Section 11.7. Force Majeure; Section 11.8. Publicity; Section 11.9 Expenses; Section 11.10. Headings; Section 11.11. Survival of Covenants; Section 11.12. Waivers of Default; Section 11.13 Specific Performance; Section 11.14. Amendments; Section 11.15. Interpretation; Section 11.16 No Set Off; Section 11.17 Limitations of Liability; Section 11.18 Performance.

Section 6.11 Limitation on Enforcement. This Agreement is an agreement solely between the Parties. Nothing in this Agreement, whether express or implied, shall be construed to: (a) confer upon any Emergent Employee or Aptevo Employee, or any other person any rights or remedies, including, but not limited to any right to (i) employment or recall; (ii) continued employment or continued service for any specified period; or (iii) claim any particular compensation, benefit or aggregation of benefits, of any kind or nature; or (b) create, modify, or amend any Benefit Plan.

Section 6.12 Further Assurances and Consents. In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties hereto shall use commercially reasonable efforts to (a) execute and deliver such further instruments and documents and take such other actions as the other Party may reasonably request to effectuate the purposes of this Agreement and carry out the terms hereof; (b) take, or cause to be taken, all actions, and do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws and agreements or otherwise to consummate and make effective the transactions contemplated by this Agreement, including, without limitation, using commercially reasonable efforts to obtain any consents and approvals and to make any filings and applications necessary or desirable to consummate the transactions contemplated by this Agreement; provided that no Party hereto shall be obligated to pay any consideration therefor (except for filing fees and other similar charges) to any third party from whom those consents, approvals and amendments are required or to take any action or omit to take any action if the taking of action or the omission to take action would be unreasonably burdensome to the Party or the business thereof.

Section 6.13 Third Party Consent. If the obligation of any Party under this Agreement depends on the consent of a third party, such as a vendor or insurance company, and that consent is withheld, the Parties shall use commercially reasonable efforts to implement the applicable provisions of this Agreement to the fullest extent practicable. If any provision of this Agreement cannot be implemented due to the failure of a third party to consent, the Parties shall negotiate in good faith to implement the provision in a mutually satisfactory manner, taking into account the original purposes of the provision in light of the Distribution and communications to affected individuals.

Section 6.14 Effect if Distribution Does Not Occur. If the Distribution does not occur, then all actions and events that are to be taken under this Agreement, or otherwise in connection with the Distribution, shall not be taken or occur, except to the extent specifically provided by Emergent.

Section 6.15 Disputes. The Parties agree to use commercially reasonable efforts to resolve in an amicable manner any and all controversies, disputes and claims between them arising out of or related in any way to this Agreement. The Parties agree that any controversy, dispute or claim (whether arising in contract, tort or otherwise) arising out of or related in any way to this Agreement that cannot be amicably resolved informally will be resolved pursuant to the dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement.

Section 6.16 Schedules. As of the Distribution Date, the Parties shall update any Schedules to this Agreement, as necessary.

[SIGNATURE PAGE FOLLOWS]

The Parties have caused this Agreement to be signed by their authorized representatives as of the Distribution Date.

APTEVO THERAPEUTICS INC.

BY _____

TITLE _____

EMERGENT BIOSOLUTIONS INC

BY _____

TITLE _____

Schedule 1.01 – Aptevo Employees

20

Schedule 5.01 – Alternative Equity Award Treatment

Exhibit 10.4

MANUFACTURING SERVICES AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [●], 2016

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MANUFACTURING SERVICES AGREEMENT

This MANUFACTURING SERVICES AGREEMENT, dated as of [●], 2016 (this "Agreement"), is made and entered into by and between Emergent BioSolutions Inc., a Delaware corporation ("Emergent"), and Aptevo Therapeutics Inc., a Delaware corporation ("Aptevo"). Aptevo and Emergent are referred to together as the "Parties" and individually as a "Party." Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement ("SDA") or, if not therein, in the Transition Services Agreement ("TSA"), or, if not therein, in the Canadian Distributor Agreement ("CDA"), or, if not therein, in the Product Licensing Agreement (the "PLA"), or, if not therein, in the Trademark License Agreement ("TLA"), each dated as of the date hereof, by and between Emergent and Aptevo. The Parties acknowledge and agree that this Agreement is an Ancillary Agreement under the SDA.

WHEREAS, Aptevo and Emergent have entered into the SDA, the TSA, the CDA, the TLA and the PLA;

WHEREAS, Aptevo is a therapeutics company pursuing the research, development, and commercialization of pharmaceutical products; and

WHEREAS, Emergent has the capacity to meet Aptevo's applicable manufacturing, distribution and other needs with respect to the Products;

NOW, THEREFORE, in consideration of the mutual promises of the Parties, and of good and valuable consideration, it is agreed by and between the Parties as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings.

"3PL-Only Products" means the pharmaceutical products set forth in Item 1 of Schedule E.

"3PL Services" has the meaning set forth in ARTICLE V.

"Acceptance Criteria" means, with respect to a Product, the tests and other factors set forth in the applicable Master Batch Record that, once satisfied, require Aptevo to accept such Product as conforming to the Specifications and other requirements set forth herein.

"Acquiring Entity" means a Person that (a) (i) acquires control (as defined in the definition of Affiliate under the SDA), after the Effective Time, of Aptevo or an Aptevo Affiliate or any member of the Aptevo Group to which rights or interests under this Agreement or the PLA or with respect to any of the Products have been assigned or licensed or (ii) is assigned any right or interest under this Agreement or the PLA and (b) was a Third Party until the time of such acquisition or assignment.

"Agreement" means this agreement, including any schedules.

"Applicable Laws" means (a) for Emergent, the Laws of the jurisdictions where the Manufacturing Facility or Storage Facilities are located, as applicable, and such other Laws as may govern Emergent's performance of its Manufacturing services and 3PL Services under this Agreement (but in no event shall any Laws that may govern the distribution, marketing, import or export of the Products be construed as Applicable Laws with respect to Emergent under this Agreement); and (b) for Aptevo and the Products, the Laws of the United States, Canada, and any other jurisdictions where the Products are manufactured, distributed, stored or marketed.

"Aptevo Certificate of Analysis" means, with respect to a Batch of a Product, the document for such Batch of such Product prepared by Aptevo, reporting the results of testing of such Batch of Product.

"Aptevo IP" has the meaning set forth in Section 2.6.1.

"Aptevo Representative" has the meaning set forth in Section 2.1.2.

"Background Emergent IP" means any and all Intellectual Property rights owned or controlled by Emergent or any of its Affiliates as of immediately after the Effective Time or thereafter during the term of this Agreement, including its rights in its own Confidential Information, trade secrets, and the like.

"Bankruptcy Code" has the meaning set forth in Section 12.6.

"Batch" means, with respect to a Product, a uniform quantity of drug substance consisting of the Minimum Vials resulting from a single run of such Product produced by a single execution of the instructions specified in the applicable Batch Record within the meaning of 21 CFR part 210.3(b)(2) or within the meaning of 21 CFR part 600.3(x), or its successor as in effect from time to time.

"Batch Record" means, with respect to a Product, the batch production and control record containing the set of detailed processing instructions which are to be followed by Emergent to produce one Batch of the relevant Product as defined in 21 CFR part 211.188, or its successor as in effect from time to time.

"Binding Purchase Order" means any Purchase Order that is accepted by Emergent pursuant to Section 3.1.2.

"Binding Six Month Forecast" has the meaning set forth in Section 3.1.1.

"CFR" means the United States Code of Federal Regulations.

"Competing Program" means (a) the research, development, making, having made, manufacturing, using, selling, offering for sale, importing or otherwise exploiting of any product substantially similar to any of the Products, or any activity involving any process or technology that is materially related to the Manufacturing Technology, including: so-called hyperimmune products; products, either marketed or being developed as therapeutics, comprising polyclonal sera collected from persons or animals that possess antibodies with specificity against a given antigen; and products derived from blood, plasma and blood components, such as clotting factors and (b) the making, having made or manufacturing of any Product. For clarity, Competing Program excludes (i) the research, development, making, having made, manufacturing, using, selling, offering for sale, importing or otherwise exploiting of any recombinant protein product that is not a hyperimmune product and (ii) the research, development, using, selling, offering for sale, importing or otherwise exploiting (but not making, having made or manufacturing) any Product.

"Conforming Product" means Product that, upon the issuance of the Emergent Release Documents with respect to such Product, meets the Specifications and was Manufactured in conformance with the terms of the Quality Agreement.

"CPR" has the meaning set forth in Section 11.1.2.

"Credit" means that Emergent shall, as applicable, (a) not invoice Aptevo for the applicable Manufacturing Fee, (b) cancel the already-issued invoice for the applicable Manufacturing Fee, or (c) credit the amount of the applicable Manufacturing Fee against any other amounts owed by Aptevo to Emergent under this Agreement. For the avoidance of doubt, any Products for which Aptevo receives a Credit shall count towards the Minimum Annual Order.

"Current Good Manufacturing Practices" or "GMP" or "cGMP" means the regulatory requirements for the then-current good manufacturing practice as provided for (and as amended from time to time) in the Current Good Manufacturing Practice Regulations of the U.S. Code of Federal Regulations Title 21 (21 CFR §§ 210 and 211), in Part C, Division 2 of the Food and Drug Regulations (Canada) and in Commission Directive 2003/94/EC, as amended from time to time and the principles and practices set down in the current edition of the Rules Governing Medicinal Products in the European Union, Volume IV, Good Manufacturing Practice for Medicinal Products.

"Debarred Entity" has the meaning set forth in Section 7.2.4.

"Debarred Individual" has the meaning set forth in Section 7.2.3.

"Delivery" means, with respect to a Vial of Product, the earlier of (i) the Release of such Vial of such Product or (ii) fifteen (15) days after the issuance of the Emergent Release Documents with respect to such Vial of such Product. "Deliver" shall have the corresponding meaning.

"Dispute" has the meaning set forth in Section 11.1.1.

"Dispute Notice" has the meaning set forth in Section 11.1.2.

"Distribution Destination" means, with respect to each Vial within a Purchase Order, the area within the Territory that is the final destination for such Vial. The Distribution Destination may be one of the following three designations: (i) the United States, (ii) Canada or (iii) the rest of the world ("ROW").

"Distributor" has the meaning set forth in Section 7.2.7.

"Emergent Certificate of Analysis" means, with respect to a Batch of a Product, the document for such Batch of such Product prepared by Emergent, reporting the results of testing of such Batch of Product and indicating that the Batch has met the Specifications.

"Emergent Certificate of Compliance" means, with respect to a Batch of Product, a certificate from Emergent confirming that such Batch of such Product was Manufactured under Current Good Manufacturing Practices.

"Emergent-Owned IP" has the meaning set forth in Section 2.7.2.

"Emergent Release Documents" means, with respect to a Batch of Product, the following documents: (a) Emergent's Batch Record for such Batch of such Product, (b) the Emergent Certificate of Compliance for such Batch of such Product, (c) the applicable Emergent Certificate of Analysis and (d) such other documents required by the Quality Agreement for Emergent's release of Product.

"Expert" has the meaning set forth in Section 11.3.1.

"EXW" has the meaning set forth in INCOTERMS 2010.

"Facility Improvements" means, with respect to a Product, any improvements or changes (a) to the Manufacturing process used or services performed to Manufacture such Product that apply generally to all products Manufactured at the Manufacturing Facility and (b) that do not require updates to the regulatory dossiers for such Product or any other filings with any Regulatory Authority with respect to such Product.

"FDA" means the United States Food and Drug Administration.

"Feasibility Opinion" has the meaning set forth in Section 3.1.1.

"Field" means, with respect to the WinRho SDF® product, the therapeutic, prophylactic and diagnostic use of such Product in the Rh0(D) indication; with respect to the HepaGam B® product, the therapeutic, prophylactic and diagnostic use of such Product in the Hepatitis B indication; and with respect to the VARIZIG® product, the therapeutic, prophylactic and diagnostic use of such Product in the Varicella-zoster hyperimmune immunoglobulins indication.

"Finished Product Shipping Specifications" means the details of all required import/export or customs documentation, Aptevo's instructions for shipping and packaging each Product and such other information as is necessary for the proper shipment of finished Products under this Agreement, as provided by Aptevo to Emergent in writing from time to time during the ordinary course of business.

"Firm Delivery Date" means, with respect to each Vial in a Purchase Order, the proposed date set forth in such Purchase Order on which Emergent is expected to issue the Emergent Release Documents with respect to such Vial, which date shall be not less than six (6) months from the date of such Purchase Order.

"Force Majeure" has the meaning set forth in Section 12.3.

"Forecast" has the meaning set forth in Section 3.1.1.

"FTE" means the equivalent of the work of one (1) duly qualified employee of Emergent full time for one (1) year (consisting of a total of 1,950 hours per year) carrying out technology transfer work under this Agreement. Overtime, and work on weekends, holidays and the like will not be counted with any multiplier (*e.g.*, time-and-a-half or double time) toward the number of hours that are used to calculate the FTE contribution. The portion of an FTE billable by Emergent for one (1) individual during a given accounting period will be determined by dividing the number of hours worked directly by said individual on the work to be conducted under the Agreement during such accounting period and the number of FTE hours applicable for such accounting period based on 1,950 working hours per calendar year.

"Governmental Authority" means any nation or government, any state, province, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof.

"Included Manufacturing Improvements" means all Facility Improvements and Platform Manufacturing Improvements.

"Indemnified Party" has the meaning set forth in Section 8.3.

"Indemnifying Party" has the meaning set forth in Section 8.3.

"Information" means information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, whether or not stored in any medium that has existed, now exists or will exist, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other Software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged

communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Insolvency/Bankruptcy Event" shall be deemed to have occurred if a Party: (a) voluntarily consents to an order for relief by filing a petition for relief under any bankruptcy or insolvency laws of any jurisdiction; (b) seeks, consents to or does not contest the appointment of a receiver, custodian or trustee for itself or for all or any part of its property; (c) files a petition seeking relief under the bankruptcy, arrangement, reorganization or other debtor relief laws of any competent jurisdiction; (d) admits in writing that it is generally not paying its debts as those debts become due; (e) gives notice to any Governmental Authority of insolvency or pending insolvency; (f) becomes "insolvent" as that term is defined under applicable fraudulent transfer or conveyance laws or comparable foreign laws; or (g) makes an assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors.

"Intellectual Property" means all of the following whether arising under the Laws of the United States or of any other foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon) and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions (the foregoing, collectively, "Patents"), (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing (the foregoing, collectively, "Trademarks"), (c) Internet domain names, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, in each case, other than Software, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary Information, including trade secrets, invention disclosures, processes and know-how, in each case, other than Software, (f) intellectual property rights arising from or in respect of any Technology, and (g) rights to enforce any past, present or infringement or misappropriation of any of the foregoing.

"Joint Steering Committee" has the meaning set forth in Section 2.1.3(a).

"Latent Defect" has the meaning set forth in Section 3.6.

"Law" means any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

"Manufacture" means, with respect to a Product, the performance of all of the manufacturing services or a portion thereof as set out in this Agreement for the manufacture of such Product, including procuring Materials, manufacturing, packaging, labeling, filling, finishing, capping, storing, inspecting, release testing, labeling, release and stability storage and testing of such Product, and testing and release of the Materials used to make such Product. "Manufactured" and "Manufacturing" shall have comparable meanings.

"Manufacturing Facility" means Emergent's (or its Affiliate's, as applicable) premises and equipment located at its facility at 155 Innovation Drive, Wpg, Manitoba, CA or 1111 S. Paca St., Baltimore, Maryland, USA, as applicable.

"Manufacturing Failure" means (i) Emergent's failure to Deliver at least fifty percent (50%) of the aggregate quantity of all Vials of Product with respect to all Binding Purchase Orders (exclusive of those Vials used as retain samples, those Vials used for the stability program as set forth in the Quality Agreement and those Vials Manufactured but not Delivered by agreement of the Parties) within a rolling twelve (12) month period in accordance with this Agreement (other than where such failure is due to a Force Majeure), provided that (a) Aptevo may only make the determination as to whether such failure has occurred during the prior twelve (12) months as of the end of a calendar quarter (i.e., as of March 31, June 30, September 30, or December 31, as applicable) and (b) Aptevo must provide Emergent notice in writing within fifteen (15) days of such determination; or (ii) a termination of this Agreement by Emergent pursuant to Section 9.2.5.

"Manufacturing Fee" means, with respect to a Product, the applicable fee set forth on Schedule A, as may be changed from time to time in accordance with Sections 3.15, 3.16 or 3.19.

"Manufacturing Improvements" means the Facility Improvements, Platform Manufacturing Improvements and Product-Specific Manufacturing Improvements.

"Master Batch Record" means, with respect to a Product, a master production and control record containing a written description of the procedure to be followed for processing a Batch of such Product, including a complete list of all active and inactive ingredients, components, weights and measures, descriptions of drug product containers, closures, packaging materials, and labeling and complete specifications for each, within the meaning of 21 CFR part 211.186, or its successor as in effect from time to time.

"Materials" means, with respect to a Product, the test material, and all compounds, raw and packaging materials or substances Manufactured, sourced or supplied by Emergent, excluding machinery and equipment, that Emergent requires to Manufacture such Product.

"Minimum Annual Order" has the meaning set forth in Section 3.1.5.

"Minimum Vials" means, with respect to a Product and a size (as applicable), the number of Vials with respect to such Product and size as listed in Item 1 of Schedule B.

"Non-Conforming Product" means Product Manufactured by Emergent under this Agreement that is not Conforming Product.

"Packaging Material" means, with respect to a Product, the packaging materials for such Product as designated by Aptevo to Emergent in writing, and such other packaging materials as are necessary for Emergent to Manufacture and supply the Products and perform the 3PL Services for the Products (other than the 3PL-Only Products).

"Packaging Material Baseline Inventory" means, with respect to a Product, the stock of Packaging Material sufficient for Emergent to perform all packaging and labeling services for such Product under Sections 3.11 and 3.12, which stock shall be maintained in a quantity (i) consistent with the quantity of packaging inventory that Emergent would normally maintain in the ordinary course of business with respect to its own product packaging inventory and (ii) consistent with the Binding Six Month Forecast.

"Part Number" means, with respect to a Vial of Product, the unique number (as provided in writing on a list of available Part Numbers from Emergent to Aptevo from time to time) describing the size, dosage, labeled market and other attributes of such Vial of Product.

"Platform Manufacturing Improvements" means, with respect to a Product, any improvements or changes (a) to the Manufacturing process used or services performed to Manufacture such Product that apply generally to all products Manufactured at the Manufacturing Facility and (b) that require updates to the regulatory dossiers for such Product or any other filings with any Regulatory Authority with respect to such Product.

"Product" has the meaning set forth in the PLA.

"Product-Specific Manufacturing Improvements" means, with respect to a Product, any improvements or changes to the Manufacturing process used or services performed specifically to Manufacture such Product, but no other product.

"Product-Specific IP" means all Intellectual Property rights in or to (a) release-testing assays formulated or specific to the Products and (b) Product-Specific Manufacturing Improvements.

"Project Manager" has the meaning set forth in Section 2.1.1.

"Purchase Order" means a document issued and signed by Aptevo, ordering a specified number of Vials of one or more Products from Emergent. With respect to each Vial of Product ordered, each written Purchase Order will include (a) the Part Number; (b) product description; (c) the Firm Delivery Date; and (d) the Storage Facility. The Purchase Order shall also include the Manufacturing Fee to be paid for such order pursuant to terms of this Agreement. If any terms or requirements are included in the Purchase Order that are in addition to or in conflict with the terms of this Agreement, other than those terms set forth in this definition, then such additional or conflicting terms are of no force and effect and are superseded by the terms and requirements of this Agreement. Emergent may propose changes to the information required to be included in a Purchase Order to Aptevo for Aptevo's written consent, which consent shall not be unreasonably withheld or delayed.

"Purchase Order Shortfall" has the meaning set forth in Section 3.1.4.

"Quality Agreement" means the Quality Agreement between Aptevo and Emergent for the Products, effective as of the Effective Time and attached hereto at Schedule C (as may be amended or superseded from time to time by mutual agreement of the Parties or as set forth in the Quality Agreement), which specifies the respective responsibilities for quality control and quality assurance activities consistent with cGMPs with respect to the Manufacturing of the Products.

"Quality Department" means the department within Emergent responsible for quality assurance matters.

"Regulatory Approval" means all technical, medical and scientific licenses, registrations, authorizations, consents and approvals of any Regulatory Authority, necessary for the use, development, manufacture, and commercialization of a given biologic, pharmaceutical or medical device in a given regulatory jurisdiction.

"Regulatory Authority" means the applicable Governmental Authority that has jurisdiction with respect to the Manufacture of the Products in the Territory.

"Regulatory Standards" means (a) procurement and maintenance of any and all permits, licenses, filings and certifications required by Health Canada, the FDA or other Regulatory Authorities within the Territory, and compliance with the cGMPs applicable to the Manufacturing Facility or Emergent's processing, storage, handling or other Manufacturing of the Materials or Products at the Manufacturing Facility, and (b) any Laws of any Governmental Authority within the Territory (including, as applicable, the Environmental Protection Agency (EPA), the Occupational Safety and Health Administration (OSHA), the Drug Enforcement Administration (DEA) and state and local authorities), that apply to the Manufacturing Facility or Emergent's processing, storage, handling, shipment or other Manufacturing of the Materials or Products.

"Rejection Notice" has the meaning set forth in Section 3.6.

"Release" means, with respect to a Vial of Product, the delivery of all applicable Emergent Release Documents from Emergent to Aptevo in accordance with Section 3.4 and the issuance by Aptevo of the Aptevo Certificate of Analysis and such other Aptevo required release documents as are agreed by the Parties in writing from time to time.

"Second Source Manufacturer" has the meaning set forth in Section 3.22.

"Shipping Order" means a document issued by Aptevo to Emergent requesting that Emergent perform the 3PL Services in respect of a shipment to be made by Emergent to Aptevo or a third party under this Agreement, setting out detailed information regarding the shipment,

including the number of Vials of each Product to be shipped, the Batch from which each Vial is being requested, the shipping destination of each Vial (including the Distribution Destination) (the "Shipping Destination"), the requested shipment date, the requested delivery date. For clarity, each Shipping Order may only name one Distribution Destination.

"Specifications" means, with respect to a Product, the specifications required for Manufacture, including the specifications for the applicable Materials and such Product, which specifications have, as of the Effective Time, been approved by both Parties (or are thereafter amended as agreed upon by both Parties in writing) and are set forth in the Master Batch Record.

"Storage Facility" means, with respect to each Vial of Product, the Emergent (or its Affiliate's) facility named in the applicable Purchase Order at which such Vial shall be stored pending shipment.

"Technology" means all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, and other similar materials or Information, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein.

"Territory" means all countries, territories and commonwealths of the world described in Section 3.13.

"Triggering Event" has the meaning set forth in Section 9.4.

"VariZig" means Varicella Zoster Immune Globulin (Human).

"Vial" means, with respect to each Product, an individual, retail-size vial of such Product (as set forth in Schedule A).

"Work-in-Process" means, with respect to a Product, all Materials that Emergent has begun to Manufacture into the relevant finished Product, but which have not yet satisfied the Specifications.

ARTICLE II
GENERAL TERMS

2.1 Project Management.

2.1.1 *Project Managers*. Each of the Parties shall appoint and maintain, throughout the term of this Agreement, a project manager who shall be the main contact person for such Party, respectively, with respect to commercial or business issues under this Agreement (each, a "Project Manager"); provided, however, that a Party may designate a replacement Project Manager from time to time upon notice to the other Party. Each Project Manager shall be

familiar with all aspects of this Agreement and shall be available during regular business hours to discuss, and attempt to address, any questions, concerns or issues either Party may raise regarding the Agreement.

2.1.2 *Aptevo Representatives*. Aptevo may appoint and maintain, throughout the term of this Agreement, a product specialist who shall be permanently staffed in the Manufacturing Facility to oversee Aptevo's responsibilities under this Agreement (the "Aptevo Representative"), provided, however, that Aptevo may designate a replacement Aptevo Representative from time to time upon notice to Emergent. The Aptevo Representative shall (a) be an employee of, or a consultant or contractor engaged by, Aptevo or one of its Affiliates, (b) be bound to a written confidentiality agreement, (c) comply with all rules and regulations applicable to visitors to the Manufacturing Facility, and (d) in no event be deemed an employee of Emergent or any of its Affiliates. Aptevo shall be solely liable for the Aptevo Representative and any acts or omissions by the Aptevo Representative. Emergent shall, at no additional cost to Aptevo, provide to the Aptevo Representative a workspace, chair, telephone and high-speed internet connection for such Aptevo Representative to carry out his or her duties. If Aptevo does not appoint and maintain a product specialist who is permanently staffed in the Manufacturing Facility, then Section 5.3.1. of the Quality Agreement shall govern Aptevo's rights with respect to person in plant visits.

2.1.3 *Joint Steering Committee*.

(a) Establishment; Membership. Within thirty (30) days of the Effective Time, the Parties shall establish a joint steering committee (the "Joint Steering Committee") composed of an equal number of appointed representatives of each of Emergent and Aptevo, with at least one (1) appointed representative of each Party having sufficient expertise and sufficient seniority and authority with respect to the applicable Party to make decisions with respect to manufacturing matters. A Party may change one or more of its representatives on the Joint Steering Committee at any time. One (1) representative from each Party shall alternate in acting as the chairperson of the Joint Steering Committee for a one (1) year-long term, with Emergent's representative chairing the Joint Steering Committee until the first anniversary of the Effective Time. The chairperson shall not have any greater authority than any other representative on the Joint Steering Committee and shall be responsible for the following activities of the Joint Steering Committee: (i) calling meetings of the Joint Steering Committee, (ii) preparing and issuing minutes of each such meeting within fifteen (15) days thereafter, which minutes shall not be finalized until each Party reviews and confirms the accuracy of such minutes in writing (provided that any minutes shall be deemed approved unless a member of the committee objects to the accuracy of such minutes within thirty (30) days of the circulation of the minutes by the chairperson), and (iii) preparing and circulating an agenda for the upcoming meeting; provided, that the chairperson shall include any agenda items proposed by the Party of which the chairperson is not a representative. The Parties may allow additional employees to attend meetings of the Joint Steering Committee subject to the confidentiality provisions of ARTICLE VI. In addition to expertise, seniority, and authority with respect to manufacturing matters, each Party's Joint Steering Committee members shall collectively have sufficient expertise and sufficient seniority and authority with respect to the applicable Party to make other decisions within the scope of the Joint Steering Committee's authority, including with respect to clinical, regulatory and business matters.

(b) Meetings; Responsibilities. During the term of this Agreement, the Joint Steering Committee shall meet in person or by teleconference or videoconference at least once every calendar quarter. Each Party shall be responsible for all of its own expenses incurred in connection with participating in the Joint Steering Committee meetings. The Joint Steering Committee shall discuss and decide on the issues and questions necessary to further the purposes of this Agreement, as mutually agreed upon by the Parties in writing, and subject to Section 4 of the Quality Agreement. Quorum for such meetings shall consist of at least one (1) member of each Party attending the meeting. Each Party will have a single vote regardless of the number of representatives of such Party in attendance and decisions shall be made by the affirmative vote of each Party through its representatives at such meetings. Notwithstanding anything to the contrary set forth herein, the Joint Steering Committee will not have the right to make any decisions (i) in a manner that excuses a Party from any obligation specifically enumerated under this Agreement, (ii) in a manner that negates any consent right or other right specifically allocated to a Party under this Agreement, (iii) to amend or modify this Agreement or any of the Parties' respective rights and obligations hereunder or (iv) in a manner that would require a Party to perform any act that would cause such Party to breach any of its obligations hereunder.

2.2 Exclusivity. Subject to Section 2.8, during the term of this Agreement, Emergent shall be Aptevo's sole manufacturer of, and sole provider of all Manufacturing services with respect to, each of the Products or any variants, derivations or improved versions thereof anywhere in the world; provided, however, that the foregoing exclusivity shall terminate immediately upon the occurrence of a Triggering Event.

2.3 Manufacturing and Product Quality. Subject to the terms and conditions of this Agreement, Emergent shall Manufacture the Products for the Territory at the Manufacturing Facility and shall produce the Products in accordance with the terms hereof and the terms of the Quality Agreement in all material respects. For clarity, Emergent may use Aptevo's Confidential Information to perform Emergent's obligations under this Agreement.

2.4 Master Batch Records. Emergent shall prepare and maintain the Master Batch Records for the Manufacturing of Products at the Manufacturing Facility. Subject to Section 4 of the Quality Agreement, Emergent may make changes to a Master Batch Record that (i) Emergent believes in its good faith judgment are required to maintain the Manufacturing Facility's compliance with GMP or (ii) are required by the applicable Regulatory Authority (if Emergent is so informed of such requirement by written notice from Aptevo or a Regulatory Authority). Emergent will use commercially reasonable efforts to make changes to the Master Batch Record with ample time and consideration for required filings, as applicable, to ensure Aptevo's relevant biologics license applications remain in compliance.

2.5 Improvements.

2.5.1 *Facility Improvements*. Subject to Section 4 of the Quality Agreement, Emergent may implement Facility Improvements upon providing written notice thereof to Aptevo, which notice shall include the timeline for implementing such Facility Improvement and an assessment of the impact of such Facility Improvement, if any, on the Products; provided that, Emergent shall consider in good faith the extent to which such Facility Improvements would have any adverse impact on the Product, including adverse impacts on Batch yield or Product safety, efficacy, stability or shelf life, before making such Facility Improvements. Emergent will bear all costs and expenses associated with Emergent's implementation of any Facility Improvement.

2.5.2 *Platform Manufacturing Improvements*. Subject to Section 4 of the Quality Agreement, if Emergent seeks to implement any Platform Manufacturing Improvement, then Emergent shall present Aptevo with a written notice of such Platform Manufacturing Improvement, including the timeline for implementing such Platform Manufacturing Improvement and an assessment of the impact of such Platform Manufacturing Improvement, if any, on the Products. Emergent may implement Platform Manufacturing Improvements in its sole and absolute discretion, and such Platform Manufacturing Improvement shall become part of the process by which Emergent Manufactures the Products for Aptevo under this Agreement. Emergent shall bear all costs and expenses associated with Emergent's implementation of any Platform Manufacturing Improvement.

2.5.3 *Product-Specific Manufacturing Improvements*. Subject to Section 4 of the Quality Agreement, if Emergent seeks to implement any Product-Specific Manufacturing Improvement (whether developed by Emergent or suggested to Emergent by Aptevo), then Emergent shall present Aptevo with a written notice of such Product-Specific Manufacturing Improvement, including the timeline for implementing such Product-Specific Manufacturing Improvement and an assessment of the impact of such Product-Specific Manufacturing Improvement, if any, on the Products. Both Parties must approve such Product-Specific Manufacturing Improvements in writing. All implemented Product-Specific Manufacturing Improvements shall become part of the process by which Emergent Manufactures the Products for Aptevo under this Agreement. Aptevo shall pay all costs incurred by Emergent for implementing Product-Specific Manufacturing Improvements.

2.5.4 *Effects of Improvements*. To the extent the implementation of any Facility Improvement or Platform Manufacturing Improvements by Emergent result in a Batch containing any Non-Conforming Product, Emergent shall Credit the Manufacturing Fee for the applicable Vials of such Non-Conforming Product. To the extent any Platform Manufacturing Improvements or Product-Specific Manufacturing Improvements require Aptevo to update or change the regulatory dossiers for its Products during the Term, Emergent shall provide all applicable updated hyperimmune regulatory dossier pages for Aptevo to review. Such pages are provided as proposals only and Aptevo shall submit such pages or portions thereof to Regulatory Authorities at its sole discretion and bear the full responsibility for such filings. Emergent shall provide complete, true and accurate information in such proposed dossier pages, but Aptevo is ultimately responsible for submitting and maintaining dossiers associated with its Regulatory Approvals for the Products and for the completeness and accuracy of such dossiers.

2.6 Licenses

2.6.1 *License to Emergent*. For clarity, to the extent not already licensed under the terms of the PLA, during the term of this Agreement, and subject to the terms and conditions of this Agreement, Aptevo grants to Emergent a non-exclusive, worldwide, sublicenseable and royalty-free license, under any Intellectual Property owned or controlled by Aptevo or any of its Affiliates (including all Product-Specific IP) ("Aptevo IP"), solely to perform the services and to comply with Emergent's obligations under the terms and conditions of this Agreement and the Quality Agreement.

2.6.2 *License to Aptevo*. For clarity, to the extent not already licensed under the terms of the PLA, during the term of this Agreement, and subject to the terms and conditions of this Agreement, Emergent grants to Aptevo a non-exclusive, royalty-free, worldwide, non-transferable (except as provided in this Section 2.6.2 and for certain assignments as provided in Section 12.4) license, under the Manufacturing Technology and the Included Manufacturing Improvements, to make, have made, use, sell, offer to sell, import and otherwise commercialize the Products, solely within the Field, provided that Aptevo may only exercise (and the other members of the Aptevo Group may only exercise) the rights to make and have made the Products through Emergent as contemplated by this Agreement or through a CMO pursuant to and in accordance with the PLA.

2.6.3 *Necessity; Trade Secrets; Confidentiality*. Aptevo acknowledges and agrees that the Manufacturing Technology and the Included Manufacturing Improvements are the proprietary, confidential know-how of Emergent of which some portions are further protected as trade secrets (as such term is defined in the Economic Espionage Act of 1996, 18 U.S.C. § 1839 or other applicable Law). Aptevo shall consider the Manufacturing Technology and the Included Manufacturing Improvements and all trade secrets contained therein as Confidential Information under this Agreement, shall strictly adhere to its confidentiality obligations under this Agreement with respect to such Information, and hereby acknowledges and agrees that the remedy at Law for any breach of this Section 2.6.3 would be inadequate and that Emergent shall be entitled to injunctive relief, without the requirement of posting any bond or other security, in addition to any other remedy it may have upon breach of any provision of this Section 2.6.3, provided that Emergent shall not seek an injunction preventing the delivery of the Products into the stream of commerce unless such Products contain or otherwise transmit (in their packaging, labeling or otherwise) the Manufacturing Technology or the Included Manufacturing Improvements or any other Confidential Information of Emergent.

2.6.4 *Other Licenses*. Aptevo is solely responsible for providing licenses to all Intellectual Property (other than the Licensed IP) necessary for Emergent to perform services under this Agreement, except for such licenses as would be required for any Third Party Intellectual Property rights that would be infringed by any Facility Improvement or Platform Manufacturing Improvement. To the extent Emergent becomes aware of any Third Party Intellectual Property that is needed to perform the Manufacturing services contemplated herein, Emergent shall provide written notice of such requirement to Aptevo.

2.6.5 *No Other Licenses and Rights*. Except as expressly provided in this Section 2.6, no other license or right is granted to any member of the Aptevo Group under this Agreement, whether expressly or by implication, estoppel, statute or otherwise. Neither Aptevo, nor any member of the Aptevo Group, shall have any right to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any of the Licensed IP, Manufacturing Technology or Included Manufacturing Improvements, and neither Emergent, nor any member of the Emergent Group, shall have any right to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any of the Aptevo IP.

2.6.6 *No Obligation to Obtain or Maintain Intellectual Property*. Neither Emergent, nor any member of the Emergent Group, is obligated to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any of the Licensed IP, Manufacturing Technology or Included Manufacturing Improvements, provided that during the term of this Agreement, Emergent shall use commercially reasonable efforts to maintain the secrecy of its trade secrets within the Manufacturing Technology and the Included Manufacturing Improvements. Neither Aptevo, nor any member of the Aptevo Group, is obligated to file, prosecute, maintain, enforce or defend any Aptevo IP.

2.7 Arising Intellectual Property; Improvements.

2.7.1 As between the Parties, Aptevo will own all Product-Specific IP, whether conceived, made or reduced to practice by Aptevo, Emergent, any of their respective Affiliates, or any of their respective employees or agents, alone or jointly with others or jointly with the other Party, any of its Affiliates or any of its employees or agents. Emergent, on behalf of itself and its Affiliates, hereby assigns to Aptevo all right, title and interest in and to the Product-Specific IP and all Intellectual Property rights therein.

2.7.2 As between the Parties, Emergent will own any and all improvements and enhancements made to, and derivatives of, any of Background Emergent IP or the Manufacturing process for any of the Products (including Included Manufacturing Improvements and all Intellectual Property Rights therein), whether such improvements, enhancements or derivatives were conceived, made or reduced to practice by Aptevo, Emergent, any of their respective Affiliates or any of their respective employees or agents, alone or jointly with others or jointly with the other Party, any of its Affiliates or any of its employees or agents (except for Product-Specific IP) ("Emergent-Owned IP"). Aptevo, on behalf of itself and its Affiliates, hereby assigns to Emergent all right, title and interest in and to the Emergent-Owned IP and all Intellectual Property rights therein.

2.7.3 Each Party will provide all further cooperation which the other Party reasonably determines is necessary to give effect to the ownership of the Emergent-Owned IP and Product-Specific IP set forth in Section 2.7.1 and Section 2.7.2 and to ensure the owning Party the full and quiet enjoyment of such Emergent-Owned IP and Product-Specific IP (as applicable), including executing and delivering further assignments, consents, releases and other commercially reasonable documentation, and providing good faith testimony by affidavit, declaration, deposition, in person or other proper means and otherwise assisting such other Party in support of any effort by such owning Party to establish, perfect, defend or enforce its rights in such Emergent-Owned IP or Product-Specific IP (as applicable).

2.8 Delegation. Emergent may use any of its Affiliates or other third parties to fulfill any of its obligations under this Agreement in its sole discretion, provided that Emergent shall seek Aptevo's written permission for any delegation for which permission is required under the Quality Agreement, which permission shall not be unreasonably withheld. To the extent Emergent retains subcontractors, such subcontractors are required to perform to the standards set forth in this Agreement and Emergent shall maintain responsibility for such subcontractors' performance.

2.9 Invoices. All amounts invoiced under this Agreement shall be payable within forty-five (45) days of the invoice recipient's receipt of such invoice.

ARTICLE III
MANUFACTURING SERVICES

3.1 Purchases.

3.1.1 *Forecasts*. Within thirty (30) days after the Effective Time, Aptevo will provide Emergent with a written, non-binding forecast of Batch purchases by Product by month for the following twenty-four (24) months; provided that the number of Vials of each Product forecasted for each month will be specified in integer multiples of the Minimum Batch Size as set forth on Schedule B (a "Forecast"), the first six (6) months of which shall be binding on Aptevo and cannot be changed in subsequent Forecasts (a "Binding Six Month Forecast") and months seven (7) through nine (9) of which may be increased or decreased by Aptevo by no more than twenty-five percent (25%) of the number of Vials of Product (on a Product-by-Product basis) for the same month in the immediately preceding submitted Forecast (each, a "Semi-Binding Forecast"). By the end of each month thereafter, Aptevo will provide a new Forecast for the twenty-four (24) months commencing with the very next calendar month (a rolling forecast), the first six (6) months of which shall be a Binding Six Month Forecast and months seven (7) through nine (9) of which will be a Semi-Binding Forecast. If Aptevo does not provide a new Forecast by the end of a month, the last Forecast provided shall become the new and most recent Forecast, and the Binding Six Month Forecast shall be comprised of the second through seventh months of the prior Forecast and the Semi-Binding Forecast shall be comprised of the eighth through tenth months of the prior Forecast. The Forecast must include sufficient detail to identify planned purchases per month for twenty four (24) months. Upon receipt of each Forecast, Emergent will provide an indication of Emergent's ability to meet such Forecast (a "Feasibility Opinion") and a proposed schedule of Manufacturing dates for the following six (6) months to be updated on a monthly basis. With respect to Emergent, all Forecasts and Feasibility Opinions are for planning purposes only and do not bind Emergent to Manufacture, except to the extent set forth in Section 3.1.2 below. The Project Managers, or their designees within each Party's supply chain organization management, shall meet monthly in person or by teleconference to discuss the Forecast and the Binding Six Month Forecast and the Semi-Binding Forecast.

3.1.2 *Purchase Orders; Acceptance*. All purchases of Manufacturing services under this Agreement shall be effected solely pursuant to a Purchase Order and in accordance with the terms of this ARTICLE III. Except with the written approval of Emergent, Aptevo shall submit each Purchase Order as far in advance of the Firm Delivery Date named in such Purchase Order as possible, but in any event at least six (6) months before the Firm Delivery Date named in such Purchase Order. Emergent shall accept timely Purchase Orders that are in conformance with the applicable Feasibility Opinion, and Emergent shall use commercially reasonable efforts to accept Purchase Orders in excess of the Binding Six Month Forecast. During each year, Emergent shall accept Purchase Orders representing at least the Minimum Annual Order for such year, and Emergent shall use commercially reasonable efforts to accept Purchase Orders in excess of the Minimum Annual Order. Only those Purchase Orders accepted by Emergent by written notification to Aptevo after receipt of such Purchase Order shall be Binding Purchase Orders. In the event Emergent does not respond to a Purchase Order within fifteen (15) days after receipt thereof, Emergent shall be deemed to have accepted such Purchase Order. Emergent will use commercially reasonable efforts to issue to Aptevo the Emergent Release Documents with respect to all Product ordered under a Binding Purchase Order on the Firm Delivery Date included in such Binding Purchase Order.

3.1.3 *Cancellations*. Aptevo may reduce the number of Vials forecasted for any month under a Binding Six Month Forecast or a Semi-Binding Forecast by providing notice to Emergent in writing, provided that, with respect to all such reductions under a Binding Six Month Forecast, and all such reductions under a Semi-Binding Forecast in excess of twenty-five percent (25%) of the number of Vials set forth therein, Aptevo shall, in each case, (a) pay a fee equal to twenty-five percent (25%) of the applicable Manufacturing Fee per canceled Vial if such cancellation occurs with respect to quantities of Product forecast in the fourth, fifth or sixth month of the immediately preceding Binding Six Month Forecast or the seventh, eighth or ninth month of the immediately preceding Semi-Binding Forecast, (b) pay a fee equal to fifty percent (50%) of the applicable Manufacturing Fee per canceled Vial if such cancellation occurs with respect to quantities of Product forecast in the third or fourth month of the immediately preceding Binding Six Month Forecast and (c) pay a fee equal to 100% of the applicable Manufacturing Fee per canceled Vial if such cancellation occurs with respect to quantities of Product forecast in the second month of the immediately preceding Binding Six Month Forecast. Notwithstanding the foregoing, Aptevo may reduce the number of Vials forecasted for any month, or be released from its purchase obligations under a Binding Purchase Order (and Emergent shall be released from its Manufacturing and Delivery obligations under such Binding Purchase Order), if such reduction or cancellation arises primarily from (i) material adverse inspection or audit findings at any Manufacturing Facility, including findings by a Regulatory Authority, or (ii) recalls, Product withdrawals, field actions or other corrective actions, except to the extent such recall, Product withdrawal, field action or other corrective action was caused solely by Aptevo. At the end of each month, Aptevo shall pay the Manufacturing Fee for any amount of Product that was forecasted for such month under a Binding Six Month Forecast but neither purchased under a Purchase Order for such month nor canceled pursuant to this Section 3.1.3.

3.1.4 *Filling Purchase Orders*. Emergent shall fill Binding Purchase Orders, provided that Emergent shall be under no obligation to Manufacture the Products set forth in a Binding Purchase Order if: (i) Aptevo has been in default of its payment obligations hereunder, under the TSA or under any other Ancillary Agreement for more than forty-five (45) days from the date on which Emergent provided Aptevo with written notice of such default (which notice period shall be tolled during any bona fide dispute regarding such invoice); or (ii) Aptevo is in material breach of any of its representations, warranties, covenants, or obligations hereunder, under the TSA or under any other Ancillary Agreement. Aptevo acknowledges and agrees that, when filling a Binding Purchase Order, Emergent may provide a number of Vials between ninety-five percent (95%) and one hundred five percent (105%) of the number of Vials ordered in such Purchase Order, (which number of Vials ordered in such Purchase Order, for purposes of determining the percentage of Vials provided by Emergent, shall not include those Vials used as retain samples and those Vials used for the stability program as set forth in the Quality Agreement or otherwise agreed to by the Parties). Without limiting the foregoing, if Emergent provides fewer Vials of Conforming Product than the number of Vials ordered in a particular Binding Purchase Order (a "Purchase Order Shortfall"), then Aptevo may require Emergent to make up such Purchase Order Shortfall in a subsequent Batch.

3.1.5 *Minimum Annual Order*. Each year (such year beginning and ending on an anniversary of the Effective Time), Aptevo shall purchase at least the minimum number of Batches of each Product as set forth in Item 2 of Schedule B (the "Minimum Annual Order"). If, at the end of a given year, Aptevo has not purchased the Minimum Annual Order, Emergent shall invoice Aptevo for the difference between Aptevo's purchases for that year and what Aptevo would have paid for the Minimum Annual Order during that year, provided that such invoice shall be reduced pro rata in to the extent Emergent could not perform services under this Agreement due to a Force Majeure. On the second, fourth, sixth, and eighth anniversary of the Effective Time, Aptevo may change the Minimum Annual Order of each Product by written notice to Emergent, which new Minimum Annual Order shall not become effective until ninety (90) days after such notice is provided. The Parties agree that Aptevo is not obligated to purchase a minimum number of Vials pursuant to this Agreement other than pursuant to the terms of this Section 3.1.5, provided; however, that, with respect to orders for VariZig, Aptevo shall purchase sufficient Vials of VariZig finished product in order to consume the VariZig bulk product ordered by Aptevo within eighteen (18) months after the Manufacture of such bulk product. If VariZig bulk product is not consumed during this eighteen (18) month period (through further Manufacture into finished product), Emergent shall invoice Aptevo on a pro rata basis for the price Aptevo would have paid had Emergent Manufactured such remaining VariZig bulk product into Vials. For clarity, the Parties agree and understand that once VariZig plasma is thawed and a Batch of VariZig bulk product is Manufactured, it is capable of being frozen and stored as bulk intermittently in conformance with the Master Batch Record.

3.2 Manufacturing. Subject to Section 2.8, as agreed between the Parties pursuant to the Quality Agreement, Emergent shall maintain the Master Batch Records related to the Manufacturing of Products under this Agreement. Before initiating the Manufacture of any Product, Emergent shall forward a copy of the then-current Master Batch Record to Aptevo. Emergent shall use commercially reasonable efforts to Manufacture the applicable Products

using the Materials at the Manufacturing Facility in accordance with the applicable Master Batch Record, any and all Applicable Law, the applicable Acceptance Criteria, cGMPs, the Quality Agreement, and Emergent's quality assurance and quality control practices. The Products shall not be Manufactured at a facility other than at the Manufacturing Facility without the prior written consent of Aptevo.

3.3 Storage, Use and Segregation of Work-in-Process and Product. Emergent shall own all Work-in-Process and shall label and store all Work-in-Process and Products in its possession until Delivery of the Products in accordance with this ARTICLE III and any storage instructions provided by Aptevo. Without limiting the foregoing, Emergent shall use commercially reasonable efforts to store Products in labeled, segregated, temperature controlled storage location with appropriate security access restrictions, and in accordance with the Master Batch Record, cGMPs, the Quality Agreement and Emergent's quality assurance and quality control practices.

3.4 Release Documents. Emergent shall prepare the Emergent Release Documents, and other information required by Section 3.9 of the Quality Agreement, specific to each Batch, and shall use commercially reasonable efforts to submit them to Aptevo, the Aptevo Representative (if applicable) or Aptevo's other designated representatives as set forth in the Quality Agreement. Notwithstanding the foregoing, the Parties acknowledge and agree that investigations and deviations may require additional time and impact timelines for completion of the Emergent Release Documents. Emergent Release Documents shall not be considered final unless and until Emergent's Quality Department has performed a review thereof. Aptevo shall use commercially reasonable efforts to issue the Aptevo Certificate of Analysis and such other Aptevo required release documents as are agreed by the Parties in writing from time to time for each Batch of Product within fifteen (15) days after its receipt of the Emergent Release Documents from Emergent.

3.5 [Reserved]

3.6 Product Inspection; Acceptance. Within fifteen (15) days after Aptevo's receipt of the Emergent Release Documents for a Batch, Aptevo shall determine whether or not such Batch meets the Acceptance Criteria or is otherwise Non-Conforming Product. For clarity, during such fifteen (15) day period, Aptevo shall have the right to inspect the Product for damage or to determine if it is Non-Conforming Product. If within such fifteen (15) day period, Aptevo makes a determination that any Vial of Product in such Batch does not meet the Acceptance Criteria, or is otherwise Non-Conforming Product (in each case, in accordance with the acceptance procedures set forth in the Quality Agreement, if any), then Aptevo shall have the right to reject such Batch in its entirety and shall notify Emergent in writing within such fifteen (15) day period, in each case, as set forth in the Quality Agreement (a "Rejection Notice"). If Aptevo does not submit Rejection Notice within such fifteen (15) day period, then such Batch will be deemed to meet the Acceptance Criteria, be Conforming Product and have been accepted by Aptevo, except for Latent Defects as provided in this Section 3.6. Notwithstanding any acceptance procedure, if any, set forth in the Quality Agreement, if any Product is Non-Conforming Product for reasons that are hidden or latent and not reasonably capable of being

discovered by Aptevo, then it shall be deemed a "Latent Defect." Aptevo shall promptly notify Emergent in writing of such Latent Defect by the earlier of (a) thirty (30) days after the date Aptevo discovered or should have discovered the Latent Defect and (b) ninety (90) days after Release, including a detailed explanation of the Latent Defect in question. If Aptevo fails to notify Emergent of a Latent Defect within such period, then such Batch will be deemed to meet the Acceptance Criteria, be Conforming Product and have been accepted by Aptevo.

3.7 Emergent Liability for Non-Conforming Batches. If, following a Rejection Notice or any notice to Emergent of any Latent Defect, it is determined by agreement of the Parties (or in the absence of such agreement, by a qualified and independent laboratory selected jointly by Emergent and Aptevo as set forth in Section 8) that any Product Delivered to Aptevo is Non-Conforming Product and such non-conformance was not caused by Emergent's negligence, willful misconduct, failure to follow the Master Batch Record or failure to follow cGMP, then Emergent shall have no liability to Aptevo with respect to such Product and Aptevo shall pay for such Product and for the fees associated with any dispute regarding the Product (including arbitrator and third-party laboratory fees). Such Product shall be treated in all other respects under this Agreement as though it is Conforming Product. However, if such non-conformance was caused by Emergent's negligence, willful misconduct, failure to follow the Master Batch Record or failure to follow cGMP, then Emergent shall (i) dispose of such Non-Conforming Product and (ii) as soon as it is commercially practicable to do so, replace such Non-Conforming Product with Conforming Product at Emergent's sole cost and expense if Aptevo has paid for the Non-Conforming Product. Notwithstanding anything to the contrary contained herein, delivery of replacement Conforming Product shall be Aptevo's sole and exclusive remedy with respect to the Non-Conforming Product, and in furtherance thereof Aptevo waives all other remedies at law or in equity.

3.8 Cooperation in Investigations; Disposition of Non-Conforming Product. Subject to the Quality Agreement, each Party shall act in good faith and shall cooperate with the other Party, with any qualified independent Third Party laboratory in connection with an investigation, and with the arbitrator, as to the existence of or source of nonconformity with respect to a Product supplied under this Agreement. In testing a Product, any independent Third Party laboratory shall use analytical testing methods as agreed upon by the Parties. Emergent shall dispose of any Non-Conforming Product in accordance with all Applicable Laws with respect to such disposal, at Emergent's cost if Emergent was liable for the nonconformity in accordance with Section 3.7 and at Aptevo's cost if Emergent was not liable for the nonconformity in accordance with Section 3.7.

3.9 Withdrawals and Recalls.

3.9.1 *Notification and Investigation*. In the event that either Party believes a recall or withdrawal of a Product may be necessary or appropriate, such Party shall promptly notify the other Party in writing and the procedures for, and responsibilities of the Parties with respect to, all such recalls or withdrawals will be as set forth the Quality Agreement.

3.9.2 *Costs of Recall*. Emergent shall reimburse Aptevo for all reasonable costs incurred by Aptevo in implementing a recall or withdrawal of Product resulting from the Delivery of Non-Conforming Product where such non-conformance was caused by Emergent's negligence, willful misconduct, failure to follow the Master Batch Record or failure to follow cGMP. If the recall or withdrawal is required for any reason not specified in the preceding sentence, then all costs of the Parties incurred in implementing the recall or withdrawal of Product shall be borne by Aptevo. Any dispute between the Parties as to which Party is responsible for the costs of a recall or withdrawal will be governed by the laboratory investigation procedures set forth in Section 3.8 and the dispute resolution mechanism set forth in ARTICLE XI.

3.9.3 *Customer Complaints*. Emergent and Aptevo will cooperate in the reporting, investigation and evaluation of customer complaints as set forth in the Quality Agreement.

3.10 Title and Risk of Loss. Title to each Vial in a Batch and risk of loss with respect to each Vial in a Batch shall pass to Aptevo upon Delivery of such Vial.

3.11 Packaging. Emergent shall use commercially reasonable efforts to purchase and maintain the Packaging Material Baseline Inventory in support of the Binding Six Month Forecast per Section 3.1.1. If Aptevo designates any change to be made to any aspect of such Packaging Material (including a change in label, format, raw material, or other changes) such that Emergent's existing stock of Packaging Materials in support of the Binding Six Month Forecast becomes obsolete and such that Emergent is unable to reallocate such Packaging Materials for other products, then Emergent shall invoice Aptevo for its reasonable out-of-pocket costs incurred in destroying any such Packaging Material Baseline Inventory and reasonable out-of-pocket purchase price for such obsoleted inventory, provided that Aptevo shall have no obligation to pay for any such Packaging Materials in excess of the quantities necessary to fill orders as set forth in the Binding Six Month Forecast.

3.12 Labeling. For each Product that is Manufactured under this Agreement, Aptevo shall provide Emergent with labeling specifications, which shall include date of manufacture or expiration as required, Batch-specific identification and any necessary artwork and engineering drawings related thereto. All labeling specifications submitted by Aptevo shall comply with all Applicable Laws and Regulatory Standards. Notwithstanding Emergent's acceptance of Aptevo's labeling specifications, Emergent shall not be responsible for any loss or liability incurred by Aptevo or any third party resulting from Emergent's compliance with Aptevo's labeling specifications.

3.13 New Jurisdictions. This Agreement contemplates Emergent's provision of services with respect to the jurisdictions in which the Products are currently approved for commercial sale as of the Effective Time. If Aptevo intends to distribute Products in additional jurisdictions in which it did not distribute such Product as of the Effective Time, and if Aptevo desires for Emergent to Manufacture or otherwise provide services related to such Product for such additional jurisdiction under this Agreement, the Parties will negotiate in good faith to

amend this Agreement to integrate such additional jurisdictions as appropriate. Such amendments may contemplate changes in price as well as changes to such Product's Specifications, as applicable. Any such changes shall be agreed by both Parties in writing before becoming effective. Aptevo will not otherwise have any right to make or have made such Product, or perform or have performed services related to such Product for any such additional jurisdiction.

3.14 Price and Payment Terms. The price to be paid by Aptevo to Emergent for Manufacturing, all associated services contemplated by this Agreement and any additional specified activities shall be as identified in Schedule A and E, which prices may be changed in accordance with Section 3.15, 3.16 or 3.19. Emergent shall invoice Aptevo for each Batch of Product on Delivery of such Batch, and as otherwise set forth in Schedule A or E for activities other than Manufacturing.

3.15 Automatic Pricing Adjustments. Commencing on the first anniversary of the Effective Time and on each anniversary of the Effective Time thereafter, the prices set forth in Schedule A or E (as modified from time to time pursuant to Section 3.16 or 3.19) may be increased by greater of (i) three percent (3%) or (ii) the percentage change in the index as described below, which increase shall be effective upon written notification from Emergent to Aptevo. Any changes to the price will be based on the percentage change in the Industrial Product Price Index by North American Industry Classification System (NAICS) 329-0077 in the category Pharmaceutical and Medicine Manufacturing [3254]. For purposes of the percentage change calculation, the index value for the preceding December and the December prior will be used.

3.16 Other Pricing Adjustments.

3.16.1 Emergent may increase the pricing on Schedule A if a significant increase in direct manufacturing costs (being a verifiable increase) occurs due to a change in the cost of any specialty source plasma or chromatography resin used in the Manufacturing of a Product, due to a change required by or on behalf of Aptevo or due to a Manufacturing Improvement pursuant to Section 2.5. Emergent will notify Aptevo in writing, will not increase the applicable pricing on Schedule A until ninety (90) days after such notification to Aptevo and, subject to confidentiality obligations to third parties, will provide suitable justification and verification data for any such increase or decrease prior to any change in pricing.

3.16.2 Emergent may alter the pricing on Schedule A or E due to changes in the US dollar (USD) to Canadian dollar (CAD) foreign exchange rate, which exchange rate shall be determined at the end of each calendar quarter (March 31, June 30, September 30 and December 31) as provided by the Bank of Canada. To the extent that the foreign exchange rate varies from the USD-to-CAD rate published by Bank of Canada as of the Effective Time, Emergent shall adjust the pricing on Schedule A and E for the next calendar quarter in accordance with the Foreign Exchange Adjustment Schedule included on Schedule A.

3.16.3 Thirty (30) days before the fifth anniversary of the Effective Time, Emergent and Aptevo shall re-negotiate the prices set forth on Schedules A and E on a per-stock keeping unit basis in good faith, which re-negotiated prices shall be effective as of the fifth anniversary of the Effective Time, and which re-negotiated prices shall not be in excess of fifteen percent (15%) higher or fifteen percent (15%) lower than the prices would have been as of immediately after the fifth anniversary of the Effective Time pursuant to the increases contemplated in Sections 3.14, 3.15.1, 3.15.2 and 3.18. If Emergent and Aptevo cannot agree on such prices by the fifth anniversary of the Effective Time, then they shall resolve the dispute pursuant to the terms of Section 11.3.

3.17 General Payment Terms. All costs or fees related to bank deposits or wire transfers shall be paid by Aptevo. Any and all late payments shall be subject to the payment of interest at the lesser of the rate of 12.0% (twelve percent) per annum or the highest rate permitted by Applicable Law. In addition to any other remedies Emergent may have in the event Aptevo does not pay an outstanding, overdue invoice for more than forty-five (45) days from the date on which Emergent provided Aptevo with written notice of such default (which notice period shall be tolled during any bona fide dispute regarding such invoice), Emergent shall be entitled to refuse to perform any of the services contemplated by this Agreement, in its sole discretion, until all or an agreed upon portion of the aggregate amount owing has been paid, which refusal shall not be considered a Manufacturing Failure, nor shall Emergent's non-performance pursuant to this Section 3.17 be factored in to the analysis for determining whether a Manufacturing Failure has occurred under the definition of Manufacturing Failure in ARTICLE I.

3.18 Payment without Deductions. All fees specified hereunder are expressed as net amounts and shall be paid by Aptevo free and clear of, and without reduction for, any withholding taxes. Aptevo shall, upon request, provide Emergent with official receipts issued by the appropriate taxing authority or such other evidence as may be reasonably requested by Emergent to establish that such taxes have been paid.

3.19 Stability Testing. Emergent shall perform ongoing stability testing program services related specifically to the Products, as described in Section 3.6 of the Quality Agreement, subject to Aptevo's timely payment of the applicable fees for such services outlined on Schedule A. From time to time, Aptevo may reasonably request that Emergent revise its stability testing program for the Products, in which case the Parties shall negotiate in good faith with according adjustments to the pricing for such services outlined on Schedule A. Any such changes shall be agreed by both Parties in writing before becoming effective.

3.20 Regulatory Audits. Aptevo shall bear all cost and expense related to any audit of the Manufacturing Facility conducted by a Governmental Authority that is (i) specific to the 3PL-Only Products or specific to any Product under this Agreement or (ii) a general GMP audit with respect to 3PL-Only Products or any Product under this Agreement conducted by a Governmental Authority other than those in the United States or Canada, provided that Emergent shall bear all cost and expense related to any audit of the Manufacturing Facility that is a general audit of Emergent's Manufacturing process. Emergent shall make the Manufacturing Facility and the relevant records available for such audits to the extent set forth in the Quality Agreement (to the extent Emergent is not bound by confidentiality restrictions with third parties with respect to such records).

3.21 Disposal or Maintenance of Products and Data. Except as necessary for Manufacturing or as otherwise required under this Agreement, Emergent shall not dispose of any Products in any form or at any stage of Manufacturing without the prior written approval of Aptevo. Emergent shall maintain and keep complete and accurate documentation of all validation data, stability testing data, Batch Records, quality control and laboratory testing and any other data required under cGMPs and in conformance with Emergent's document retention policies. Notwithstanding the foregoing, Emergent may dispose of Products and documentation in the event that such items have been stored for a forty-eight (48) month period, Emergent has provided Aptevo with notice of its intent to dispose of such items, and Aptevo has not responded to such written notice within three (3) months.

3.22 Second Source. Aptevo may request in writing that Emergent allow a specific CMO (as such term is defined in the PLA) to serve as a second manufacturing source for the Products (such CMO, the "Second Source Manufacturer"). Emergent may, in its sole discretion, comply with such request, in which case:

3.22.1 Emergent may require such CMO to be subject to certain requirements or obligations;

3.22.2 To the extent not already licensed under the terms of the PLA, Emergent shall grant to Aptevo a non-exclusive, royalty-free, worldwide, non-transferable license, under the Manufacturing Technology and the Included Manufacturing Improvements in the form in which such Manufacturing Technology and Included Manufacturing Improvements exist at the time of such grant, to make and have made the Products within the Field, solely by the Second Source Manufacturer;

3.22.3 Emergent shall provide reasonable assistance in the transfer of the Manufacturing Technology to the Second Source Manufacturer in a manner and at a rate to be negotiated by Emergent and Aptevo; and

3.22.4 Aptevo shall bear all costs associated with establishing the Second Source Manufacturer.

3.23 Delivery Failures. If Emergent fails to Deliver at least eighty-five percent (85%) of the aggregate quantity of all Products with respect to all Binding Purchase Orders within a rolling 12 month period in accordance with this Agreement or if Emergent fails to issue the Emergent Release Documents for at least eighty percent (80%) of the quantity of Vials ordered under a Binding Purchase Order within thirty (30) days after the Firm Delivery Date in such Binding Purchase Order, then one (1) executive vice president-level representative (or more senior representative, from Aptevo) from each Party shall meet in person or via teleconference to discuss such failures.

ARTICLE IV
PACKAGING SERVICES FOR IXINITY

Emergent and Aptevo shall enter into an agreement substantially in the form attached as Schedule D for the provision of packaging services for IXINITY.

ARTICLE V
LOGISTICS SERVICES

5.1 Scope. Aptevo hereby engages Emergent to be its provider of the logistics services set forth on the attached Schedule E (the "3PL Services"). For purposes of this ARTICLE V, "Products" shall also include 3PL-Only Products. Although Emergent may provide additional related services to Aptevo for a period of time under the TSA, the 3PL Services that Emergent shall provide under this Agreement are strictly limited to such services as are specified herein. If at any point Aptevo has terminated this Agreement with respect to the 3PL Services for a given Product, Emergent shall deliver such Product to Aptevo EXW (Manufacturing Facility) upon Delivery.

5.2 Shipment of Products. Except for deliveries made under quarantine on terms and conditions agreed by the Parties in writing from time to time, Emergent shall not ship a Product until: (a) the applicable Release of such Product (except for 3PL-Only Products); (b) such Product has been approved and released for shipment by the applicable Governmental Authority (if applicable); and (c) Emergent has received from Aptevo a Shipping Order for such Product. Emergent shall thereafter cause the applicable Product to be delivered to the Shipping Destination EXW (Storage Facility), using Aptevo's shipping accounts, per the terms of Schedule E. If a Shipping Order requires a Product to be exported out of the applicable country of origin, Aptevo shall be the exporter of record for such Product and shall be responsible for complying with all customs requirements and export Laws of the applicable jurisdiction. Aptevo shall also be the importer of record (where applicable) for such Products and shall be responsible for complying with all customs requirements and import Laws of the applicable country. Aptevo shall pay all associated duties, taxes and costs for importing and exporting Products under this Agreement. Each shipment of the Product shall be accompanied by an Aptevo Certificate of Analysis, a bill of lading prepared by Emergent, and any other documents required by Regulatory Standards and reasonably requested by Aptevo.

5.3 Export Documentation. To the extent required to carry out a Shipping Order, Emergent shall prepare such documents as are necessary for the applicable Regulatory Standards and other regulations pertaining to import and export of the applicable Products, provided, however, that Aptevo is solely responsible for providing Emergent with the correct forms of each document and furnishing the necessary information required by each document, ensuring the compliance of all such documents with the applicable regulations and Aptevo shall solely bear the risk of any loss of or damage to Products, and all other liability, due to non-compliance with applicable import or export Laws, other than any such risk of loss or damage to the Products resulting solely from Emergent's failure to follow the Finished Product Shipping Specifications or Emergent's intentional misconduct or gross negligence.

5.4 Price and Payment Terms. The price to be paid by Aptevo to Emergent for 3PL Services shall be as identified in Schedule A. The price to be paid by Aptevo to Emergent for each Shipping Order of Product shall be as identified in Schedule E.

5.5 Delivery Loss. In the event of partial or full loss or non-delivery of a Product, the Parties will cooperate to ensure that notification and follow-up with the involved ground and air carriers and customs or other warehouses is made in order to determine the cause of such partial loss, full loss or other non-delivery, including if such missing Product can be located. The responsibility for such partial or full loss or non-delivery of a Product rests with Aptevo following Delivery thereof, except that Emergent shall be responsible for such full or partial loss as was caused by Emergent's failure to follow the Finished Product Shipping Specifications or Emergent's intentional misconduct or gross negligence. For any Product which is not recovered or which is damaged or defective due to acts or omissions of the carrier, the Parties shall negotiate a schedule for the Manufacturing of additional Product by Emergent at Aptevo's cost.

ARTICLE VI
CONFIDENTIALITY

6.1 Confidentiality Obligations under the SDA. The Parties agree and acknowledge that this Agreement is an Ancillary Agreement and that any Confidential Information exchanged under this Agreement shall be treated as Confidential Information under the SDA, subject to the exceptions therein. Sections 7.7 and 7.8 of the SDA are incorporated herein by reference, *mutatis mutandis*. Each Party hereby acknowledges and agrees that the remedy at Law for any breach of its confidentiality obligations under the SDA with respect to the Confidential Information exchanged under this Agreement would be inadequate and that the Disclosing Party shall be entitled to injunctive relief, without the requirement of posting any bond or other security, in addition to any other remedy it may have upon breach of any provision of this Agreement or any applicable provision of the SDA.

ARTICLE VII
REPRESENTATIONS, WARRANTIES & COVENANTS

7.1 Warranties by both Parties. Each Party represents, warrants and covenants to the other Party that:

7.1.1 it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, to conduct its business as currently conducted and to enter into this Agreement, and to consummate the transactions contemplated by this Agreement;

7.1.2 neither the execution, delivery nor performance of this Agreement by such Party violates or conflicts with, or will violate or conflict with, any provision of such Party's organizational or governing documents or instruments, nor are there any inconsistencies, to the best of such Party's knowledge, between the terms of this Agreement and any of such Party's obligations to third parties or under Applicable Law, which bind or encumber it or its property;

7.1.3 the execution, delivery and performance of this Agreement has been duly authorized by such Party's appropriate authorizing authority or other applicable governing body and by any other necessary corporate or other legal actions of such Party, and this Agreement constitutes the valid and binding obligation of such Party, enforceable in accordance with its terms, except as such enforceability may be limited by general principles of equity or bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally;

7.1.4 its performance of services under this Agreement will comply with all Applicable Laws; and

7.1.5 there are no actions, suits, claims or proceedings (pending or threatened) against, by, or affecting such Party in any court or before any arbitrator or governmental agency or authority that may have a material adverse effect on such Party's assets, its financial condition, the operation of its business or its ability to perform its obligations under this Agreement.

7.2 Additional Warranties by Emergent. Emergent represents, warrants and covenants to Aptevo as follows:

7.2.1 with respect to each Vial of Product that is Delivered, the Manufacturing Emergent performs hereunder will be performed in accordance with the Quality Agreement, the Specifications and cGMPs;

7.2.2 as of the Delivery of each Vial, such Vial is Conforming Product.

7.2.3 no individual who has been debarred by the FDA (pursuant to 21 U.S.C. Section 335a) or local regulatory or federal agency from providing services in any capacity to a person that has an approved or pending drug product application (a "Debarred Individual"), or an individual or entity known to Emergent to be an employer, employee, partner or Affiliate of a Debarred Individual, will be in any manner employed or used by Emergent in the Manufacture of the Products or any related activities;

7.2.4 neither Emergent, nor any Affiliate of Emergent that may be involved in the Manufacturing of the Products, is a corporation, partnership, association or other legal entity that has been debarred by the FDA (pursuant to 21 U.S.C. Section 335a) or local regulatory or federal agency from submitting or assisting in the submission of any abbreviated drug application (a "Debarred Entity");

7.2.5 as of the Delivery of each Vial of Product, Emergent has good and marketable title to such Products, and as of Delivery all Products so Delivered are free from all liens, charges, encumbrances and security interests, other than (a) licenses of Intellectual Property pursuant to this Agreement and (b) any liens that are effected by operation of law and that do not adversely affect Aptevo's ability to own, use or sell the applicable Product (for clarity, this Section 7.2.5 shall not be interpreted to include any representation, warranty, or covenant regarding the non-infringement, non-misappropriation or non-violation of any Intellectual Property rights of any third party);

7.2.6 any changes made after the Effective Time to the Manufacturing process used by Emergent to Manufacture the Products (other than Product-Specific Manufacturing Improvements proposed and approved by Aptevo) do not and will not infringe, misappropriate or otherwise violate the Intellectual Property rights or any other right of any third party;

7.2.7 under this Agreement, Emergent, or any Affiliate of Emergent, will satisfy the requirements of a distributor, as such term is defined in the Good Manufacturing Process Guidelines, 2009 Edition, Version 2 (GUI-0001), as issued March 4, 2011 by Health Canada (the "Distributor") and will act as a Distributor for Aptevo with respect to each Product under this Agreement that is distributed in Canada and will uphold any and all requirements set forth by the GMPs under Division 2, Part C of the Food and Drug Regulations (Consolidated Regulations of Canada, Chapter 870) as applied to an entity that does not hold the drug identification number for a product acting as a distributor for such product.

7.3 Additional Warranties by Aptevo. Aptevo represents, warrants and covenants to Emergent as follows:

7.3.1 Aptevo's storage, labeling, distribution, use, and sale of Products and 3PL-Only Products complies and will comply with all Applicable Law;

7.3.2 all necessary import and export licenses are in place or will be in place at the time of import or export (as applicable), and the import, export, distribution and sale of Products or 3PL-Only Products materially comply with all Applicable Law;

7.3.3 all necessary approvals of the FDA or any other Governmental Authority, whether federal, state, local or foreign, for the purpose for which the Products and 3PL-Only Products are intended to be distributed or sold, are in place or will be in place at the time of distribution or sale; and

7.3.4 Aptevo is not aware of any action or proceeding by any Regulatory Authority threatened against Aptevo relating to safety or efficacy of any of the Products or 3PL-Only Products, other than periodic discourse with the FDA or other Regulatory Authority related thereto.

7.4 Disclaimer of Warranties. EXCEPT FOR THE WARRANTIES SET FORTH IN SECTIONS 7.1, 7.2 AND 7.3, OR AS EXPRESSLY SET FORTH IN THE SDA OR ANY ANCILLARY AGREEMENT, EMERGENT HEREBY DISCLAIMS ALL CONDITIONS, WARRANTIES AND STATEMENTS IN RESPECT OF THE MATERIALS, THE PRODUCTS AND SERVICES PROVIDED HEREUNDER, WHETHER EXPRESS OR IMPLIED, CUSTOM OF THE TRADE OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY SUCH CONDITION, WARRANTY OR STATEMENT RELATING TO MERCHANTABILITY, NONINFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE OR USE UNDER ANY CONDITIONS.

ARTICLE VIII
INDEMNIFICATION AND LIMITATION ON LIABILITY

8.1 Indemnification by Emergent. Subject to the limitations set forth in Section 8.4 below, Emergent shall indemnify, defend and hold harmless Aptevo, its Affiliates and their respective directors, officers, employees, and agents, from and against any and all Liabilities arising out of Third-Party Claims to the extent as a result of (a) the failure of Emergent to perform the Manufacturing in compliance with cGMP or the Specifications, (b) the fraud, gross negligence or willful misconduct of Emergent, its directors, officers, employees or agents in the performance of its obligations under this Agreement, (c) the recall, product withdrawal or other field correction action of any Product by the FDA, other Governmental Authority or otherwise, to the extent caused by Emergent's Delivery of Product that, as of such Delivery, does not meet Specifications, (d) any changes made after the Effective Time to the Manufacturing process used by Emergent to Manufacture the Products (except to the extent resulting solely from a Product-Specific Manufacturing Improvement proposed and approved by Aptevo) or (e) any alleged or actual infringement or misappropriation of Third Party Intellectual Property rights to the extent resulting from Emergent's use of any Emergent information, data or property in the performance of this Agreement or resulting from any Facility Improvements and Platform Manufacturing Improvements.

8.2 Indemnification by Aptevo. Aptevo will indemnify, defend, and hold harmless Emergent, its Affiliates and their respective directors, officers, employees, and agents, from and against any and all Liabilities arising out of Third-Party Claims to the extent as a result of (a) the promotion, distribution, marketing, sale or use of any Product or 3PL-Only Product by Aptevo or any third party, including any product liability claim of a third party (except to the extent such claim is subject to Emergent's indemnification obligations under Section 8.1 above), (b) the fraud, gross negligence or willful misconduct of Aptevo, its directors, officers, employees or agents in the performance of its obligations or exercise of its rights under this Agreement, (c) any alleged or actual infringement or misappropriation of third party Intellectual Property rights in the Products or 3PL-Only Products or any portion thereof (except to the extent such claim is subject to Emergent's indemnification obligations under Section 8.1 above), or resulting from use of any Aptevo information, data or property in the performance of this Agreement, including without limitation the labeling specifications provided to Emergent by Aptevo, (d) the recall, product withdrawal or other field correction action of any Product by the FDA, other Governmental Authority or otherwise (other than recalls for which Emergent is obligated to indemnify Aptevo pursuant to Section 8.1(c)) or (e) the breach by Aptevo of its representations, warranties, obligations or covenants hereunder (except for a breach of payment obligations).

8.3 Conditions. Promptly after a Party (the "Indemnified Party") obtains knowledge of the existence or commencement of any claim or proceeding with respect to which the Indemnified Party is entitled to indemnification under Section 8.1 or 8.2, such Indemnified Party will notify the other Party (the "Indemnifying Party") of such claim or proceeding in writing;

provided, however, that any failure to give such notice will not waive any rights of the Indemnified Party except to the extent that the rights of the Indemnifying Party are actually prejudiced thereby. The Indemnifying Party will assume the defense and settlement of such claim or proceeding with counsel reasonably satisfactory to the Indemnified Party at the Indemnifying Party's sole risk and expense; provided, however, that the Indemnified Party (i) will reasonably cooperate with the Indemnifying Party in the defense and settlement of such claim or proceeding, and (ii) may not settle any such claim or proceeding without the Indemnifying Party's written consent (not to be unreasonably withheld or delayed). The Indemnifying Party may not settle any such claim or proceeding without the Indemnified Party's written consent, unless such settlement (x) includes a release of all covered claims or proceedings pending against the Indemnified Party; (y) contains no admission of liability or wrongdoing by the Indemnified Party; and (z) imposes no obligations upon the Indemnified Party.

8.4 Limitation on Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE SDA, THE TSA OR ANY OTHER ANCILLARY AGREEMENT:

8.4.1 EXCEPT FOR BREACHES OF ARTICLE VI, SECTIONS 2.6.1, 2.6.2, 2.6.3 OR 12.4.2, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR TO ANY PARTY CLAIMING THROUGH OR UNDER SUCH OTHER PARTY FOR ANY LOST PROFITS OR REVENUES, OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES HOWEVER CAUSED, WHETHER IN AN ACTION IN CONTRACT, TORT (INCLUDING STRICT LIABILITY), BASED ON A WARRANTY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF THE FIRST PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES;

8.4.2 EMERGENT SHALL BE ENTITLED TO SEEK LOST PROFITS, OR INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, AGAINST APTEVO, ANY MEMBER OF THE APTEVO GROUP, ANY ACQUIRING PARTY OR ANY AFFILIATE OF THE FOREGOING ARISING OUT OF OR IN CONNECTION WITH ANY BREACH OF ARTICLE VI, SECTIONS 2.6.2, 2.6.3 OR 12.4.2, DIRECTLY OR INDIRECTLY, BY APTEVO OR ANY OF THE FOREGOING.

8.4.3 EXCEPT FOR APTEVO'S INDEMNITY OBLIGATIONS UNDER SECTION 8.2 AND FOR EITHER PARTY'S BREACH OF ARTICLE VI, SECTIONS 2.6.1, 2.6.2, 2.6.3 OR 12.4.2, EACH PARTY'S LIABILITY FOR ALL CLAIMS ARISING UNDER THIS AGREEMENT SHALL NOT EXCEED THE AMOUNT PAID BY APTEVO TO EMERGENT UNDER THIS AGREEMENT DURING THE ONE YEAR PRECEDING THE EVENT THAT GAVE RISE TO SUCH CLAIM; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT LIMIT APTEVO'S PAYMENT OBLIGATIONS FOR PURCHASE OF PRODUCT AND SERVICES OR OTHER FEES DUE HEREUNDER, INCLUDING WITHOUT LIMITATION ANY AMOUNTS PAYABLE IN CONNECTION WITH MINIMUM ANNUAL ORDER OBLIGATIONS PURSUANT TO SECTION 3.1.5; AND

8.4.4 EMERGENT'S LIABILITY FOR THE REPLACEMENT OF OR THE COST OR VALUE OF ANY MATERIALS (EXCLUDING ACTIVE PHARMACEUTICAL INGREDIENTS) OR PRODUCTION EQUIPMENT SUPPLIED TO EMERGENT HEREUNDER BY APTEVO (IF ANY), INCLUDING BUT NOT LIMITED TO ANY MATERIALS (EXCLUDING ACTIVE PHARMACEUTICAL INGREDIENTS) OR SUCH PRODUCTION EQUIPMENT LOST OR DAMAGED, SHALL BE LIMITED TO THE ACTUAL VALUE THEREOF, BUT IN ANY EVENT SHALL NOT EXCEED EMERGENT'S INSURANCE COVERAGE FOR PROPERTY OF OTHERS AND ANY RELATED LOSS OR DAMAGE. APTEVO WILL BE RESPONSIBLE FOR PROVIDING THE VALUE OF ANY CLAIMED LOSS TO EMERGENT'S INSURANCE CARRIER FOR LOSSES COVERED BY EMERGENT'S INSURANCE POLICY.

8.5 Interaction with the SDA and other Ancillary Agreements. Notwithstanding anything to the contrary in the SDA, in no event may any claim, including any Dispute, under or with respect to the subject matter of this Agreement be the basis of an indemnification claim under Article IV of the SDA or under any other Ancillary Agreement.

ARTICLE IX
TERM AND TERMINATION

9.1 Term. Unless terminated in accordance with the provisions of Section 9.2, the term of this Agreement shall commence on the date hereof and continue for a period of ten (10) years.

9.2 Termination. This Agreement may be terminated:

9.2.1 by either Party immediately, in the event of an Insolvency/Bankruptcy Event with respect to the other Party;

9.2.2 by Emergent immediately, or at Emergent's discretion, suspended immediately, upon written notice to Aptevo if Aptevo fails to pay Emergent in full any undisputed amount due and payable in connection with this Agreement within forty-five (45) days after receipt of written notice from Emergent of such failure;

9.2.3 by the non-breaching Party immediately, if the other Party has materially breached this Agreement and fails to cure such breach (a) within thirty (30) days after receipt of written notice thereof or (b) if such breach cannot be cured within such thirty (30) day period, such period of time as the breaching Party is diligently making efforts to cure such breach, but in no event more than ninety (90) days after receiving notice of such breach from the non-breaching Party;

9.2.4 by Aptevo, in its entirety, by providing not less than twenty-four (24) months' written notice;

9.2.5 by Emergent, in its entirety, by providing not less than thirty-six (36) months' written notice;

9.2.6 by Aptevo, immediately upon written notice to Emergent in the event of a Manufacturing Failure; or

9.2.7 by Aptevo, solely with respect to all 3PL Services, by providing not less than six (6) months' written notice.

Notwithstanding the above, in no event shall notice or intention to terminate be deemed to waive any rights to damages or any other remedy which the Party giving notice of failure to pay or breach under Sections 9.2.2 or 9.2.3 may have as a consequence of such failure or breach.

9.3 Outstanding Obligations. Termination or expiration of this Agreement, for whatever reason, shall not affect the obligation of either Party to make any payments for which it is liable prior to or upon such termination. Upon any termination of this Agreement, Aptevo shall be responsible for any Binding Purchase Orders (although Emergent shall have the right, in its discretion, to cancel any such Purchase Order) and will purchase from Emergent, at a price equal to Emergent's cost therefor, any Materials purchased for the Products (based on forecasts or otherwise) which Emergent has reasonably purchased or ordered which cannot be canceled. Upon receipt of such payment, Emergent shall immediately deliver such Materials to Aptevo EXW (such Materials' locations). Section 4.4(a) of the PLA is hereby incorporated by reference.

9.4 Manufacturing Failure; CMO Appointment. If (i) a Manufacturing Failure occurs, and if Aptevo obtains the right, under Section 2.1(b) of the PLA, to exercise the right to have a Product manufactured by a CMO (as such term is defined in the PLA), or (ii) Emergent approves of a CMO in its sole and absolute discretion pursuant to Section 2.1(b) of the PLA (each, a "Triggering Event"), Emergent shall, itself or through the relevant member of the Emergent Group:

9.4.1 *Technology Transfer*. Provide reasonable assistance in the transfer of the Manufacturing Technology (as such term is defined in the PLA) and the Included Manufacturing Improvements to such CMO as follows: (i) Emergent will, without charge to Aptevo or the CMO, provide to such CMO the documentation of the Manufacturing Technology and the Included Manufacturing Improvements, in hard copy or electronic form, that is in Emergent's possession and control; (ii) Emergent will provide up to seven hundred fifty (750) FTE-hours of support without charge to Aptevo or the CMO to train such CMO in using such Manufacturing Technology and Included Manufacturing Improvements; and (iii) if such CMO needs reasonable additional assistance to use the Manufacturing Technology and Included Manufacturing Improvements, beyond the seven hundred fifty (750) FTE-hours set forth in the foregoing clause (ii), then Emergent will provide such reasonably requested support for up to three (3) years after the beginning of the technology transfer process and Aptevo will reimburse Emergent for such additional support at Emergent's then-standard rate.

9.4.2 *Manufacturing License*. Subject to the terms and conditions of this Agreement, grant to Aptevo a royalty-free, worldwide, non-transferable (except as provided in this Section 9.4.2 and for certain assignments as provided in Section 12.4) license, under the Included Manufacturing Improvements in the form in which such Included Manufacturing Improvements exist at the time of the Triggering Event, to make, have made, use, sell, offer to sell, import and otherwise commercialize the Products, solely within the Field, provided that Aptevo may only exercise (and the other members of the Aptevo Group may only exercise) the rights to make and have made the Products through such CMO pursuant to and in accordance with the PLA. Sections 2.6.3, 2.6.5 and 2.6.6 of this Agreement shall apply to Aptevo with respect to such license. Such license is subject to Aptevo's compliance with the terms of this Section 9.4.2 and, as applicable, Section 12.4 and shall terminate (a) upon the termination of the PLA for any reason or (b) if Aptevo breaches any term of any of Sections 2.6.3, 2.6.5, 2.6.6, this 9.4.2 or 12.4 and (i) fails to cure such breach within ninety (90) days after receipt of written notice of such breach from Emergent or (ii) if such breach is incapable of cure, as determined by Emergent in Emergent's reasonable discretion.

ARTICLE X
INSURANCE

10.1 Product Liability Insurance. Aptevo and Emergent shall each, at its own expense, maintain product liability insurance coverage, through the term of this Agreement and for a period of six (6) years thereafter, of at least ten million dollars ($10,000,000). Aptevo and Emergent will provide a certificate of insurance to the other upon request. Emergent shall be covered as an additional insured on Aptevo's product liability policy. If such product liability insurance is underwritten on a claims made basis, Aptevo and Emergent agree that any change of the fronting insurance carriers may require the purchase of prior acts coverage to ensure that coverage will be continuous throughout the term of this Agreement and for a period of six (6) years thereafter.

10.2 Insurance; Liability to Third Persons. Emergent and Aptevo, each at their own expense, shall obtain and thereafter maintain during the term of this Agreement:

10.2.1 workers' compensation as required by all applicable laws and Employer's Liability insurance with a policy limit of not less than one million dollars ($1,000,000); and

10.2.2 A combination of commercial general liability insurance and excess or umbrella insurance including contractual liability with combined minimum limits of ten million dollars ($10,000,000) for each occurrence and in the aggregate.

Each Party shall immediately give the other or its representative notice of any suit or action filed, or prompt notice of any claim made, against them arising out of the performance of this Agreement.

ARTICLE XI
DISPUTE RESOLUTION

11.1 Resolution Process. Notwithstanding anything to the contrary in the SDA, any Dispute (as defined below) shall be resolved exclusively in accordance with the following provisions of this ARTICLE XI:

11.1.1 *Disputes.* Any controversy or claim arising after the Effective Time and arising out of or relating to this Agreement, or the breach hereof, other than an inability to reach agreement under Section 3.16.3 (a "Dispute"), shall be resolved: (a) first, by negotiation by the Project Managers, and then (if there remains a Dispute) negotiation by and among the members of the Joint Steering Committee, with the possibility of mediation as provided in Section 11.1.2; and (b) then, if negotiation and mediation fail, by binding arbitration as provided in Section 11.2. Each Party agrees on behalf of itself and each of its Subsidiaries that the procedures set forth in this ARTICLE XI shall be the exclusive means for resolution of any Dispute. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

11.1.2 *Negotiation and Mediation*. If either Party serves written notice of a Dispute upon the other Party (a "Dispute Notice"), the Parties will first attempt to resolve such Dispute by direct discussions and negotiation (including as set forth in Section 11.1.1 above). If the Parties agree, the Parties may also attempt to resolve the Dispute by a mediation administered by the International Institute for Conflict Prevention & Resolution ("CPR") under its Mediation Procedure.

11.2 Arbitration.

11.2.1 If a Dispute is not resolved within forty-five (45) days (or later if mutually agreed by the Parties) after the service of a Dispute Notice, either Party shall have the right to commence arbitration. The arbitration shall be administered by the CPR pursuant to its Arbitration Rules and Procedures. References herein to any arbitration rules or procedures mean such rules or procedures as amended from time to time, including any successor rules or procedures, and references herein to the CPR include any successor thereto. The arbitration shall be before three (3) arbitrators. Each Party shall designate one arbitrator in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Rules. The two Party-appointed arbitrators will select the third, who will serve as the panel's chair or president. This arbitration provision, and the arbitration itself, shall be governed by the Laws of the State of Delaware and the Federal Arbitration Act, 9 U.S.C. §§ 1-16.

11.2.2 Consistent with the expedited nature of arbitration, each Party will, upon the written request of the other Party, promptly provide the other with copies of documents on which the producing Party may rely in support of or in opposition to any claim or defense. At the request of a Party, the arbitrators shall have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of five (5) per Party and shall be held within forty-five (45)

days of the grant of a request. Additional depositions may be scheduled only with the permission of the arbitrators, and for good cause shown. Each deposition shall be limited to a maximum of one day's duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. The Parties shall not utilize any other discovery mechanisms, including international processes and U.S. federal statutes, to obtain additional evidence for use in the arbitration. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrators, which determination shall be conclusive. All discovery shall be completed within 120 days following the appointment of the arbitrators. All costs and fees relating to the retrieval, review and production of electronic discovery shall be paid by the Party requesting such discovery.

11.2.3 The panel of arbitrators shall have no right, power or authority, under the CPR Rules for Non-Administered Arbitration or otherwise, to (i) award non-monetary or equitable relief of any sort (except as set forth in Section 2.6.3, ARTICLE VI, and except in the event of a breach of Section 12.4.2 or as necessary to otherwise enforce Section 12.4.2); (ii) relieve the Parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this Agreement; (iii) limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement; or (iv) adjudicate any matters pertaining to the SDA or any Ancillary Agreement other than this Agreement.

11.2.4 Absent fraud or manifest error, any arbitral award issued hereunder shall be final, binding and the sole and exclusive remedy to the Parties. Either Party may seek to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.

11.2.5 Except as may be required by Law or any applicable rules and regulations of any stock exchange, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

11.3 Expert Resolution for Lack of Agreement in Section 3.16.3. If the Parties are unable to reach agreement within thirty (30) days of beginning discussions under Section 3.16.3, the disagreement shall be resolved pursuant to this Section 11.3.

11.3.1 Any matter under this Section 11.3 shall be referred to a person suitably qualified to determine such matter who shall be jointly nominated and approved by the Parties (the "Expert"). The Expert will act as an expert, not as an arbitrator. Any fee due the Expert shall be shared by the Parties. The Expert's terms of appointment shall include: (i) a requirement that the Expert act fairly; (ii) unless otherwise agreed by the Parties, a requirement that the Expert hold adequate professional indemnity insurance both then and for at least the period of statutory limitation following the date of the Expert's determination; (iii) confidentiality obligations reasonably acceptable to the Parties; and (iv) a commitment by the Parties to supply to the Expert all such assistance, documents and information as the Expert may reasonably require for the purpose of his or her determination.

11.3.2 Within fifteen (15) days after the designation of the Expert pursuant to Section 11.3.1, the Parties shall each simultaneously submit to the Expert and one another a written statement of their respective positions on the disagreement. Each Party shall have five (5) days from receipt of the other Party's submission to submit to the Expert and the other Party a written response thereto, which shall include any specific financial or back-up information in support thereof. The Expert shall have the right to meet with the Parties, either alone or together, as necessary to make a determination.

11.3.3 No later than thirty (30) days after the designation of the Expert, the Parties shall each submit a final proposal to the Expert, who shall select one of such proposals based on the Expert's opinion as to the overall fairness and reasonableness of such proposal in light of the totality of the circumstances. The Expert shall provide the Parties with a written statement setting forth the basis of the determination. The decision of the Expert shall be final and conclusive, absent manifest error on all such matters.

11.4 Interim Relief. At any time during the resolution of a dispute between the Parties, either Party has the right to apply to any court of competent jurisdiction for interim relief, including pre-arbitration attachments or injunctions, necessary to preserve the Parties' rights or to maintain the Parties' relative positions until such time as the arbitration award is rendered or the dispute is otherwise resolved.

11.5 Expenses. Each Party shall bear its own costs, expenses and attorneys' fees in pursuit and resolution of any dispute; provided, however, that, in the event of any arbitration with respect to any dispute pursuant to Section 11.1 in which the arbitrator issues an arbitral award in an amount that is within ten percent (10%) of the amount of the most recent bona fide written settlement offer submitted by a Party and rejected by a Party in connection with such dispute, then the Party that rejected such settlement offer shall bear both Parties' costs, expenses and attorneys' fees incurred in connection with such arbitration (including the fees and expenses of any arbitrator).

ARTICLE XII
MISCELLANEOUS

12.1 Provisions from the SDA. The Parties agree and acknowledge that this Agreement is an Ancillary Agreement and, therefore, that certain provisions of the SDA apply hereto, provided, however, that if there is any conflict between the terms of this Agreement and the terms of the SDA, the terms of this Agreement apply with respect to the subject matter hereof. Sections 11.1 (Counterparts; Entire Agreement; Corporate Power), 11.2 (Governing Law), 11.6 (Severability), 11.10 (Headings), 11.11 (Survival of Covenants), 11.12 (Waivers of Default), 11.14 (Amendments), 11.15 (Interpretation) and 11.16 (No Set Off) of the SDA are incorporated herein by reference, *mutatis mutandis*.

12.2 Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by

facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 12.2):

If to Emergent, to:

[●]

with a copy to:

[●]

If to Aptevo to:

[●]

with a copy to:

[●]

Any Party may, by notice to the other Party, change the address and contact person to which any such notices are to be given.

12.3 Force Majeure. If either Party fails to fulfill its obligations hereunder (other than an obligation for the payment of money), when such failure is due to an act of God, or other circumstances beyond its reasonable control (to the extent such Party could not have mitigated the effects of such events using reasonable efforts), including but not limited to unanticipated Manufacturing Facility shutdown, supplier delays or failures, equipment failure, fire, flood, civil commotion, riot, war (declared and undeclared), revolution, action by government including delays in obtaining governmental approvals or embargoes, then said failure shall be excused for the duration of such event and for such a time thereafter as is reasonable to enable the Parties to resume performance under this Agreement. Any failure of Emergent in performing its obligations hereunder due to Aptevo's failure to provide to Emergent any information, assistance or material necessary for Emergent to perform its activities under this Agreement shall also so excuse Emergent's failure.

12.4 Assignability.

12.4.1 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable by either Party, in whole or in part, without the express written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for (i) the assignment of all of Aptevo's rights and obligations under this Agreement to an acquirer of all or substantially all of the assets of the

Aptevo Group relating to all the Products, (ii) the assignment of all of Emergent's rights and obligations under this Agreement to an acquirer of all or substantially all of the assets of Emergent relating to the Manufacturing Technology or (iii) the licensing, assignment or otherwise transferring of any Aptevo Intellectual Property, subject to the license granted to Emergent herein.

12.4.2 If Aptevo or a member of the Aptevo Group (in each case, except to the extent otherwise expressly permitted by this Agreement or any other Ancillary Agreement), or any successor or assignee of Aptevo, or an Acquiring Entity operates a Competing Program, (i) such Person and its Affiliates shall establish and enforce internal processes, policies, procedures and systems to strictly segregate information relating to any Competing Program from the Manufacturing Technology and the Included Manufacturing Improvements; (ii) such Person and its Affiliates shall not use, directly or indirectly, any Manufacturing Technology, Included Manufacturing Improvements or any Confidential Information of Emergent in such Competing Program (except that a CMO is permitted to use the Manufacturing Technology and the Included Manufacturing Improvements solely to manufacture the Products on behalf of Aptevo or its successor or assignee, as applicable, solely in accordance with the terms of this Agreement and the PLA); (iii) no personnel who had access to the Manufacturing Technology or Included Manufacturing Improvements at any time may conduct any activities under such Competing Program (except that a CMO is permitted to use the Manufacturing Technology and the Included Manufacturing Improvements solely to manufacture the Products on behalf of Aptevo or its successor or assignee, as applicable, solely in accordance with the terms of this Agreement and the PLA); and (iv) Emergent may abstain from sharing with such Person and its Affiliates any Confidential Information related to the Manufacturing Technology or the Included Manufacturing Improvements, in its sole discretion. Notwithstanding anything else to the contrary in the Agreement, following an assignment of this Agreement by a Party in accordance with such Party's right to assign this Agreement under Section 12.4.1(i) or (ii), as applicable, the assigning Party may request from the non-assigning Party that the assigning Party be released from liability with regard to the actions of such assignee under this Agreement following such assignment, which release shall not be unreasonably withheld or delayed.

12.4.3 Nothing herein shall prevent Emergent or any member of the Emergent Group from, subject to the licenses granted to Aptevo herein, licensing, assigning or otherwise transferring any right, title or interest in or to any Licensed IP or Included Manufacturing Improvements.

12.4.4 To the extent either Party assigns the Intellectual Property underlying any license granted under this Agreement, such Party shall assign the applicable portions of this Agreement to such assignee.

12.4.5 Notwithstanding anything to the contrary contained herein in the SDA or in any other Ancillary Agreement, any attempt by Aptevo to assign any rights or obligations arising under this Agreement, the CDA or the PLA shall be void unless Aptevo concurrently assigns this Agreement, the CDA and the PLA (to the extent such agreements have not terminated or expired) to the same assignee, and (b) the applicable assignment, transfer

(including by operation of law) or change of control of Aptevo shall be void unless the same person or entity is, as of any relevant time, "Aptevo" under this Agreement and "Aptevo" under the CDA and PLA.

12.4.6 The assigning Party shall remain bound by all obligations with respect to the other Party's Confidential Information under this Agreement. The non-assigning Party may disclose the assigning Party's Confidential Information to the assignee as necessary for the non-assigning Party's performance of its obligations and exercise of its rights under this Agreement.

12.5 Independent Contractors. It is expressly agreed that Emergent and Aptevo shall be independent contractors and that the relationship between Emergent and Aptevo shall not constitute a partnership, joint venture or agency. Neither Emergent nor Aptevo shall have the authority to make any statements, representations, or commitments of any kind, or to take any action, which shall be binding on the other Party, without the prior written consent of the other Party.

12.6 Bankruptcy. All rights and licenses granted under or pursuant to any Section of this Agreement are rights to "intellectual property" (as defined in Section 101(35A) of Title 11 of the United States Code, as amended (the "Bankruptcy Code")). Each Party shall retain and may fully exercise all of its rights and elections under the Bankruptcy Code with respect to such rights and licenses.

12.7 Survival. All representations, warranties, covenants and agreements made herein and which by their express terms or by implication are to be performed after the execution and or termination hereof, or are prospective in nature, shall survive such execution or termination, as the case may be, including Sections 2.6.3, 2.6.5, 2.6.6, 3.7, 3.9, 3.17, 3.18, 3.20, 3.21, 6.1, 7.4, ARTICLE VIII, Section 9.3, Section 9.4 (solely to the extent a Triggering Event had occurred prior to the expiration or termination of this Agreement or if this Agreement is terminated pursuant to Section 9.2.5), ARTICLE X, Sections 11.1, 11.2, 11.4, 11.5, 12.1, 12.2, 12.3, 12.4, 12.5, 12.7, 12.8 and 12.9.

12.8 Further Assurances. Each Party covenants and agrees that, without any additional consideration, it shall execute and deliver any further legal instruments and perform any acts that are or may become necessary to effectuate this Agreement. For clarity, nothing in this Section 12.8 shall be construed as an obligation on the part of either Party to perform any services.

12.9 Quality Agreement. The Quality Agreement shall, together with this Agreement, apply to the provision of any service contemplated under this Agreement solely to the extent such service relates to quality assurance matters and is within the subject matter of the Quality Agreement. In the event of any conflict or inconsistency between the Quality Agreement and this Agreement solely with respect to quality assurance matters, the Quality Agreement shall control. In the event of any other conflict or inconsistency (including, for the avoidance of doubt, with respect to the respective remedies of the parties with respect to any service contemplated under this Agreement), this Agreement shall control.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their duly authorized representatives.

EMERGENT BIOSOLUTIONS INC.

By: _____
Name: _____
Title: _____

APTEVO THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

LIST OF SCHEDULES:

Schedule A.	Pricing
Schedule B.	Order Minimums
Schedule C.	Quality Agreement
Schedule D.	IXINITY Packaging Services
Schedule E.	3PL Services

Schedule A

Pricing

Schedule B

Order Minimums

Schedule C

Quality Agreement

Schedule D

IXINITY Packaging Services

Schedule E

3PL Services

Exhibit 10.5

CANADIAN DISTRIBUTOR AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [●], 2016

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This CANADIAN DISTRIBUTOR AGREEMENT dated as of [●], 2016 (this "Agreement"), is made and entered into by and between Emergent BioSolutions Inc., a Delaware corporation ("Emergent" or "Distributor") (for whom its designee, Cangene Corporation, a corporation organized under the laws of Canada and a member of the Emergent Group, assumes all rights and obligations under this Agreement), and Aptevo Therapeutics, Inc., a corporation organized under the laws of Delaware ("Aptevo"). Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement ("SDA"), or, if not therein, in the Transition Services Agreement ("TSA"), or, if not therein, in the Manufacturing Services Agreement ("MSA"), or, if not therein, in the Product Licensing Agreement (the "PLA"), or, if not therein, in the Trademark License Agreement ("TLA"), each dated as of the date hereof, by and between Emergent and Aptevo. The Parties acknowledge and agree that this Agreement is an Ancillary Agreement under the SDA.

WHEREAS, Aptevo and Emergent have entered into the SDA, the TSA, the MSA, the TLA and the PLA;

WHEREAS, Aptevo is a developer and manufacturer of pharmaceutical products;

WHEREAS, Aptevo, a foreign drug identification number owner, desires to ship certain of its pharmaceutical products to destinations in the Territory (as defined in this Agreement), subject to the terms and conditions set forth in this Agreement, and therefore wishes to engage a distributor as such term is defined by Applicable Law;

WHEREAS, Distributor is, to the extent described in the MSA, capable of providing distributor services in the Territory with respect to the Products; and

WHEREAS, Aptevo is prepared to appoint Distributor, and Distributor is prepared to accept the appointment, as Aptevo's exclusive distributor within the Territory, for the purpose of distributing certain products, subject to the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual promises of the Parties, and of good and valuable consideration, it is agreed by and between the Parties as follows:

ARTICLE I
DEFINITIONS

In this Agreement, the following terms shall have the following meanings:

"CPR" has the meaning set forth in Section 12.1.2.

"Dispute" has the meaning set forth in Section 12.1.1.

"Dispute Notice" has the meaning set forth in Section 12.1.2.

"Indemnified Parties" has the meaning set forth in Section 8.3.

"Indemnifying Party" has the meaning set forth in Section 8.3.

"Product" means each pharmaceutical product listed on the Product Schedule.

"Product Schedule" means Schedule A as may be amended or modified from time to time by written agreement of the Parties.

"QA" has the meaning set forth in Section 4.3.

"Regulatory Approval" means any and all approvals or authorizations required from any Regulatory Authority for the commercial exploitation of each Product in any part of the Territory.

"Regulatory Authority" means the applicable Governmental Authority that has jurisdiction with respect to the distribution of the Products in the Territory.

"Safety Data Exchange Agreement" or "SDEA" means the Safety Data and Exchange Agreement, by and between Emergent and Aptevo, of even date herewith, that defines the responsibilities of each Party with reference to each pharmacovigilance activity and specifies the processes involved for the exchange of safety information, including timelines and regulatory reporting responsibilities.

"Term" means the term of this Agreement specified in Section 2.3 below, or such shorter term if this Agreement is terminated earlier in accordance with the terms hereof.

"Territory" means the country of Canada.

"Trademarks" means each trademark and trade name, symbol or other proprietary mark affixed to or associated with a Product.

"Distributor Fee" means the annual fee charged by Distributor to Aptevo for performing the services contemplated by this Agreement as provided on Schedule B.

ARTICLE II
APPOINTMENT AND TERM

2.1 Appointment. Subject to the terms and conditions of this Agreement, and subject to Distributor being the exclusive distributor of the Products in the Territory under the MSA, Aptevo appoints Distributor as the exclusive distributor for the Products in the Territory, during the Term. Aptevo hereby grants Distributor access to all relevant Confidential Information, which Distributor may use to perform its obligations under this Agreement, and authorizes it to act for and on behalf of Aptevo solely for purposes of Distributor's obligations under this Agreement.

2.2 License to Distributor. For clarity, to the extent not already licensed under the terms of the PLA, during the term of this Agreement, and subject to the terms and conditions of this Agreement, Aptevo grants to Distributor a non-exclusive, worldwide, sublicenseable and royalty-free license, under any Intellectual Property owned or controlled by Aptevo or any of its Affiliates, solely to perform the services and to comply with Distributor's obligations under the terms and conditions of this Agreement.

2.3 Initial Term and Renewal. Subject to earlier termination in accordance with this Agreement, the initial Term shall be for an initial period of ten (10) years commencing at the Effective Time. Unless terminated earlier in accordance herewith, this Agreement shall be renewed, for further periods of one (1) year each upon the same terms as set out herein, unless either Party provides the other Party with at least thirty (30) days prior written notice of its intention to terminate this Agreement.

2.4 Products. This Agreement shall apply to the Product(s) in the form in which such Product(s) are listed from time to time on the Product Schedule attached hereto. The Product Schedule may be amended from time to time, upon mutual agreement in writing of the Parties hereto.

2.5 Delegation. Distributor may use any of its Affiliates to fulfill any of its obligations under this Agreement.

ARTICLE III
PAYMENT

3.1 Payment Terms. Payment of the Distributor Fee shall be due from Aptevo by direct bank deposit or wire transfer pursuant to Distributor's written instructions within forty-five (45) days from date of invoice. Any and all late payments shall be subject to the payment of interest at the rate of 12.0% (twelve percent) per annum. In addition to any other remedies Distributor may have in the event Aptevo does not pay an outstanding, overdue invoice for more than forty-five (45) days from the date on which Distributor provided Aptevo with written notice of such default (which notice period shall be tolled during any bona fide dispute regarding such invoice), Distributor shall be entitled to refuse to perform any of the services contemplated by this Agreement, in its sole discretion, until all or an agreed upon portion of the aggregate amount owing has been paid.

3.2 Payment without Deductions. All Distributor Fees specified hereunder are expressed as net amounts and shall be paid by Aptevo free and clear of, and without reduction for, any withholding taxes. Aptevo shall, upon request, provide Distributor with official receipts issued by the appropriate taxing authority or such other evidence as may be reasonably requested by Distributor to establish that such taxes have been paid.

ARTICLE IV
DISTRIBUTOR'S OBLIGATIONS

4.1 Distributor shall, at its own expense, and subject to Aptevo's compliance with the terms of ARTICLE V, during the Term:

4.1.1 Tracking and Receipt of Information. Track applicable Products in the Territory and serve as a point of contact for inquiries about such Products as follows: once Aptevo submits a Shipping Order under the MSA that names Canada as the Distribution Destination, the Distributor shall thereafter track the Products delivered under such Shipping Order from the time such Products enter the Territory until such Products are delivered to the recipient named in the Shipping Order. After the delivery of such Products, Distributor may be contacted with inquiries and other communications from entities within the Territory pertaining

to such Products, which communications shall be forwarded to Aptevo pursuant to Section 13.2 within five (5) Business Days upon receipt. All reporting of adverse events will be governed by the provisions of the SDEA;

4.1.2 Compliance with Laws. Comply with all Laws of the Territory that apply to Distributor with respect to this Agreement or the transactions and activities contemplated by this Agreement. Distributor shall not take any action that it knows will cause Aptevo to be in violation of any Law in the Territory;

4.1.3 Regulatory Point of Contact. Strictly in the capacity of Aptevo's agent, serve as the secondary point of contact and liaison with the applicable Regulatory Authority with respect to all communications with such Regulatory Authority pertaining to the Products in the Territory, except where Distributor's responsibilities under Applicable Law require Distributor to liaise directly with or be the primary point of contact for the applicable Regulatory Authority. Distributor shall notify Aptevo upon being contacted by a Regulatory Authority or any other competent Governmental Authority within the Territory for any regulatory purpose pertaining to this Agreement or the Products, including with respect to labeling or packaging, within two (2) Business Days, except for if Distributor is legally prohibited from doing so. Except for administrative matters, Distributor shall not respond to any such Governmental Authority before consulting with Aptevo, unless under the circumstances pursuant to which such Governmental Authority contacts Distributor, Distributor is legally prohibited from giving Aptevo advance notice. In any event, once Distributor is no longer legally prohibited from giving Aptevo advance notice, Distributor shall inform Aptevo of such contact within two (2) Business Days. For clarity, Distributor is under no obligation to give Aptevo any regulatory, legal or other compliance advice under this Agreement and no communication from Distributor to Aptevo shall be construed as providing such advice;

4.1.4 Regulatory Record Keeping and Information. Maintain Product regulatory records according to Distributor's standard operating procedures and in accordance with local Laws, such as submissions, regulatory agency correspondence and telephone contact reports; provided that Aptevo, upon the request of Distributor, provides Distributor with information and documents (in English) that are in Aptevo's possession relating to each Product as are required by the applicable Regulatory Authority;

4.1.5 Regulatory Approval Notices. Notify Aptevo as soon as reasonably possible, but in no event later than two (2) Business Days, in the event that any Regulatory Approval for a Product is revoked for any reason in the Territory;

4.1.6 Inquiry Forwarding. Keep Aptevo informed of any inquiries from entities within the Territory by promptly forwarding such inquires to Aptevo pursuant to Section 13.2;

4.1.7 Pharmacovigilance Compliance. Until one year after the expiration date of the last Product distributed in commerce produced under the MSA, comply with the terms and conditions of the Safety Data Exchange Agreement. To the extent that there is any inconsistency between the terms of this Agreement and the SDEA, the terms of this Agreement shall control, unless the SDEA expressly refers to the TSA in relation to such inconsistency, in which case the terms of the TSA shall control; and

4.1.8 Product Recalls. Only to the extent required by applicable Law, maintain complete and accurate records for any periods of recall, field alert, product withdrawal or field correction of any Product.

4.2 The Parties understand and agree that Distributor's performance of services under this Agreement should not, in the ordinary course of business, require Distributor to incur material out of pocket costs. Distributor may only take actions that incur such costs related to the provision of services under this Agreement if required by Law and only with the prior authorization of Aptevo, which authorization shall not be unreasonably withheld. For such actions, Aptevo shall reimburse Distributor within forty-five (45) days of receipt of an invoice from Distributor regarding such costs.

4.3 As a condition precedent to Distributor's obligations under this Agreement and as a condition to each of Distributor's representations or warranties under this Agreement, both the MSA and the Quality Agreement attached thereto as Schedule C (the "QA") must be in full force and effect between Emergent and Aptevo. If, at any point during the Term, either the MSA or the QA is terminated, Distributor may, in its sole discretion, either (i) indefinitely suspend any obligation to discharge any of its responsibilities or otherwise perform under this Agreement or (ii) terminate this Agreement in accordance with Section 10.3.3.

ARTICLE V
APTEVO'S OBLIGATIONS

Aptevo shall discharge the following obligations at its own expense during the Term:

5.1 Safety and Packaging. Ensure that the Product complies with local Laws as to safety, packaging and marketing and that all packaging and delivery complies with the requirements of the Regulatory Authority of the Territory;

5.2 Compliance with Laws. Comply with all Laws of the Territory that apply to Aptevo with respect to this Agreement or the transactions and activities contemplated by this Agreement;

5.3 Regulatory Point of Contact. Subject to Section 4.1.3, serve as the primary point of contact and liaison with the applicable Regulatory Authority with respect to all communications with such Regulatory Authority pertaining to the Products in the Territory. Aptevo shall promptly notify Distributor upon being contacted by a Regulatory Authority or any other competent Governmental Authority within the Territory for any material regulatory purpose pertaining to this Agreement or the Products;

5.4 Regulatory Approval Notices. Notify Distributor immediately in the event that any Regulatory Approval for a Product is revoked for any reason in the Territory;

5.5 Inquiry Forwarding. Keep Distributor informed of any inquiries related to any of the Products from entities within the Territory by promptly forwarding such inquires to Distributor pursuant to Section 13.2;

5.6 Regulatory Record Keeping and Information. Maintain Product regulatory records according to Aptevo's standard operating procedures and in accordance with local Laws, such as submissions, regulatory agency correspondence and telephone contact reports. Distributor shall provide Aptevo with information and documents (in English) that are in Distributor's possession relating to each Product as are required by the applicable Regulatory Authority;

5.7 Material Information. Notify Distributor from time to time of any event with respect to the Product reported to Aptevo whether within or outside the Territory which Aptevo reasonably deems to be material to the distribution of the Product or which either Party is legally required to disclose;

5.8 Product Improvements or Changes. Advise Distributor of all changes to the Canadian labeling or package insert for each Product;

5.9 Pharmacovigilance Compliance. Until one year after the expiration date of the last Product distributed in commerce produced under the MSA, comply with the terms and conditions of the Safety Data Exchange Agreement. To the extent that there is any inconsistency between the terms of this Agreement and the SDEA, the terms of this Agreement shall control, unless the SDEA expressly refers to the TSA in relation to such inconsistency, in which case the terms of the TSA shall control; and

5.10 Product Recalls. In the event of any recall, field alert, product withdrawal or field correction with respect to any of the Products, whether initiated by Aptevo, required by a Governmental Authority or for any other reason, Aptevo shall manage such recall, field alert, product withdrawal or field correction and shall bear all reasonable costs and expenses of services requested by Aptevo or required by any Governmental Authority relating to such recall, field alert, product withdrawal or field correction, including, without limitation, expenses or obligations to Third Parties, the cost of notifying customers and costs associated with the shipment or recalled Products.

ARTICLE VI
CONFIDENTIALITY

6.1 Confidentiality Obligations under the SDA. Any Confidential Information exchanged under this Agreement shall be treated as Confidential Information under the SDA, subject to the exceptions therein. Sections 7.7 and 7.8 of the SDA are incorporated herein by reference, *mutatis mutandis*.

ARTICLE VII
REPRESENTATIONS & WARRANTIES

7.1 Warranties by both Parties. Each Party represents and warrants that:

7.1.1 it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, to conduct its business as currently conducted and to enter into this Agreement, and to consummate the transactions contemplated by this Agreement;

7.1.2 neither the execution, delivery nor performance of this Agreement by such Party violates or conflicts with, or will violate or conflict with, any provision of such Party's organizational or governing documents or instruments, nor are there any inconsistencies, to the best of such Party's knowledge, between the terms of this Agreement and any of such Party's obligations to third parties or under applicable Law, which bind or encumber it or its property;

7.1.3 the execution, delivery and performance of this Agreement has been duly authorized by such Party's appropriate authorizing authority or other applicable governing body and by any other necessary corporate or other legal actions of such Party, and this Agreement constitutes the valid and binding obligation of such Party, enforceable in accordance with its terms, except as such enforceability may be limited by general principles of equity or bankruptcy, insolvency, reorganization or similar laws affecting the rights of creditors generally; and

7.1.4 there are no actions, suits, claims or proceedings (pending or threatened) against, by, or affecting such Party in any court or before any arbitrator or governmental agency or authority that may have a material adverse effect on such Party's assets, its financial condition, the operation of its business or its ability to perform its obligations under this Agreement.

7.2 Additional Warranties by Distributor. Distributor represents and warrants as follows:

7.2.1 it possesses the necessary capabilities, facilities, personnel and expertise to enable it to perform its obligations and conduct its activities pursuant to the terms of this Agreement; and

7.2.2 it has all governmental licenses, permits and approvals required by Applicable Law to market, promote, distribute, offer for sale and sell the Products in the Territory and to conduct all of its obligations required under this Agreement.

7.3 Additional Warranties by Aptevo. Aptevo represents and warrants as follows:

7.3.1 the Products have received or are exempt from marketing clearances, licenses, approvals or authorizations required by Applicable Law and therefore may be legally marketed and distributed in the Territory under such marketing clearances, licenses, approvals or authorizations or under a legally recognized exemption from the same;

7.3.2 it shall comply with all Applicable Laws in the Territory that apply to the promotion of and sale of the Products;

7.3.3 the Products' labeling and promotional materials are accurate, complete, and in compliance with Applicable Law

7.3.4 the distribution of the Products in the Territory does not and will not infringe any patent or proprietary rights of third parties; and

7.3.5 there is no action or proceeding by any Governmental Authority threatened against Aptevo relating to safety or efficacy of any of the Products, other than periodic discourse with Governmental Authorities as part of the normal course of business.

7.4 Disclaimer of Warranties. EXCEPT FOR THE WARRANTIES SET FORTH IN SECTIONS 7.1 OR 7.2, OR AS EXPRESSLY SET FORTH IN THE SDA OR ANY ANCILLARY AGREEMENT, DISTRIBUTOR HEREBY DISCLAIMS ALL CONDITIONS, WARRANTIES AND STATEMENTS IN RESPECT OF THE MATERIALS, THE PRODUCTS AND SERVICES PROVIDED HEREUNDER, WHETHER EXPRESS OR IMPLIED, CUSTOM OF THE TRADE OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY SUCH CONDITION, WARRANTY OR STATEMENT RELATING TO MERCHANTABILITY, NONINFRINGEMENT, FITNESS FOR A PARTICULAR PURPOSE OR USE UNDER ANY CONDITIONS.

ARTICLE VIII
INDEMNIFICATION AND LIMITATION ON LIABILITY

8.1 Indemnification by Distributor. Subject to the limitations set forth in Section 8.4 below, Distributor shall indemnify, defend, and hold harmless Aptevo, its Affiliates and their respective directors, officers, employees, and agents, from and against any and all Liabilities arising out of Third-Party Claims to the extent as a result of (a) the gross negligence or willful misconduct of Distributor, its directors, officers, employees or agents in the performance of its obligations under this Agreement, or (b) any alleged or actual infringement or misappropriation of third party Intellectual Property rights resulting from Distributor's use of any Distributor information, data or property in the performance of this Agreement.

8.2 Indemnification by Aptevo. Aptevo will indemnify, defend, and hold harmless Distributor, its Affiliates and their respective directors, officers, employees, and agents, from and against any and all Liabilities arising out Third-Party Claims to the extent as a result of (a) the promotion, distribution, sale or use of any Product by Aptevo or any third party, including any product liability claim of a third party, (b) the recall, product withdrawal, or other field correction action of any Product any Governmental Authority or otherwise, (c) the negligence or willful misconduct of Aptevo, its directors, officers, employees or agents in the performance of its obligations or exercise of its rights under this Agreement, (d) any breach by Aptevo of the terms of this Agreement or (e) any alleged or actual infringement or misappropriation of third party Intellectual Property rights in the Products or any portion thereof (except to the extent such claim is subject to Distributor's indemnification obligations under Section 8.1 above), or resulting from use of any Aptevo information, data or property in the performance of this Agreement.

8.3 Conditions. Promptly after a Party (the "Indemnified Party") obtains knowledge of the existence or commencement of any claim or proceeding with respect to which the Indemnified Party is entitled to indemnification under Section 8.1 or 8.2, such Indemnified Party will notify the other Party (the "Indemnifying Party") of such claim or proceeding in writing; provided, however, that any failure to give such notice will not waive any rights of the Indemnified Party except to the extent that the rights of the Indemnifying Party are actually prejudiced thereby. The Indemnifying Party will assume the defense and settlement of such

claim or proceeding with counsel reasonably satisfactory to the Indemnified Party at the Indemnifying Party's sole risk and expense; provided, however, that the Indemnified Party (i) will reasonably cooperate with the Indemnifying Party in the defense and settlement of such claim or proceeding, and (ii) may not settle any such claim or proceeding without the Indemnifying Party's written consent. The Indemnifying Party may not settle any such claim or proceeding without the Indemnified Party's written consent, unless such settlement (x) includes a release of all covered claims or proceedings pending against the Indemnified Party; (y) contains no admission of liability or wrongdoing by the Indemnified Party; and (z) imposes no obligations upon the Indemnified Party.

8.4 Limitation on Liability. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, THE SDA, THE TSA OR ANY OTHER ANCILLARY AGREEMENT:

8.4.1 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY OR TO ANY PARTY CLAIMING THROUGH OR UNDER THE OTHER PARTY FOR ANY LOST PROFITS OR REVENUES, OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES HOWEVER CAUSED, WHETHER IN AN ACTION IN CONTRACT, TORT (INCLUDING STRICT LIABILITY), BASED ON A WARRANTY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES;

8.4.2 DISTRIBUTOR'S LIABILITY FOR ALL CLAIMS ARISING UNDER THIS AGREEMENT SHALL NOT EXCEED THE AMOUNT PAID BY APTEVO TO DISTRIBUTOR UNDER THIS AGREEMENT DURING THE ONE YEAR PRECEDING THE EVENT THAT GAVE RISE TO SUCH CLAIM.

8.5 Interaction with the SDA and other Ancillary Agreements. Notwithstanding anything to the contrary in the SDA, in no event may any claim, including any Dispute, under or with respect to the subject matter of this Agreement be the basis of an indemnification claim under Article IV of the SDA or under any other Ancillary Agreement.

ARTICLE IX
INSURANCE

9.1 Distributor Insurance. Distributor will at its own cost maintain throughout the Term of this Agreement and for a period of not less than three (3) years following its termination or expiration, liability insurance covering the obligations undertaken by Distributor in this Agreement.

9.1.1 Such insurance maintained by Distributor shall, at a minimum, include coverage of the following types and amounts: Commercial General Liability Insurance including contractual liability in an amount not less than $1,000,000 per occurrence and $2,000,000 general aggregate; Umbrella Insurance in an amount not less than $3,000,000 per occurrence and $3,000,000 general aggregate; and Products/Completed Operations Insurance in an amount not less than $5,000,000 per occurrence and $5,000,000 general aggregate.

9.1.2 Such insurance maintained by Distributor shall name Aptevo as an additional insured.

9.1.3 Distributor shall provide that its insurer will endeavor to mail 30 days' prior written notice to Distributor and Aptevo should the policy be cancelled before the expiration date thereof.

9.1.4 Distributor shall, on request by Aptevo, provide Aptevo with a certificate of insurance evidencing the insurance it is required to carry under this Section 9.1.

9.2 Aptevo Insurance. Aptevo will at its own cost maintain throughout the Term of this Agreement and for a period of not less than three (3) years following its termination or expiration, liability insurance covering the obligations undertaken by Aptevo in this Agreement.

9.2.1 Such insurance maintained by Aptevo shall, at a minimum, insure the Products through a commercial policy for general and products liability, serve as primary coverage for Distributor and Aptevo and include coverage of the following types and amounts: Commercial General Liability Insurance including contractual liability in an amount not less than $1,000,000 per occurrence and $2,000,000 general aggregate; Umbrella Insurance in an amount not less than $3,000,000 per occurrence and $3,000,000 general aggregate; and Products/Completed Operations Insurance in an amount not less than $5,000,000 per occurrence and $5,000,000 general aggregate.

9.2.2 Such insurance maintained by Aptevo shall name Distributor as an additional insured.

9.2.3 Aptevo shall provide that its insurer will endeavor to mail 30 days' prior written notice to Aptevo and Distributor should the policy be cancelled before the expiration date thereof.

9.2.4 Aptevo shall, on request by Distributor, provide Distributor with a certificate of insurance evidencing the insurance it is required to carry under this Section 9.2.

ARTICLE X
TERMINATION

10.1 By Either Party. Either Party shall be entitled to terminate this Agreement by written notice to the other, having immediate effect, if:

10.1.1 Default. The other Party is in default in any material respect in the performance of any of its obligations under this Agreement or otherwise commits any material breach of this Agreement, and such default continues after thirty (30) days written notice from the non-defaulting Party to the defaulting Party stating the particulars and attaching the documentary evidence of such default; or

10.1.2 Insolvency/Bankruptcy Event. In the event of an Insolvency/Bankruptcy Event with respect to the other Party.

10.2 By Aptevo. In addition to the foregoing, Aptevo shall have the following rights to terminate this Agreement, either in its entirety or as it relates to one or more Products, by written notice having immediate effect:

10.2.1 Convenience. Aptevo may terminate the Agreement, in whole or in part with respect to certain Products, for convenience upon ninety (90) day's prior written notice to Distributor; or

10.2.2 Regulatory Approvals. Aptevo may terminate the Agreement as it relates to one or more Products in the event that the Regulatory Approval for such Product(s) in the Territory is revoked by the applicable Regulatory Authority.

10.3 By Emergent. In addition to the foregoing, Emergent shall have the following rights to terminate this Agreement, either in its entirety or as it relates to one or more Products, by written notice having immediate effect:

10.3.1 Default. Emergent may terminate the Agreement if Aptevo fails to make a payment of money, when due under this Agreement, and such default continues after thirty (30) days written notice from Emergent to Aptevo stating the particulars of such default; or

10.3.2 Loss of Regulatory Approval. Emergent may terminate the Agreement as it relates to one or more Products in the event that the Regulatory Approval for such Product(s) in the Territory is revoked by the applicable Regulatory Authority or in the event that such Product(s) or Aptevo generally is otherwise found to be non-compliant by the applicable Governmental Authority.

10.3.3 Change of Distributor. Emergent may terminate this Agreement immediately upon (i) the termination of the MSA or the QA, (ii) the assignment of the MSA or the QA by Aptevo to any third party, unless Aptevo also assigns this Agreement contemporaneously to such third party, (iii) Aptevo or Emergent ceasing to be a party to the MSA or the QA, or (iv) Aptevo's receipt of written notice from Emergent that Emergent no longer believes in good faith that it can perform its obligations as Distributor under the MSA or the QA.

ARTICLE XI
CONSEQUENCES OF TERMINATION

Upon the termination or expiration of this Agreement in whole or with respect to a given Product:

11.1 Return of Materials. Distributor shall return to Aptevo all of Aptevo's confidential documents (including any regulatory submissions and files and all supporting information) in Distributor's possession that are required by a Regulatory Authority in the Territory to maintain Regulatory Approval in the Territory for the applicable terminated Product(s); and

11.2 No Further Representations. Distributor shall cease to make any representations to the public that it is an authorized distributor of the applicable terminated Product(s);

11.3 Rights Terminated. All other rights granted by Aptevo to Emergent under this Agreement with respect to the terminated Product(s) shall immediately terminate with the expiration or earlier termination of this Agreement; and

11.4 Outstanding Payments. Aptevo shall make, honor and pay to Emergent, within thirty (30) days from termination or expiration of the Agreement, any payments due to Emergent for services provided under this Agreement with respect to the terminated Product(s).

11.5 Survival of Provisions. Notwithstanding the termination of this Agreement, the following provisions shall survive: Article I (to the extent necessary to interpret the surviving provisions of this Agreement), Article VI, Section 7.4, Article VIII, Article IX, Article XI, Article XII and Article XIII.

ARTICLE XII
DISPUTE RESOLUTION

12.1 Resolution Process. Notwithstanding anything to the contrary in the SDA, any Dispute (as defined below) shall be resolved exclusively in accordance with the following provisions of this ARTICLE XII:

12.1.1 Any controversy or claim arising after the Effective Time and arising out of or relating to this Agreement, or the breach hereof (a "Dispute"), shall be resolved: (a) first, by negotiation between representatives appointed by each Party with the possibility of mediation as provided in Section 12.1.2; and (b) then, if negotiation and mediation fail, by binding arbitration as provided in Section 12.2. Each Party agrees on behalf of itself and each of its Affiliates that the procedures set forth in this ARTICLE XII shall be the exclusive means for resolution of any Dispute. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

12.1.2 Negotiation and Mediation. If either party serves written notice of a Dispute upon the other party (a "Dispute Notice"), the parties will first attempt to resolve such Dispute by direct discussions and negotiation (including as set forth in Section 12.1 above). If the parties to the Dispute agree, the parties may also attempt to resolve the Dispute by a mediation administered by the International Institute for Conflict Prevention & Resolution ("CPR") under its Mediation Procedure.

12.2 Arbitration.

12.2.1 If a Dispute is not resolved within 45 days (or later if mutually agreed by the Parties) after the service of a Dispute Notice, either Party shall have the right to commence arbitration. The arbitration shall be administered by the CPR pursuant to its Arbitration Rules and Procedures. References herein to any arbitration rules or procedures mean such rules or procedures as amended from time to time, including any successor rules or procedures, and references herein to the CPR include any successor thereto. The arbitration shall be before three (3) arbitrators. Each Party shall designate one arbitrator in accordance with the "screened" appointment procedure provided in Rule 5.4 of the CPR Rules. The two Party-appointed arbitrators will select the third, who will serve as the panel's chair or president. This arbitration provision, and the arbitration itself, shall be governed by the Laws of the State of Delaware and the Federal Arbitration Act, 9 U.S.C. §§ 1-16.

12.2.2 Consistent with the expedited nature of arbitration, each Party will, upon the written request of the other Party, promptly provide the other with copies of documents on which the producing Party may rely in support of or in opposition to any claim or defense. At the request of a Party, the arbitrators shall have the discretion to order examination by deposition of witnesses to the extent the arbitrator deems such additional discovery relevant and appropriate. Depositions shall be limited to a maximum of five per Party and shall be held within 45 days of the grant of a request. Additional depositions may be scheduled only with the permission of the arbitrators, and for good cause shown. Each deposition shall be limited to a maximum of one day's duration. All objections are reserved for the arbitration hearing except for objections based on privilege and proprietary or confidential information. The Parties shall not utilize any other discovery mechanisms, including international processes and U.S. federal statutes, to obtain additional evidence for use in the arbitration. Any dispute regarding discovery, or the relevance or scope thereof, shall be determined by the arbitrators, which determination shall be conclusive. All discovery shall be completed within one hundred twenty (120) days following the appointment of the arbitrators. All costs and fees relating to the retrieval, review and production of electronic discovery shall be paid by the Party requesting such discovery.

12.2.3 Subject to ARTICLE VI, the panel of arbitrators shall have no right, power or authority, under the CPR Rules for Non-Administered Arbitration or otherwise, to (i) award non-monetary or equitable relief of any sort; (ii) relieve the Parties from their agreement hereunder to arbitrate or otherwise to amend or disregard any provision of this Agreement; (iii) limit, expand, alter, amend, modify, revoke or suspend any condition or provision of this Agreement; or (iv) adjudicate any matters pertaining to the SDA or any Ancillary Agreement other than this Agreement.

12.2.4 Absent fraud or manifest error, any arbitral award issued hereunder shall be final, binding and the sole and exclusive remedy to the Parties. Either Party may seek to confirm and enforce any final award entered in arbitration, in any court of competent jurisdiction.

12.2.5 Except as may be required by Law or any applicable rules and regulations of any stock exchange, neither a Party nor an arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of both Parties.

12.3 Interim Relief. At any time during the resolution of a dispute between the Parties, either Party has the right to apply to any court of competent jurisdiction for interim relief, including pre-arbitration attachments or injunctions, necessary to preserve the Parties' rights or to maintain the Parties' relative positions until such time as the arbitration award is rendered or the dispute is otherwise resolved.

12.4 Expenses. Each Party shall bear its own costs, expenses and attorneys' fees in pursuit and resolution of any Dispute; provided, however, that, in the event of any arbitration with respect to any dispute pursuant to Section 12.2 in which the arbitrator issues an arbitral award in an amount that is within ten percent (10%) of the amount of the most recent bona fide

written settlement offer submitted by a Party and rejected by a Party in connection with such dispute, then the Party that rejected such settlement offer shall bear both Parties' costs, expenses and attorneys' fees incurred in connection with such arbitration (including the fees and expenses of any arbitrator).

ARTICLE XIII
MISCELLANEOUS

13.1 Provisions from the SDA. The Parties agree and acknowledge that this Agreement is an Ancillary Agreement and, therefore, that certain provisions of the SDA apply hereto, provided, however, that if there is any conflict between the terms of this Agreement and the terms of the SDA, the terms of this Agreement apply with respect to the subject matter hereof. Sections 11.1 (Counterparts; Entire Agreement; Corporate Power), 11.2 (Governing Law), 11.6 (Severability), 11.7 (Force Majeure), 11.10 (Headings), 11.11 (Survival of Covenants), 11.12 (Waivers of Default), 11.14 (Amendments), 11.15 (Interpretation) and 11.16 (No Set Off) of the SDA are incorporated herein by reference, *mutatis mutandis*.

13.2 Notice. All notices, requests, claims, demands or other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 13.2):

If to Emergent, at:
[●]

with a copy to:
[●]

and a copy to:
[●]

if to Aptevo, at:
[●]

with a copy to:
[●]

Any Party may, by notice to the other Party, change the address and contact person to which any such notices are to be given.

13.3 Assignability.

13.3.1 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable by either Party, in whole or in part, without the express written consent of the other Party, which shall not be unreasonably withheld, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement (i) in connection with the merger of such Party, or the sale, transfer or other divestiture of all or substantially all of an entire product line, Affiliate, division or other business unit of such Party, or (ii) to any Affiliate of such Party.

13.3.2 In connection with any assignment or delegation of this Agreement or the rights and obligations herein, the assigning or transferring Party shall provide a guarantee to the non-assigning Party for any liability or obligation assigned or delegated pursuant to this Section 13.3.

13.3.3 The assigning Party shall remain bound by all obligations with respect to Confidential Information under this Agreement. The non-assigning Party may disclose the assigning Party's Confidential Information to the assignee as necessary for the non-assigning Party's performance of its obligations and exercise of its rights under this Agreement.

13.4 No Agency. Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any Party an agent of an unaffiliated party in the conduct of such other party's business.

13.5 Quality Agreement. The QA shall, together with this Agreement, apply to the provision of any service contemplated under this Agreement solely to the extent such service relates to quality assurance matters and is within the subject matter of the QA. In the event of any conflict or inconsistency between the QA and this Agreement solely with respect to quality assurance matters, the QA shall control. In the event of any other conflict or inconsistency (including, for the avoidance of doubt, with respect to the respective remedies of the parties with respect to any service contemplated under this Agreement), this Agreement shall control.

[Signature Page Follows]

IN WITNESS WHEREOF the Parties have duly executed this agreement as of the date first above written.

EMERGENT BIOSOLUTIONS INC.

By: _____
Name: _____
Title: _____

APTEVO THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

LIST OF SCHEDULES:

Schedule A. Product Schedule

Schedule B. Distributor Fee Schedule

Schedule A

Product Schedule

Product	Description

Schedule B

Distributor Fee Schedule

Exhibit 10.6

TRADEMARK LICENSE AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [•], 2016

TRADEMARK LICENSE AGREEMENT

This TRADEMARK LICENSE AGREEMENT ("Agreement"), effective as of [ ], 2016 (the "Effective Date"), is by and between Emergent BioSolutions, Inc., a corporation organized under the laws of Delaware and having its corporate head office located at 400 Professional Drive, Suite 400, Gaithersburg, MD 20879 ("Emergent"), and Aptevo Therapeutics, Inc., a corporation organized under the laws of Delaware and having its principal place of business at 2401 4th Ave. Suite 1050, Seattle, WA 98121 ("Aptevo"). Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement ("SDA"), or, if not therein, in the Transition Services Agreement ("TSA"), or, if not therein, in the Product License Agreement ("PLA"), or, if not therein, in the Manufacturing Services Agreement ("MSA") or, if not therein, in the Canadian Distributor Agreement ("CDA"), each dated as of the date hereof, by and between Emergent and Aptevo, each as may be amended.

WHEREAS, Aptevo and Emergent have entered into the SDA, TSA, PLA, MSA and CDA; and

WHEREAS, in connection with the foregoing, Emergent desires to grant to Aptevo a limited license to use certain Licensed Marks (as defined below) and certain other materials and content;

NOW, THEREFORE, in consideration of the mutual promises of the Parties, and of good and valuable consideration, it is agreed by and between the Parties as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings.

"Licensed Marks" means, (i) all Trademarks of Emergent or the applicable members of the Emergent Group that are present on the Packaging Inventory or the Marketing Inventory, and (ii) with respect to any country in the Territory, such Trademarks of Emergent or applicable members of the Emergent Group as are required by the relevant Governmental Authority to be present on the Packaging Materials for Products within such country as a result of such Products being Manufactured by Emergent or a member of the Emergent Group under the MSA or distributed by Emergent or a member of the Emergent Group under the CDA, during the term of each such agreement respectively.

"Marketing Inventory" means the physical inventory of the printed materials used in the ordinary course of business to market the Products as of the Effective Time, which physical inventory is assigned to Aptevo as part of the Distribution.

"New Marketing Materials" means any printed materials used in the ordinary course of business to market the Products that do not include any of the Licensed Marks or any other Trademarks of Emergent or any member of the Emergent Group.

"New Packaging Materials" means the packaging materials for any of the Products, including product labels, packaging inserts, external packaging and similar materials, that do not include any of the Licensed Marks or any other Trademarks of Emergent or any member of the Emergent Group.

"Over-Labeling Country" means a country in the Territory where (i) Aptevo relies on Packaging Materials approved by the relevant Governmental Authority in Canada to satisfy the regulatory requirements of the relevant Governmental Authority in such country to sell, offer to sell and otherwise commercialize the Products, and (ii) such Governmental Authority in such country requires an additional label to be placed on the Packaging Materials identifying the manufacturer of the Product, which additional label is required to contain a Licensed Mark.

"Packaging Inventory" means the physical inventory of the Packaging Materials as of the Effective Time, which physical inventory (i) is assigned to Aptevo as part of the Distribution and (ii) has already been used to package Products for entry into the stream of commerce.

"Packaging Materials" means the packaging materials for any of the Products, including product labels, packaging inserts, external packaging and similar materials.

"Product" has the meaning set forth in the PLA, except that solely for the purposes of this Agreement, the IXINITY product is a Product.

"Territory" means the world.

ARTICLE II
LICENSE

2.1 Emergent Trademark License Grant and Restrictions.

(a) Packaging Inventory and Marketing Inventory. Subject to the terms and conditions of this Agreement, Emergent hereby grants to Aptevo and the other members of the Aptevo Group a non-exclusive, royalty-free, sublicensable (on written notice to Emergent, provided that the sublicensee complies with all applicable terms of this Agreement) license within the Territory, under the Licensed Marks, to distribute the Packaging Inventory and the Marketing Inventory, solely to sell, offer to sell and otherwise commercialize the Products, until the Packaging Inventory and the Marketing Inventory are depleted or, if earlier, the third anniversary of the Effective Time. Aptevo shall use commercially reasonable efforts to use or destroy the Packaging Inventory and the Marketing Inventory before distributing any other Packaging Materials or Marketing Materials, provided that, on a Product-by-Product basis, Aptevo shall cease to distribute the Marketing Inventory and shall destroy all remaining Marketing Inventory in Aptevo's possession on the ninetieth (90th) day after the first external use of any other Marketing Materials anywhere in the Territory.

(b) Packaging Materials in Canada and ROW. Subject to the terms and conditions of this Agreement, Emergent hereby grants to Aptevo and the other members of the Aptevo Group a non-exclusive, royalty-free, sublicenseable (on written notice to Emergent, provided that the sublicensee complies with all applicable terms of this Agreement) license in the Territory other than the United States, under the Licensed Marks, to use the Licensed Marks on Packaging Materials, solely to sell, offer to sell and otherwise commercialize the Products, until the earlier of (i) the third anniversary of the termination or expiration of the CDA or (ii) the depletion of all of the applicable Packaging Materials in Aptevo's inventory bearing the Licensed Marks as of the termination or expiration of the CDA, in each case provided that Aptevo shall cease to distribute all Packaging Materials bearing the Licensed Marks and destroy all remaining such Packaging Materials in Aptevo's possession on the ninetieth (90th) day after the first external use of any New Packaging Materials.

(c) Over-labeling in ROW. Subject to the terms and conditions of this Agreement, Emergent hereby grants to Aptevo and the other members of the Aptevo Group a non-exclusive, royalty-free, non-sublicenseable, non-transferrable license in each Over-Labeling Country, under the Licensed Marks, to use the Licensed Marks on Packaging Materials in such Over-Labeling Country, solely to sell, offer to sell and otherwise commercialize the Products, until the third anniversary of the termination or expiration of the MSA.

(d) E-mail. Subject to the terms and conditions of this Agreement, Emergent hereby grants to Aptevo and the other members of the Aptevo Group a non-exclusive, royalty-free, non-sublicenseable, non-transferrable license within the Territory under the Licensed Marks to use such Licensed Marks as are necessary effect the forwarding of e-mails from the prior "@ebsi.com" e-mail addresses of Aptevo employees for sixty (60) days after the Effective Time, solely to facilitate the transition of contracts and other business as contemplated under the SDA and the Ancillary Agreements.

2.2 Trade Dress; Copyright.

(a) Emergent shall not, and shall cause all members of the Emergent group not to, commence any action alleging trade dress infringement against Aptevo or any member of the Aptevo Group based on Packaging Materials with substantially similar trade dress to the Packaging Inventory. This covenant not to sue shall terminate on the third anniversary of the termination or expiration of the MSA.

(b) Subject to the terms and conditions of this Agreement, Emergent hereby grants to Aptevo and the other members of the Aptevo Group a non-exclusive, perpetual, royalty-free, transferable, sublicensable license to reproduce the text passages contained in the Packaging Inventory and the Marketing Inventory, provided that such license shall not extend to any Trademarks of Emergent or the Emergent Group contained in such text passages.

2.3 Additional Restrictions on Aptevo. In no event may Aptevo, any member of the Aptevo Group or any sublicensee hereunder copy, use or distribute any product or material containing any Licensed Mark or any other Trademark of Emergent or any member of the Emergent

Group except the distribution of the Packaging Inventory, Packaging Materials or Marketing Inventory in accordance with this Agreement and in accordance with all applicable Law. During the term of the applicable license granted under this Agreement, (a) to the extent that Emergent is not manufacturing the relevant Product as of the relevant time pursuant to the MSA and Aptevo is then permitted to exercise rights under the Manufacturing Technology (as defined in the PLA), Aptevo shall have such Product Manufactured in accordance with the Specifications for such Product, cGMP and as described in the relevant packaging and labeling materials and regulatory approvals; (b) Aptevo shall not sell any such Product that does not meet such specifications, nor shall Aptevo or any sublicensee distribute any such Packaging Materials or Marketing Materials with respect to any such non-conforming Product; and (c) to the extent that Aptevo or its sublicensee produces any Packaging Materials that use the Licensed Marks, Aptevo or such sublicensee, as applicable, shall use such Licensed Marks in accordance with this Agreement and shall use commercially reasonable efforts to comply with Emergent's applicable trademark guidelines (which guidelines Emergent shall provide to Aptevo, including updates to such guidelines as applicable), and shall, in all cases, provide advance copies of such Packaging Materials to Emergent for approval before use.

2.4 Aptevo License Grant and Restrictions.

(a) *For Performing Services*. Subject to the terms and conditions of this Agreement, Aptevo, on its own behalf and on behalf of the other members of the Aptevo Group, hereby grants to Emergent and the other members of the Emergent Group a non-exclusive, worldwide, irrevocable, royalty-free license to use, have used, display and have displayed such Trademarks owned by Aptevo or any member of the Aptevo Group as are applicable to Emergent's obligations under the TSA and the Ancillary Agreements, solely in furtherance of Emergent's obligations under the TSA and the Ancillary Agreements. Such license shall expire on the expiration date of the last to expire of the MSA, the CDA or any Schedule of the TSA.

(b) *Incidental Uses*. Subject to the terms, conditions and limitations contained herein, Aptevo, on its own behalf and on behalf of the other members of the Aptevo Group, hereby grants to Emergent and the members of the Emergent Group a non-exclusive, worldwide, irrevocable, royalty-free license to use, have used, display and have displayed the name "Aptevo" in their legal names and for related incidental uses following the Effective Time (e.g., in payroll checks, regulatory filings and bank accounts). Such license may be assigned by the relevant entity only (i) as set forth in Section 11.3 of the SDA, (ii) in connection with a merger of such entity, or (iii) in connection with the sale, transfer or other divestiture of all or substantially all of such entity's business. In no event shall Emergent or the members of the Emergent Group create, reproduce or arrange for the creation or reproduction of the "Aptevo" name or use the "Aptevo" name in any advertising or marketing materials. Such license shall expire on the two year anniversary of the Effective Time. If Aptevo becomes aware of a use of the name "Aptevo" by Emergent or any member of the Emergent Group in commerce that it reasonably believes could cause confusion as to the source of Aptevo's products, Aptevo may request that such use be discontinued by written notice to Emergent, in which case Emergent shall make commercially reasonable efforts to discontinue (or cause to be discontinued) such use (which discontinuation shall not be interpreted as an admission of

wrongdoing and shall not be used by Aptevo or any other entity as evidence of wrongdoing on the part of Emergent or any member of the Emergent Group in any legal proceeding), or, if Emergent believes in good faith that such use does not harm Aptevo's rights in the "Aptevo" name, Emergent and Aptevo shall discuss in good faith a resolution to Aptevo's request.

ARTICLE III
OWNERSHIP OF LICENSED MARKS

3.1 Ownership and Retention of Good Will. As between the Parties, Emergent shall own all right, title and interest in the Licensed Marks and, notwithstanding anything to the contrary in the definition of "Trademarks", all goodwill therein. Aptevo shall not, and shall ensure that its Affiliates do not, challenge the ownership or validity of any of the Licensed Marks. The use of the Licensed Marks by or on behalf of Aptevo or any of its Affiliates hereunder shall inure exclusively to the benefit of Emergent and none of Aptevo or any of its Affiliates shall acquire or assert any rights therein. Emergent grants no other rights (a) with respect to the Licensed Marks than expressly granted in this Agreement or (b) with respect to any Trademarks than expressly granted in this Agreement or the SDA. Aptevo acknowledges Emergent's exclusive ownership of the Licensed Marks and the renown of the Licensed Marks worldwide.

3.2 No Obligation to Obtain or Maintain Marks. Neither Emergent, nor any member of the Emergent Group, is obligated to: (a) file any application for registration of any Licensed Mark, or to secure any rights in any Licensed Mark, or (b) maintain any registration for any Licensed Mark. Neither Aptevo, nor any member of the Aptevo Group, is obligated to: (a) file any application for registration of any Trademark owned by Aptevo or any member of the Aptevo Group, or to secure any rights in any such Trademark, or (b) maintain any registration for any Trademark owned by Aptevo or any member of the Aptevo Group.

3.3 Disclaimer of Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THE SDA AND THE TSA, (a) EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL LICENSED MARKS AND OTHER TRADEMARKS ARE PROVIDED "AS IS," WITHOUT ANY WARRANTY OF ANY KIND; AND (b) WITHOUT LIMITING THE FOREGOING, NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY REGARDING THE LICENSED MARKS, AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, REGARDING THE INTELLECTUAL PROPERTY LICENSED HEREUNDER, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ENFORCEABILITY OR NON-INFRINGEMENT.

ARTICLE IV
TERM AND TERMINATION

4.1 Term. The term of this Agreement shall begin on the Effective Date and continue in each portion of the Territory until the license to the Licensed Marks or the Aptevo Trademarks is terminated pursuant to Sections 2.1 or 2.4, as applicable. Upon the expiration of the last to expire license to (i) the Licensed Marks under Section 2.1 or (ii) the Aptevo Trademarks under Section 2.4, this Agreement shall terminate in its entirety.

4.2 Termination.

(a) Voluntary Termination by Aptevo. By written notice to Emergent, Aptevo may voluntarily terminate this Agreement in its entirety or with respect to any Licensed Mark or Product.

(b) Termination by Emergent. Emergent may terminate this Agreement if Aptevo breaches this Agreement and (i) does not cure such breach within sixty (60) days after receipt of written notice of such breach from Emergent or (ii) such breach is incapable of cure, as determined in Emergent's reasonable discretion.

4.3 Effects of Expiration or Termination.

(a) Destruction. Upon any expiration of this Agreement, termination of this Agreement in its entirety, or termination of this Agreement with respect to any Licensed Mark or Product, Aptevo shall destroy all remaining Packaging Inventory and Marketing Inventory as applicable to the terminated Licensed Mark or Product.

(b) Survival. Any voluntary termination of this Agreement by Aptevo under Section 4.2(a) hereof shall not affect Aptevo's licenses and rights with respect to any Licensed Marks or Products for which the license has not been terminated hereunder. In addition, Article I (to the extent necessary to interpret the surviving provisions of this Agreement), Section 2.2(b), Section 2.4 (to the extent set forth therein), Article III, Section 4.3, Article V and Article VI shall survive any termination or expiration of this Agreement or the licenses hereunder.

ARTICLE V
LIMITATION OF LIABILITY

5.1 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW IN NO EVENT SHALL EMERGENT BE LIABLE UNDER THIS AGREEMENT TO APTEVO OR TO ANY PARTY CLAIMING THROUGH OR UNDER APTEVO, FOR ANY LOST PROFITS, OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, WHETHER IN AN ACTION IN CONTRACT, TORT (INCLUDING STRICT LIABILITY), BASED ON A WARRANTY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF EMERGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

5.2 NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE SDA OR ANY OTHER ANCILLARY AGREEMENT, EMERGENT SHALL BE ENTITLED TO SEEK LOST PROFITS, OR INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, AGAINST APTEVO, ANY MEMBER OF THE APTEVO GROUP, ANY ACQUIRING PARTY OR ANY AFFILIATE OF THE FOREGOING ARISING OUT OF OR IN CONNECTION WITH ANY BREACH OF THIS AGREEMENT, DIRECTLY OR INDIRECTLY, BY APTEVO OR ANY OF THE FOREGOING.

ARTICLE VI
MISCELLANEOUS

6.1 Provisions from the SDA. The Parties agree and acknowledge that this Agreement is an Ancillary Agreement and, therefore, that certain provisions of the SDA apply hereto.

6.2 Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.2):

If to Emergent, to:

[•]

with a copy to:

[•]

If to Aptevo to:

[•]

with a copy to:

[•]

Any Party may, by notice to the other Party, change the address and contact person to which any such notices are to be given.

6.3 Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by Aptevo without the express written consent of Emergent, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for the assignment of all of Aptevo's rights and obligations under this Agreement to an acquirer of all or substantially all of the assets of the Aptevo Group relating to the Products.

(b) Nothing herein shall prevent Emergent or any member of the Emergent Group from (i) assigning any of its rights or obligations under this Agreement or (ii) subject to the non-exclusive license granted to Aptevo herein, licensing, assigning or otherwise transferring any right, title or interest in or to any Licensed Marks.

(c) To the extent either Party assigns the Intellectual Property underlying any license granted under this Agreement, such Party shall assign the applicable portions of this Agreement to such assignee.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their duly authorized representatives.

EMERGENT BIOSOLUTIONS INC.

By: _____
Name: _____
Title: _____

APTEVO THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

Exhibit 10.7

PRODUCT LICENSE AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [•], 2016

PRODUCT LICENSE AGREEMENT

This PRODUCT LICENSE AGREEMENT (this "Agreement"), effective as of [ ] (the "Effective Date"), is by and between Emergent BioSolutions, Inc., a corporation organized under the laws of Delaware and having its corporate head office located at 400 Professional Drive, Suite 400, Gaithersburg, MD 20879 ("Emergent"), and Aptevo Therapeutics, Inc., a corporation organized under the laws of Delaware and having its principal place of business at 2401 4th Ave. Suite 1050, Seattle, WA 98121 ("Aptevo"). Unless otherwise defined in this Agreement, all capitalized terms used in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement ("SDA") or, if not therein, in the Transition Services Agreement ("TSA"), or, if not therein, in the Manufacturing Services Agreement ("MSA"), or, if not therein, in the Canadian Distributor Agreement ("CDA"), each dated as of the date hereof, by and between Emergent and Aptevo, each as may be amended.

WHEREAS, Aptevo and Emergent have entered into the SDA, TSA, MSA and CDA;

WHEREAS, Emergent desires to license to Aptevo certain intellectual property rights and technology retained by Emergent and currently used by the Aptevo Business to enable Aptevo to conduct the Aptevo Business after the Effective Date on the terms set forth herein; and

WHEREAS, Aptevo desires to license such intellectual property rights and technology from Emergent to conduct the Aptevo Business on the terms set forth herein;

NOW, THEREFORE, in consideration of the mutual promises of the Parties, and of good and valuable consideration, it is agreed by and between the Parties as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings.

"Acquiring Entity" means a Person that (a) (i) acquires control (as defined in the definition of Affiliate under the SDA), after the Effective Time, of Aptevo or an Aptevo Affiliate or any member of the Aptevo Group to which rights or interests under this Agreement or with respect to any of the Products have been assigned or licensed or (ii) is assigned any right or interest under this Agreement and (b) was a Third Party until the time of such acquisition or assignment.

"Competing Program" means (a) the research, development, making, having made, manufacturing, using, selling, offering for sale, importing or otherwise exploiting of any product substantially similar to any of the Products, or any activity involving any process or technology that is materially related to the Manufacturing Technology, including: so-called hyperimmune products; products, either marketed or being developed as a therapeutic, comprising polyclonal sera collected from persons or animals that possess antibodies with specificity against a given antigen; and products derived from blood, plasma and blood components, such as clotting factors, and (b) the making, having made or manufacturing of any Product. For clarity,

Competing Program excludes (y) the research, development, making, having made, manufacturing, using, selling, offering for sale, importing or otherwise exploiting of any recombinant protein product that is not a hyperimmune product and (z) the research, development, using, selling, offering for sale, importing or otherwise exploiting (but not making, having made or manufacturing) of any Product.

"Field" means, with respect to the WinRho SDF® product, the therapeutic, prophylactic and diagnostic use of such Product in the Rh0(D) indication; with respect to the HepaGam B® product, the therapeutic, prophylactic and diagnostic use of such Product in the Hepatitis B indication; and with respect to the VARIZIG® product, the therapeutic, prophylactic and diagnostic use of such Product in the Varicella-zoster hyperimmune immunoglobulins indication.

"Licensable" means that, as of immediately after the Effective Time, Emergent or the relevant member of the Emergent Group, as applicable, has the right to grant to Aptevo a license or other rights within the scope of the rights granted to Aptevo under this Agreement.

"Licensed IP" means the Intellectual Property, excluding Trademarks and Internet domain names, that (a) exists and is Licensable as of immediately after the Effective Time, by any Person that is a member of the Emergent Group as of the Effective Time, and (b) is necessary to research, develop, manufacture or commercialize the Products.

"Manufacturing Technology" means the Licensed IP that is necessary to manufacture any of the Products.

"Product" means each of (a) the WinRho SDF® product, (b) the HepaGam B® product and (c) the VARIZIG® product, each in the form in which it exists as of the Effective Time or such improved version thereof developed under the MSA on or before the date on which the Aptevo is permitted to sublicense rights under the Manufacturing Technology to the relevant CMO pursuant to Section 2.1(b).

"Third Party" means any Person, other than Emergent or Aptevo or any member of the Emergent Group or the Aptevo Group.

ARTICLE II
LICENSES

2.1 License to Aptevo.

(a) *Licensed IP*. Subject to the terms and conditions of this Agreement, Emergent hereby grants to Aptevo, effective at the Effective Time, a perpetual (subject to Article IV), royalty-free, worldwide, non-transferable (except for certain assignments as provided in Section 6.3) license, under the Licensed IP, to research, develop, make, have made, use, sell, offer to sell, import and otherwise commercialize the Products, solely within the Field (and, for clarity, Aptevo will have no rights under the Licensed IP for any other purpose).

(b) *Sublicenses; Limitations*. Aptevo may sublicense such rights to members of the Aptevo Group and to Third Parties and may have such rights exercised on behalf of Aptevo, members of the Aptevo Group and Third Parties; provided, however, that Aptevo may sublicense the rights under the Manufacturing Technology only to, and may exercise (and the other members of the Aptevo Group may only exercise) the rights to make and have made the Products only through, a Third Party contract manufacturer who is bound by confidentiality obligations reasonably acceptable to Emergent (a "CMO"), and then only to the extent that (i) Emergent approves of such CMO in Emergent's sole and absolute discretion or (ii) there is a Manufacturing Failure.

(c) *Necessity; Trade Secrets; Confidentiality*. Aptevo acknowledges and agrees that the Licensed IP is Emergent's valuable Intellectual Property, necessary for and critical to research, develop, make, have made, use, sell, offer to sell, import and otherwise commercialize the Products and that without such license, Aptevo would be unable to research, develop, make, have made, use, sell, offer to sell, import and otherwise commercialize the Products without misappropriating, misusing or otherwise violating Emergent's rights in Emergent's Intellectual Property. Aptevo further acknowledges and agrees that the Manufacturing Technology is the proprietary, confidential know-how of Emergent of which some portions are further protected as trade secrets (as such term is defined in the Economic Espionage Act of 1996, 18 U.S.C. § 1839 or other applicable Law). Aptevo shall consider the Manufacturing Technology and all trade secrets within the Manufacturing Technology as Confidential Information under the SDA, shall strictly adhere to its confidentiality obligations under this Agreement, the SDA, and all Ancillary Agreements with respect to such Information, and hereby acknowledges and agrees that the remedy at Law for any breach of this Section 2.1(c) would be inadequate and that Emergent shall be entitled to injunctive relief, without the requirement of posting any bond or other security, in addition to any other remedy it may have upon breach of any provision of this Section 2.1(c), provided that Emergent shall not seek an injunction preventing the delivery of the Products into the stream of commerce unless such Products contain or otherwise transmit (in their packaging, labeling, or otherwise) the Manufacturing Technology or any other Confidential Information of Emergent.

2.2 Licenses to Emergent

(a) *License Back of Intellectual Property*. Aptevo, on behalf of itself and the Aptevo Group, hereby grants to Emergent and the Emergent Group a non-exclusive, royalty-free, worldwide, perpetual, irrevocable, fully paid-up, fully sublicensable, fully transferrable (in accordance with Section 6.3) license under all Aptevo Intellectual Property as of the Effective Time, solely to the extent necessary to research, develop, make, have made, use, sell, offer to sell, import or otherwise commercialize any hyperimmune product, with the exception that such license will not include any Aptevo Intellectual Property specifically related to producing a ß-amyloid disorders hyperimmune product. For clarity, Emergent and the Emergent Group will have no rights under the Aptevo Intellectual Property for any other purpose. This license grant to Emergent and the Emergent Group shall not include any Aptevo Intellectual Property (i) the licensing of which to Emergent and the Emergent Group would result in the breach or violation of any obligation of Aptevo or any member of the Aptevo Group to any Third Party, as of the Effective Time, or (ii) the licensing of which to Emergent and the Emergent Group would result in any financial obligation or other obligation of Aptevo or any other member of the Aptevo Group to any Third Party, as of the Effective Time.

(b) *Aptevo Grant of Data License*. Aptevo, on behalf of itself and the Aptevo Group, hereby grants to Emergent and the Emergent Group a non-exclusive, royalty-free, worldwide, perpetual, irrevocable, fully paid-up, fully sublicensable, fully transferrable license to reproduce, copy, make derivative works of, use and otherwise exploit any and all clinical and pre-clinical data and any data filed with any regulatory authority, in each case that is related to any of the Products, including the safety database related thereto, that are owned or controlled by Aptevo or the Aptevo Group as of the Effective Time or are otherwise considered Aptevo Assets, including any copy thereof in the possession of Emergent or any member of the Emergent Group as of immediately before the Effective Time. For clarity, such right to exploit data related to the Products includes, but is not limited to, a right of reference and foreign counterparts thereof in correspondence and filings with applicable regulatory authorities from time to time. Aptevo and the members of the Aptevo Group shall execute all documents reasonably necessary to effect such right of reference or use. On request from time to time, Aptevo shall, and shall ensure that the all applicable members of the Aptevo Group shall, provide to Emergent all such data.

2.3 No Other Licenses and Rights. Except as expressly provided in this Section 2, no other license or right is granted to any member of the Aptevo Group under this Agreement, whether expressly or by implication, estoppel, statute or otherwise. Neither Aptevo, nor any member of the Aptevo Group, shall have any right to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any of the Licensed IP.

2.4 No Obligation to Obtain or Maintain Intellectual Property. Neither Emergent, nor any member of the Emergent Group, is obligated to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any of the Licensed IP, provided that during the term of this Agreement, Emergent shall use commercially reasonable efforts to maintain the secrecy of its trade secrets within the Manufacturing Technology. Neither Aptevo, nor any member of the Aptevo Group, is obligated to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any Intellectual Property licensed to Emergent under Section 2.2(a) of this Agreement.

ARTICLE III
DISCLAIMER

3.1 Disclaimer of Warranties. EXCEPT AS EXPRESSLY SET FORTH IN THE SDA AND THE TSA, (a) EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL INTELLECTUAL PROPERTY AND DATA (AS APPLICABLE) LICENSED TO SUCH PARTY HEREUNDER IS PROVIDED "AS IS," WITHOUT ANY WARRANTY OF ANY KIND; AND (b) WITHOUT LIMITING THE FOREGOING, NEITHER PARTY MAKES ANY REPRESENTATION OR WARRANTY REGARDING THE INTELLECTUAL PROPERTY AND DATA (AS APPLICABLE) LICENSED TO THE OTHER PARTY UNDER THIS AGREEMENT, AND EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS, IMPLIED OR STATUTORY, REGARDING THE INTELLECTUAL PROPERTY LICENSED AND DATA (AS APPLICABLE) TO THE OTHER PARTY HEREUNDER, INCLUDING ANY WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ENFORCEABILITY OR NON-INFRINGEMENT.

ARTICLE IV
TERM; TERMINATION

4.1 Term. The term of this Agreement is perpetual, subject to Aptevo's compliance with the terms of Article II and subject to Aptevo's and Emergent's termination rights under this Article IV.

4.2 Termination.

(a) Voluntary Termination by Aptevo. By written notice to Emergent, Aptevo may terminate this Agreement in its entirety or with respect to any Product.

(b) Termination by Emergent. Emergent may terminate this Agreement and any licenses granted hereunder if Aptevo breaches any term of this Agreement and (i) fails to cure such breach within ninety (90) days after receipt of written notice of such breach from Emergent or (ii) such breach is incapable of cure, as determined in Emergent's reasonable discretion.

4.3 Bankruptcy. Either Party may terminate this Agreement if the other Party (a) files a voluntary petition in bankruptcy or insolvency, or for reorganization, or for an appointment of a receiver or trustee of such Party or of its assets, (b) proposes a written agreement of composition or extension of its debts, (c) has a bankruptcy proceeding filed against it (and such proceeding is not dismissed within thirty (30) days), (d) goes into voluntary dissolution, (e) has a receiver appointed (and such appointment is not terminated within thirty (30) days), or (f) makes any general assignment for the benefit of creditors. All rights and licenses granted under or pursuant to any Section of this Agreement are rights to "intellectual property" (as defined in Section 101(35A) of Title 11 of the United States Code, as amended (the "Bankruptcy Code")). Each Party shall retains and may fully exercise all of its rights and elections under the Bankruptcy Code with respect to such rights and licenses.

4.4 Effects of Termination.

(a) Inventory Sell-Off & Destruction. Upon any expiration of this Agreement or any termination, in whole or in part, Aptevo shall, with respect to any Product for which it no longer has a license under this Agreement, (i) notify all dealers and other interested parties of the termination, (ii) sell off or destroy all inventory of such Product within one hundred and fifty (150) days of the termination date, and (iii) cease to make any representations to the public that it is an authorized seller of such Product as of the earlier of (x) one hundred and fifty (150) days from the termination date or (y) the depletion or destruction of all inventory of such Product.

(b) Survival. Article I (to the extent necessary to interpret the surviving provisions of this Agreement), Section 2.1(c), Section 2.2, Section 2.3, Section 2.4, Article III, Section 4.4, Article V and Article VI shall survive any termination or expiration of this Agreement or the licenses hereunder.

ARTICLE V
LIMITATION OF LIABILITY

5.1 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW IN NO EVENT SHALL EMERGENT BE LIABLE UNDER THIS AGREEMENT TO APTEVO OR TO ANY PARTY CLAIMING THROUGH OR UNDER APTEVO, FOR ANY LOST PROFITS, OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, WHETHER IN AN ACTION IN CONTRACT, TORT (INCLUDING STRICT LIABILITY), BASED ON A WARRANTY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF EMERGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SUCH LIMITATION SHALL NOT BE INTERPRETED TO SUPERSEDE APTEVO'S RIGHT, IF ANY, TO CLAIM SUCH DAMAGES PURSUANT TO THE SDA OR ANY OTHER ANCILLARY AGREEMENT.

5.2 NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE SDA OR ANY OTHER ANCILLARY AGREEMENT, EMERGENT SHALL BE ENTITLED TO SEEK LOST PROFITS, OR INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, AGAINST APTEVO, ANY MEMBER OF THE APTEVO GROUP, ANY ACQUIRING PARTY OR ANY AFFILIATE OF THE FOREGOING ARISING OUT OF OR IN CONNECTION WITH ANY BREACH OF THIS AGREEMENT, DIRECTLY OR INDIRECTLY, BY APTEVO OR ANY OF THE FOREGOING.

ARTICLE VI
MISCELLANEOUS PROVISIONS

6.1 Provisions from the SDA. The Parties agree and acknowledge that this Agreement is an Ancillary Agreement and, therefore, that certain provisions of the SDA apply hereto.

6.2 Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 6.2):

If to Emergent, to:

[•]

with a copy to:

[•]

If to Aptevo to:

[•]

with a copy to:

[•]

Any Party may, by notice to the other Party, change the address and contact person to which any such notices are to be given.

6.3 Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable by Aptevo, in whole or in part, without the express written consent of Emergent, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for (i) the assignment of all of Aptevo's rights and obligations under this Agreement to an acquirer of all or substantially all of the assets of the Aptevo Group relating to all the Products, or (ii) the licensing, assignment or otherwise transferring of any Aptevo Intellectual Property, subject to the license granted to Emergent herein.

(b) If Aptevo or a member of the Aptevo Group (in each case, except to the extent otherwise expressly permitted by this Agreement or any other Ancillary Agreement), or any successor or assignee of Aptevo, or an Acquiring Entity operates a Competing Program, (i) such Person and its Affiliates shall establish and enforce internal processes, policies, procedures and systems to strictly segregate information relating to any Competing Program from the Manufacturing Technology; (ii) such Person and its Affiliates shall not use, directly or indirectly, any Manufacturing Technology or any Confidential Information of Emergent in such Competing Program (except that a CMO is permitted to use the Manufacturing Technology solely to manufacture the Products on behalf of Aptevo or its successor or assignee, as applicable, solely in accordance with the terms of this Agreement, including Section 2.1(b), and the MSA); (iii) no personnel who had access to the Manufacturing Technology at any time may conduct any activities under such Competing Program (except that a CMO is permitted to use the Manufacturing Technology solely to manufacture the Products on behalf of Aptevo or its successor or assignee, as applicable, solely in accordance with the terms of this Agreement, including Section 2.1(b), and the MSA); and (iv) Emergent may abstain from sharing with such Person and its Affiliates any Confidential Information related to the Manufacturing Technology, in its sole discretion.

(c) Nothing herein shall prevent Emergent or any member of the Emergent Group from (i) assigning any of its rights or obligations under this Agreement or (ii) subject to the exclusive license granted to Aptevo herein, licensing, assigning or otherwise transferring any right, title or interest in or to any Licensed IP.

(d) To the extent either Party assigns the Intellectual Property underlying any license granted under this Agreement, such Party shall assign the applicable portions of this Agreement to such assignee.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their duly authorized representatives.

EMERGENT BIOSOLUTIONS INC.

By: _____
Name: _____
Title: _____

APTEVO THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

Exhibit 10.10

APTEVO THERAPEUTICS INC.

2016 STOCK INCENTIVE PLAN

1. Purpose

The purpose of this 2016 Stock Incentive Plan (the "***Plan***") of Aptevo Therapeutics Inc., a Delaware corporation (the "***Company***"), is to advance the interests of the Company's stockholders by enhancing the Company's ability to attract, retain and motivate persons who are expected to make important contributions to the Company and by providing such persons with equity ownership opportunities and performance-based incentives that are intended to better align the interests of such persons with those of the Company's stockholders. Except where the context otherwise requires, the term "***Company***" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations thereunder (the "***Code***") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board of Directors of the Company (the "***Board***").

2. Eligibility

All of the Company's employees, officers and directors, as well as consultants and advisors to the Company (as the terms consultants and advisors are defined and interpreted for purposes of Form S-8 under the Securities Act of 1933, as amended (the "***Securities Act***"), or any successor form) are eligible to be granted Awards (as defined below) under the Plan. Each person who is granted an Award under the Plan is deemed a "***Participant***." The Plan provides for the following types of awards, each of which is referred to as an "***Award***": Options (as defined in Section 5), SARs (as defined in Section 6), Restricted Stock (as defined in Section 7), RSUs (as defined in Section 7), Other Stock-Based Awards (as defined in Section 8) and Cash-Based Awards (as defined in Section 8). Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award. All actions and decisions by the Board with respect to the Plan and any Awards shall be made in the Board's discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "***Committee***"). All references in the Plan to the "***Board***" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. Subject to any requirements of applicable law (including as applicable Sections 152 and 157(c) of the General Corporation Law of the State of Delaware), the Board may delegate to one or more officers of the Company the power to grant Awards (subject to any limitations under the Plan) to employees or officers of the Company and to exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the terms of Awards to be granted by such officers, the maximum number of shares subject to Awards that the officers may grant, and the time period in which such Awards may be granted; and provided further, that no officer shall be authorized to grant Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) or to any "officer" of the Company (as defined by Rule 16a-1(f) under the Exchange Act).

(d) Awards to Non-Employee Directors. Awards to non-employee directors will be granted and administered by a Committee, all of the members of which are independent directors as defined by Section 5605(a)(2) of the NASDAQ Marketplace Rules.

4. Stock Available for Awards

(a) Authorized Number of Shares. Subject to adjustment under Section 10, Awards may be made under the Plan (any or all of which Awards may be in the form of Incentive Stock Options (as defined in Section 5(b)) for up to such number of shares of common stock, $0.001 par value per share, of the Company (the "***Common Stock***") as is equal to the sum of:

(1) 5,941,000 shares of Common Stock; plus

(2) such additional number of shares of Common Stock (up to _____) as is equal to the number of shares of Common Stock subject to Awards to be granted under the Company's Converted Equity Awards Incentive Plan which awards expire, terminate or are otherwise surrendered, canceled or forfeited (subject, however, in the case of Incentive Stock Options to any limitations of the Code).

(b) Share Counting. For purposes of counting the number of shares available for the grant of Awards under the Plan under this Section 4(a) and under the sublimits contained in Section 4(c):

(1) all shares of Common Stock covered by SARs shall be counted against the number of shares available for the grant of Awards under the Plan and against the sublimits referenced in the first clause of this Section 4(b); *provided*, *however*, that (i) SARs that may be settled only in cash shall not be so counted and (ii) if the Company grants an SAR in tandem with an Option for the same number of shares of Common Stock and provides that only one such Award may be exercised (a "***Tandem SAR***"), only the shares covered by the Option, and not the shares covered by the Tandem SAR, shall be so counted, and the expiration of one in connection with the other's exercise will not restore shares to the Plan;

(2) if any Award (i) expires or is terminated, surrendered or cancelled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right) or (ii) results in any Common Stock not being issued (including as a result of an SAR that was settleable either in cash or in stock actually being settled in cash), the unused Common Stock covered by such Award shall again be available for the grant of Awards; *provided*, *however*, that (A) in the case of Incentive Stock Options, the foregoing shall be subject to any limitations under the Code, (B) in the case of the exercise of an SAR, the number of shares counted against the shares available under the Plan and against the sublimits referenced in the first clause of this Section 4(b) shall be the full number of shares subject to the SAR multiplied by the percentage of the SAR actually exercised, regardless of the number of shares actually used to settle such SAR upon exercise and (C) the shares covered by a Tandem SAR shall not again become available for grant upon the expiration or termination of such Tandem SAR;

(3) shares of Common Stock delivered (either by actual delivery, attestation, or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of an Award or (ii) satisfy tax withholding obligations with respect to Options and SARs (including shares retained from the Option or SAR creating the tax obligation) shall not be added back to the number of shares available for the future grant of Awards (provided, for the avoidance of doubt, that shares of Common Stock delivered (either by actual delivery or attestation) to the Company by a Participant to satisfy tax withholding obligations with respect to Awards other than Options and SARs (including shares retained from such Awards other than Options and SARs creating the tax obligation) shall be added back to the number of shares available for the future grant of Awards); and

(4) shares of Common Stock repurchased by the Company on the open market using the proceeds from the exercise of an Award shall not increase the number of shares available for future grant of Awards.

(c) Sublimits. Subject to adjustment under Section 10, the following sublimits on the number of shares subject to Awards shall apply:

(1) Section 162(m) Per-Participant Limit. The maximum number of shares of Common Stock with respect to which Awards may be granted to any Participant under the Plan shall be 1,000,000 shares per calendar year. For purposes of the foregoing limit, the combination of an Option in tandem with an SAR shall be treated as a single Award. The per-Participant limit described in this Section 4(c)(1) shall be construed and applied consistently with Section 162(m) of the Code or any successor provision thereto, and the regulations thereunder ("***Section 162(m)***").

(2) Limit on Awards to Non-Employee Directors. In any calendar year, the sum of the cash compensation paid to any non-employee director for service as a director and the value of Awards under the Plan made to such non-employee director (calculated based on grant date fair value for financial reporting purposes) shall not exceed $1,000,000.

(d) Substitute Awards. In connection with a merger or consolidation of an entity with the Company or the acquisition by the Company of property or stock of an entity, the Board may grant Awards in substitution for any options or other stock or stock-based awards granted by such entity or an affiliate thereof. Substitute Awards may be granted on such terms as the Board deems appropriate in the circumstances, notwithstanding any limitations on Awards contained in the Plan. Substitute Awards shall not count against the overall share limit set forth in Section 4(a) or any sublimits contained in the Plan, except as may be required by reason of Section 422 and related provisions of the Code.

5. Stock Options

(a) General. The Board may grant options to purchase Common Stock (each, an "***Option***") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as the Board considers necessary or advisable.

(b) Incentive Stock Options. An Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "***Incentive Stock Option***") shall only be granted to employees of Aptevo Therapeutics Inc., any of Aptevo Therapeutics Inc.'s present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Code, and any other entities the employees of which are eligible to receive Incentive Stock Options under the Code, and shall be subject to and shall be construed consistently with the requirements of Section 422 of the Code. An Option that is not intended to be an Incentive Stock Option shall be designated a "***Nonstatutory Stock Option***." The Company shall have no liability to a Participant, or any other person, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or if the Company converts an Incentive Stock Option to a Nonstatutory Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option or the formula by which such exercise price will be determined. The exercise price shall be specified in the applicable Option agreement. The exercise price shall be not less than 100% of the Grant Date Fair Market Value (as defined below) on the date the Option is granted; *provided* that if the Board approves the grant of an Option with an exercise price to be determined on a future date, the exercise price shall be not less than 100% of the Grant Date Fair Market Value on such future date. "***Grant Date Fair Market Value***" of a share of Common Stock for purposes of the Plan will be determined as follows:

(1) if the Common Stock trades on a national securities exchange, the closing sale price (for the primary trading session) on the date of grant; or

(2) if the Common Stock does not trade on any such exchange, the average of the closing bid and asked prices as reported by an authorized OTCBB market data vendor as listed on the OTCBB website (otcbb.com) on the date of grant; or

(3) if the Common Stock is not publicly traded, the Board will determine the Grant Date Fair Market Value for purposes of the Plan using any measure of value it determines to be appropriate (including, as it considers appropriate, relying on appraisals) in a manner consistent with the valuation principles under Code Section 409A, except as the Board may expressly determine otherwise.

For any date that is not a trading day, the Grant Date Fair Market Value of a share of Common Stock for such date will be determined by using the closing sale price or average of the bid and asked prices, as appropriate, for the immediately preceding trading day and with the timing in the formulas above adjusted accordingly. The Board can substitute a particular time of day or other measure of "closing sale price" or "bid and asked prices" if appropriate because of exchange or market procedures or can, in its sole discretion, use weighted averages either on a daily basis or such longer period as complies with Code Section 409A.

The Board has sole discretion to determine the Grant Date Fair Market Value for purposes of the Plan, and all Awards are conditioned on the participants' agreement that the Administrator's determination is conclusive and binding even though others might make a different determination.

(d) Duration of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable Option agreement; *provided*, *however*, that no Option will be granted with a term in excess of 10 years.

(e) Exercise of Options. Options may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with payment in full (in the manner specified in Section 5(f)) of the exercise price for the number of shares for which the Option is exercised. Shares of Common Stock subject to the Option will be delivered by the Company as soon as practicable following exercise.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(1) in cash or by check, payable to the order of the Company;

(2) except as may otherwise be provided in the applicable Option agreement or approved by the Board, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(3) to the extent provided for in the applicable Option agreement or approved by the Board, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their fair market value (valued in the manner determined by (or in a manner approved by) the Board), provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(4) to the extent provided for in the applicable Nonstatutory Stock Option agreement or approved by the Board, by delivery of a notice of "net exercise" to the Company, as a result of which the Participant would receive (i) the number of shares underlying the portion of the Option being exercised, less (ii) such number of shares as is equal to (A) the aggregate exercise price for the portion of the Option being exercised divided by (B) the fair market value of the Common Stock (valued in the manner determined by (or in a manner approved by) the Board) on the date of exercise;

(5) to the extent permitted by applicable law and provided for in the applicable Option agreement or approved by the Board, by payment of such other lawful consideration as the Board may determine; provided, however, that in no event may a promissory note of the Participant be used to pay the Option exercise price; or

(6) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 10): (1) amend any outstanding Option granted under the Plan to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (2) cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(d)) covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (3) cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current fair market value of the Common Stock (valued in the manner determined by (or in a manner approved by) the Board), or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ Stock Market ("***NASDAQ***").

(h) No Reload Options. No Option granted under the Plan shall contain any provision entitling the Participant to the automatic grant of additional Options in connection with any exercise of the original Option.

(i) No Dividend Equivalents. No Option shall provide for the payment or accrual of dividend equivalents.

6. Stock Appreciation Rights

(a) General. The Board may grant Awards consisting of stock appreciation rights ("***SARs***") entitling the holder, upon exercise, to receive an amount of Common Stock or cash or a combination thereof (such form to be determined by the Board) determined by reference to appreciation, from and after the date of grant, in the fair market value of a share of Common Stock (valued in the manner determined by (or in a manner approved by) the Board) over the measurement price established pursuant to Section 6(b). The date as of which such appreciation is determined shall be the exercise date.

(b) Measurement Price. The Board shall establish the measurement price of each SAR and specify it in the applicable SAR agreement. The measurement price shall not be less than 100% of the Grant Date Fair Market Value of the Common Stock on the date the SAR is granted; *provided* that if the Board approves the grant of an SAR effective as of a future date, the measurement price shall be not less than 100% of the Grant Date Fair Market Value on such future date.

(c) Duration of SARs. Each SAR shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable SAR agreement; *provided*, *however*, that no SAR will be granted with a term in excess of 10 years.

(d) Exercise of SARs. SARs may be exercised by delivery to the Company of a notice of exercise in a form (which may be electronic) approved by the Company, together with any other documents required by the Board.

(e) Limitation on Repricing. Unless such action is approved by the Company's stockholders, the Company may not (except as provided for under Section 10): (1) amend any outstanding SAR granted under the Plan to provide a measurement price per share that is lower than the then-current measurement price per share of such outstanding SAR, (2) cancel any outstanding SAR (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan (other than Awards granted pursuant to Section 4(d)) covering the same or a different number of shares of Common Stock and having an exercise or measurement price per share lower than the then-current measurement price per share of the cancelled SAR, (3) cancel in exchange for a cash payment any outstanding SAR with a measurement price per share above the then-current fair market value of the Common Stock (valued in the manner determined by (or in a manner approved by) the Board), or (4) take any other action under the Plan that constitutes a "repricing" within the meaning of the rules of the NASDAQ.

(f) No Reload SARs. No SAR granted under the Plan shall contain any provision entitling the Participant to the automatic grant of additional SARs in connection with any exercise of the original SAR.

(g) No Dividend Equivalents. No SAR shall provide for the payment or accrual of dividend equivalents.

7. Restricted Stock; RSUs

(a) General. The Board may grant Awards entitling recipients to acquire shares of Common Stock ("***Restricted Stock***"), subject to the right of the Company to repurchase all or part of such shares at their issue price or other stated or formula price (or to require forfeiture of such shares if issued at no cost) from the recipient in the event that conditions specified by the Board in the applicable Award are not satisfied prior to the end of the applicable restriction period or periods established by the Board for such Award. The Board may also grant Awards entitling the recipient to receive shares of Common Stock or cash to be delivered at the time such Award vests ("***RSUs***").

(b) Terms and Conditions for Restricted Stock and RSUs. The Board shall determine the terms and conditions of Restricted Stock and RSUs, including the conditions for vesting and repurchase (or forfeiture) and the issue price, if any.

(c) Additional Provisions Relating to Restricted Stock.

(1) Dividends. Unless otherwise provided in the applicable Award agreement, any dividends (whether paid in cash, stock or property) declared and paid by the Company with respect to shares of Restricted Stock ("***Unvested Dividends***") shall be paid to the Participant only if and when such shares become free from the restrictions on transferability and forfeitability that apply to such shares. Each payment of Unvested Dividends will be made no later than the end of the calendar year in which the dividends are paid to stockholders of that class of stock or, if later, the 15th day of the third month following the lapsing of the restrictions on transferability and the forfeitability provisions applicable to the underlying shares of Restricted Stock. No interest will be paid on Unvested Dividends.

(2) Stock Certificates. The Company may require that any stock certificates issued in respect of shares of Restricted Stock, as well as dividends or distributions paid on such Restricted Stock, shall be deposited in escrow by the Participant, together with a stock power endorsed in blank, with the Company (or its designee). At the expiration of the applicable restriction periods, the Company (or such designee) shall deliver the certificates no longer subject to such restrictions to the Participant or if the Participant has died, to his or her Designated Beneficiary. "***Designated Beneficiary***" means (i) the beneficiary designated, in a manner determined by the Board, by a Participant to receive amounts due or exercise rights of the Participant in the event of the Participant's death or (ii) in the absence of an effective designation by a Participant, the Participant's estate.

(d) Additional Provisions Relating to RSUs.

(1) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each RSU, the Participant shall be entitled to receive from the Company the number of shares of Common Stock specified in the Award agreement or (if so provided in the applicable Award agreement or otherwise determined by the Board) an amount of cash equal to the fair market value (valued in the manner determined by (or in a manner approved by) the Board) of such number of shares or a combination thereof. The Board may provide that settlement of RSUs shall be deferred, on a mandatory basis or at the election of the Participant, in a manner that complies with Section 409A of the Code or any successor provision thereto, and the regulations thereunder ("***Section 409A***").

(2) Voting Rights. A Participant shall have no voting rights with respect to any RSUs.

(3) Dividend Equivalents. The Award agreement for RSUs may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("***Dividend Equivalents***"). Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and shall be subject to the

same restrictions on transfer and forfeitability as the RSUs with respect to which paid, in each case to the extent provided in the Award agreement. No interest will be paid on Dividend Equivalents.

8. Other Stock-Based and Cash-Based Awards

(a) General. The Board may grant other Awards of shares of Common Stock, and other Awards that are valued in whole or in part by reference to, or are otherwise based on, shares of Common Stock or other property ("***Other Stock-Based Awards***"). Such Other Stock-Based Awards shall also be available as a form of payment in the settlement of other Awards granted under the Plan or as payment in lieu of compensation to which a Participant is otherwise entitled. Other Stock-Based Awards may be paid in shares of Common Stock or cash, as the Board shall determine. The Company may also grant Awards denominated in cash rather than shares of Common Stock ("***Cash-Based Awards***").

(b) Terms and Conditions. Subject to the provisions of the Plan, the Board shall determine the terms and conditions of each Other Stock-Based Award or Cash-Based Award, including any purchase price applicable thereto.

(c) Dividend Equivalents. The Award agreement for an Other Stock-Based Award may provide Participants with the right to receive Dividend Equivalents. Dividend Equivalents may be paid currently or credited to an account for the Participant, may be settled in cash and/or shares of Common Stock and shall be subject to the same restrictions on transfer and forfeitability as the Other Stock-Based Award with respect to which paid, in each case to the extent provided in the Award agreement. No interest will be paid on Dividend Equivalents.

9. Performance Awards

(a) Grants. Restricted Stock, RSUs and Other Stock-Based Awards and Cash-Based Awards under the Plan may be made subject to the achievement of performance goals pursuant to this Section 9 ("***Performance Awards***"). Performance Awards can also provide for cash payments of up to $2,000,000 per calendar year per individual.

(b) Committee. Grants of Performance Awards to any Covered Employee (as defined below) intended to qualify as "performance-based compensation" under Section 162(m) ("***Performance-Based Compensation***") shall be made only by a Committee (or a subcommittee of a Committee) comprised solely of two or more directors eligible to serve on a committee making Awards qualifying as "performance-based compensation" under Section 162(m). In the case of such Awards granted to Covered Employees, references to the Board or to a Committee shall be treated as referring to such Committee (or subcommittee). "***Covered Employee***" shall mean any person who is, or whom the Committee, in its discretion, determines may be, a "covered employee" under Section 162(m)(3) of the Code.

(c) Performance Measures. For any Award that is intended to qualify as Performance-Based Compensation, the Committee shall specify that the degree of granting, vesting and/or payout shall be subject to the achievement of one or more objective performance measures established by the Committee, which shall be based on the relative or absolute attainment of specified levels of one or any combination of the following, which may be determined pursuant to generally accepted accounting principles ("GAAP") or on a non-GAAP basis, as determined by the Committee:

(1) *Earnings or Profitability Measures*, including but not limited to: (i) revenue (gross, operating or net); (ii) revenue growth; (iii) income (gross, operating, net or adjusted); (iv) earnings before interest and taxes ("EBIT"); (v) earnings before interest, taxes, depreciation and amortization ("EBITDA"); (vi) earnings growth, (vii) profit margins or contributions; and (viii) expense levels or ratios;

(2) *Return Measures*, including, but not limited to: return on (i) investment; (ii) assets; (iii) equity; or (iv) capital (total or invested);

(3) *Cash Flow Measures*, including but not limited to: (i) operating cash flow; (ii) cash flow sufficient to achieve financial ratios or a specified cash balance; (iii) free cash flow; (iv) cash flow return on capital; (v) net cash provided by operating activities; (vi) cash flow per share; and (vii) working capital or adjusted working capital;

(4) *Stock Price and Equity Measures*, including, but not limited to: (i) return on stockholders' equity; (ii) total stockholder return; (iii) stock price; (iv) stock price appreciation; (v) market capitalization; (vi) earnings per share (basic or diluted) (before or after taxes); and (vii) price-to-earnings ratio;

(5) *Strategic Metrics*, including, but not limited to: (i) acquisitions or divestitures; (ii) collaborations, licensing or joint ventures; (iii) product research and development; (iv) clinical trials; (v) regulatory filings or approvals; (vi) patent application or issuance; (vii) manufacturing or process development; (viii) sales or net sales; (ix) sales growth, (x) market share; (xi) market penetration; (xii) inventory control; (xiii) growth in assets; (xiv) key hires; (xv) business expansion; (xvi) achievement of milestones under a third-party agreement; (xvii) financing; (xviii) resolution of significant litigation; (xix) legal compliance or risk reduction; (xx) improvement of financial ratings; or (xxi) achievement of balance sheet or income statement objectives;

(6) In each case such performance measures may be adjusted to exclude any one or more of (i) extraordinary items, (ii) gains or losses on the dispositions of discontinued operations, (iii) the cumulative effects of changes in accounting principles, (iv) the impairment or writedown of any asset or assets, (v) charges for restructuring and rationalization programs or (vi) other extraordinary or non-recurring items, as specified by the Committee when establishing the performance measures. Such performance measures: (i) may vary by Participant and may be different for different Awards; (ii) may be particular to a Participant or the department, branch, line of business, subsidiary or other unit in which the Participant works and may cover such period as may be specified by the Committee; and (iii) shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m). Awards that are not intended to qualify as Performance-Based Compensation may be based on these or such other performance measures as the Board may determine.

(d) Adjustments. Notwithstanding any provision of the Plan, with respect to any Performance Award that is intended to qualify as Performance-Based Compensation, the Committee may adjust downwards, but not upwards, the cash or number of shares payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance measures except in the case of the death or disability of the Participant or a change in control of the Company.

(e) Other. The Committee shall have the power to impose such other restrictions on Performance Awards as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for Performance-Based Compensation.

10. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under the Plan set forth in Section 4(a), (ii) the share counting rules and sublimits set forth in Sections 4(b) and 4(c), (iii) the number and class of securities and exercise price per share of each outstanding Option, (iv) the share and per-share provisions and the measurement price of each outstanding SAR, (v) the number of shares subject to and the repurchase price per share subject to each outstanding award of Restricted Stock and (vi) the share and per-share-related provisions and the purchase price, if any, of each outstanding RSU and each Other Stock-Based Award, shall be equitably adjusted by the Company (or substituted Awards may be made, if applicable) in the manner determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to an outstanding Option are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then an optionee who exercises an Option between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization and Change in Control Events.

(1) Definitions.

(i) A "***Reorganization Event***" shall mean:

(A) any merger or consolidation of the Company with or into another entity as a result of which the Common Stock is converted into or exchanged for the right to receive cash, securities or other property or is canceled; or

(B) any exchange of shares of Common Stock of the Company for cash, securities or other property pursuant to a share exchange or other transaction.

(ii) A "***Change in Control Event***" shall mean:

(A) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "***Person***") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d 3 promulgated under the Exchange Act) 50% or more of either (x) the aggregate number of shares of Common Stock then-outstanding (the "***Outstanding Company Common Stock***") or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); provided, however, that for purposes of this subsection (A), the following acquisitions shall not constitute a Change in Control Event: (I) any acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for common stock or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (II) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (III) any acquisition by any corporation pursuant to a Business Combination (as defined below) which complies with clauses (x) and (y) of subsection (C) of this definition;

(B) such time as the Continuing Directors (as defined below) do not constitute a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term "***Continuing Director***" means at any date a member of the Board (x) who was a member of the Board on the date of the initial adoption of this Plan by the Board or (y) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least

a majority of the directors who were Continuing Directors at the time of such nomination or election; provided, however, that there shall be excluded from this clause (y) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board; or

(C) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a "***Business Combination***"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "***Acquiring Corporation***") in substantially the same proportions as their ownership of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, immediately prior to such Business Combination and (y) no Person (excluding any employee benefit plan (or related trust) maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 50% or more of the then-outstanding shares of common stock of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote

generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(D) the complete liquidation or dissolution of the Company.

(iii) "***Cause***" shall, unless otherwise specified in the applicable Award agreement or another agreement between the Participant and the Company, mean any (A) willful failure by the Participant, which failure is not cured within 30 days of written notice to the Participant from the Company, to perform his or her material responsibilities to the Company, (B) willful misconduct by the Participant which affects the business reputation of the Company, (C) material breach by the Participant of any employment, consulting, confidentiality, non-competition or non-solicitation agreement with the Company, (D) conviction or plea of nolo contendere (no contest) by the Participant to a felony, or (E) commission by the Participant of any act involving fraud, theft or dishonesty with respect to the Company's business or affairs. The Participant shall be considered to have been discharged for "Cause" if the Company determines, within 30 days after the Participant's resignation, that discharge for Cause was warranted.

(iv) "***Good Reason***" shall, unless otherwise specified in the applicable Award agreement or another agreement between the Participant and the Company, mean any significant diminution in the Participant's authority, or responsibilities from and after such Reorganization Event or Change in Control Event, as the case may be, or any material reduction in the annual cash compensation payable to the Participant from and after such Reorganization Event or Change in Control Event, as the case may be, or the relocation of the place of business at which the Participant is principally located to a location that is greater than 50 miles from its location immediately prior to such Reorganization Event or Change in Control Event.

(2) Effect on Awards other than Restricted Stock.

(i) Reorganization Event. Upon the occurrence of a Reorganization Event (regardless of whether such event also constitutes a Change in Control Event), the Board may take any one or more of the following actions as to all or any (or any portion of) outstanding Awards other than Restricted Stock on such terms as the Board determines (except to the extent specifically provided otherwise in an applicable Award agreement or another agreement between the Company and the Participant): (A) provide that such Awards shall

be assumed, or substantially equivalent Awards shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof), (B) upon written notice to a Participant, provide that all of the Participant's unexercised and/or unvested Awards will terminate immediately prior to the consummation of such Reorganization Event unless exercised by the Participant (to the extent then exercisable) within a specified period following the date of such notice, (C) provide that outstanding Awards shall become exercisable, realizable, or deliverable, or restrictions applicable to an Award shall lapse, in whole or in part prior to or upon such Reorganization Event, (D) in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share surrendered in the Reorganization Event (the "***Acquisition Price***"), make or provide for a cash payment to Participants with respect to each Award held by a Participant equal to (X) the number of shares of Common Stock subject to the vested portion of the Award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such Reorganization Event) multiplied by (Y) the excess, if any, of (I) the Acquisition Price over (II) the exercise, grant or purchase price of such Award and any applicable tax withholdings, in exchange for the termination of such Award, and (E) any combination of the foregoing. In taking any of the actions permitted under this Section 10(b)(2)(i), the Board shall not be obligated by the Plan to treat all Awards, all Awards held by a Participant, or all Awards of the same type, identically.

(ii) Notwithstanding the terms of Section 10(b)(2)(i)(A), in the case of outstanding Restricted Stock Units that are subject to Section 409A of the Code: (A) if the applicable Restricted Stock Unit agreement provides that the Restricted Stock Units shall be settled upon a "change in control event" within the meaning of Treasury Regulation Section 1.409A-3(i)(5)(i), and the Reorganization Event constitutes such a "change in control event", then no assumption or substitution shall be permitted pursuant to Section 10(b)(2)(i)(A) and the Restricted Stock Units shall instead be settled in accordance with the terms of the applicable Restricted Stock Unit agreement; and (B) the Board may only undertake the actions set forth in clauses (C), (D) or (E) of Section 10(b)(2)(i) if the Reorganization Event constitutes a "change in control event" as defined under Treasury Regulation Section 1.409A-3(i)(5)(i) and such action is permitted or required by Section 409A of the Code; if the Reorganization Event is not a "change in control event" as so defined or such action is not permitted or required by Section 409A of the Code, and the acquiring or succeeding corporation does not assume or substitute the Restricted Stock Units pursuant

to clause (A) of Section 10(b)(2)(i), then the unvested Restricted Stock Units shall terminate immediately prior to the consummation of the Reorganization Event without any payment in exchange therefor.

(iii) For purposes of Section 10(b)(2)(i)(A), an Award (other than Restricted Stock) shall be considered assumed if, following consummation of the Reorganization Event, such Award confers the right to purchase or receive pursuant to the terms of such Award, for each share of Common Stock subject to the Award immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); *provided, however*, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise or settlement of the Award to consist solely of such number of shares of common stock of the acquiring or succeeding corporation (or an affiliate thereof) that the Board determined to be equivalent in value (as of the date of such determination or another date specified by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

(iv) Change in Control Event. Notwithstanding the provisions of Section 10(b)(2)(i), except to the extent specifically provided to the contrary in the instrument evidencing the Award or any other agreement between the Participant and the Company, each Award (other than Restricted Stock) shall become immediately vested, exercisable, or free from forfeiture, as applicable, if on or prior to the first anniversary of the date of the consummation of a Change in Control Event, the Participant's service with the Company or a successor corporation is terminated without Cause by the Company or the successor corporation or is terminated for Good Reason by the Participant.

(3) Effect on Restricted Stock.

(i) Reorganization Event. Upon the occurrence of a Reorganization Event (regardless of whether such event also constitutes a Change in Control Event), the repurchase and other rights of the Company

with respect to outstanding Restricted Stock shall inure to the benefit of the Company's successor and shall, unless the Board determines otherwise, apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to such Restricted Stock; *provided*, *however*, that the Board may provide for termination or deemed satisfaction of such repurchase or other rights under the instrument evidencing any Restricted Stock or any other agreement between a Participant and the Company, either initially or by amendment.

(ii) Change in Control Event. Upon the occurrence of a Change in Control Event (regardless of whether such event also constitutes a Reorganization Event), except to the extent specifically provided to the contrary in the instrument evidencing the Award or any other agreement between the Participant and the Company, each Award of Restricted Stock shall become immediately vested and free from forfeiture if on or prior to the first anniversary of the date of the consummation of a Change in Control Event, the Participant's service with the Company or a successor corporation is terminated without Cause by the Company or the successor corporation or is terminated for Good Reason by the Participant.

(4) Effect on Other Awards.

(i) Reorganization Event that is not a Change in Control Event. The Board shall specify at the time of grant or thereafter the effect of a Reorganization Event that is not a Change in Control Event on any Other Stock-Based Award or Cash-Based Award granted under the Plan.

(ii) Change in Control Event. The Board shall specify at the time of grant or thereafter the effect of a Change in Control Event (regardless of whether such event also constitutes a Reorganization Event) on any Other Stock-Based Award or Cash-Based Award granted under the Plan.

11. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by a Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant; *provided*, *however*, that, except with respect to Awards subject to Section 409A, the Board may permit or provide in an Award for the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family

member, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if the Company would be eligible to use a Form S-8 under the Securities Act for the registration of the sale of the Common Stock subject to such Award to such proposed transferee; *provided further*, that the Company shall not be required to recognize any such permitted transfer until such time as such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees. For the avoidance of doubt, nothing contained in this Section 11(a) shall be deemed to restrict a transfer to the Company.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Termination of Status. The Board shall determine the effect on an Award of the disability, death, termination or other cessation of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights, or receive any benefits, under an Award.

(d) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may elect to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise, vesting or release from forfeiture of an Award or at the same time as payment of the exercise or purchase price, unless the Company determines otherwise. If provided for in an Award or approved by the Board, a Participant may satisfy the tax obligations in whole or in part by delivery (either by actual delivery or attestation) of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their fair market value (determined by (or in a manner approved by) the Company; *provided*, *however*, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income), except that, to the extent that the Company is able to retain shares of Common Stock having a fair market value (determined by (or in a manner approved by) the Company) that exceeds the statutory minimum applicable withholding tax without financial accounting implications or the Company is withholding in a jurisdiction that does not have a statutory minimum withholding tax, the Company may retain such number of shares of Common Stock (up to the number of shares having a fair market value equal to the maximum individual statutory rate of tax (determined by (or in a manner approved by) the Company)) as the Company shall determine in its sole discretion to satisfy the tax liability associated with any Award. Shares used to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(e) Amendment of Award. Except as otherwise provided in Sections 5(g) and 6(e), the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option. The Participant's consent to such action shall be required unless (i) the Board determines that the action, taking into account any related action, does not materially and adversely affect the Participant's rights under the Plan or (ii) the change is permitted under Section 10.

(f) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously issued or delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and regulations and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(g) Acceleration. The Board may at any time provide that any Award shall become immediately exercisable in full or in part, free from some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

12. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award by virtue of the adoption of the Plan, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder; Clawback. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be issued with respect to an Award until becoming the record holder of such shares. In accepting an Award under the Plan, a Participant shall agree to be bound by any clawback policy the Company may adopt in future.

(c) Effective Date and Term of Plan. The Plan shall become effective on the date the Plan is approved by the Company's stockholders (the "***Effective Date***"). No Awards shall be granted under the Plan after the expiration of 10 years from the Effective Date, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time provided that (i) to the extent required by Section 162(m), no Award granted to a Participant that is intended to comply with Section 162(m) after the date of

such amendment shall become exercisable, realizable or vested, as applicable to such Award, unless and until the Company's stockholders approve such amendment in the manner required by Section 162(m); (ii) no amendment that would require stockholder approval under the rules of the national securities exchange on which the Company then maintains its primary listing may be made effective unless and until the Company's stockholders approve such amendment; and (iii) if the national securities exchange on which the Company then maintains its primary listing does not have rules regarding when stockholder approval of amendments to equity compensation plans is required (or if the Company's Common Stock is not then listed on any national securities exchange), then no amendment to the Plan (A) materially increasing the number of shares authorized under the Plan (other than pursuant to Sections 4(d) or 10), (B) expanding the types of Awards that may be granted under the Plan, or (C) materially expanding the class of participants eligible to participate in the Plan shall be effective unless and until the Company's stockholders approve such amendment. In addition, if at any time the approval of the Company's stockholders is required as to any other modification or amendment under Section 422 of the Code or any successor provision with respect to Incentive Stock Options, the Board may not effect such modification or amendment without such approval. Unless otherwise specified in the amendment, any amendment to the Plan adopted in accordance with this Section 12(d) shall apply to, and be binding on the holders of, all Awards outstanding under the Plan at the time the amendment is adopted, provided the Board determines that such amendment, taking into account any related action, does not materially and adversely affect the rights of Participants under the Plan. No Award shall be made that is conditioned upon stockholder approval of any amendment to the Plan unless the Award provides that (i) it will terminate or be forfeited if stockholder approval of such amendment is not obtained within no more than 12 months from the date of grant and (2) it may not be exercised or settled (or otherwise result in the issuance of Common Stock) prior to such stockholder approval.

(e) Authorization of Sub-Plans (including for Grants to non-U.S. Employees). The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable securities, tax or other laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to the Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Compliance with Section 409A of the Code. Except as provided in individual Award agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A) (the "***New Payment Date***"), except as Section 409A may then

permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A but do not to satisfy the conditions of that section.

(g) Limitations on Liability. Notwithstanding any other provisions of the Plan, no individual acting as a director, officer, employee or agent of the Company will be liable to any Participant, former Participant, spouse, beneficiary, or any other person for any claim, loss, liability, or expense incurred in connection with the Plan, nor will such individual be personally liable with respect to the Plan because of any contract or other instrument he or she executes in his or her capacity as a director, officer, employee or agent of the Company. The Company will indemnify and hold harmless each director, officer, employee or agent of the Company to whom any duty or power relating to the administration or interpretation of the Plan has been or will be delegated, against any cost or expense (including attorneys' fees) or liability (including any sum paid in settlement of a claim with the Board's approval) arising out of any act or omission to act concerning the Plan unless arising out of such person's own fraud or bad faith.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than the State of Delaware.

Exhibit 10.11

Aptevo Therapeutics Inc.

Senior Management Severance Plan

Section 1. Definitions. The following terms shall have the meaning ascribed to them below:

(A) "Applicable Bonus" shall mean the Participant's individual annual target bonus at the time of termination.

(B) "Base Salary" shall mean a Participant's annual base salary in effect on the date of the Change of Control or the date of termination, whichever is applicable.

(C) "Board" shall mean the board of directors of the Company or any committee of the Board that has been delegated authority to administer this Plan.

(D) "Cause" shall mean each of the following that results in demonstrable harm to the Company's financial condition or business reputation: (1) Participant's conviction of or plea of guilty or no contest to any felony or crime of moral turpitude; (2) Participant's dishonesty or disloyalty in performance of duties; (3) conduct by the Participant that jeopardizes the Company's right or ability to operate its business; (4) violation by the Participant of any of the Company's policies or procedures, (including without limitation employee workplace policies, anti-bribery policies, insider trading policy, communications policy, etc.) if uncured within two weeks of written notice by the Company; or (5) Participant's willful malfeasance, misconduct, or gross neglect of duty.

(E) "Change of Control" shall means an event or occurrence set forth in any one or more of subsections (a) through (d) below, including an event or occurrence that constitutes a Change of Control under one of such subsections but is specifically exempted from another such subsection, provided that such event or occurrence constitutes a change in the ownership or effective control of the Company, or a change in the ownership of a substantial portion of the assets of the Company, as defined in Treasury Regulation Section 1.409A-3(i)(5):

(a) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d-3 promulgated under the Exchange Act) 20% or more of either (x) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for common stock or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly from the Company or an underwriter or agent of the Company), (ii) any acquisition by the Company or an Excluded Person, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i) and (ii) of subsection (c) of this Section; or

(b) at such time as the Incumbent Directors do not constitute a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company); or

(c) the consummation of a merger, consolidation, reorganization, recapitalization or statutory share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company in one or a series of transactions (a "Business Combination"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (i) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "Acquiring Corporation") in substantially the same proportions as their ownership, immediately prior to such Business Combination, of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively; and (ii) no Person (excluding any employee benefit plan (or related trust) maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 20% or more of the then outstanding shares of common stock of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(d) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(F) "Code" shall mean the Internal Revenue Code of 1986, as amended, and, as applicable, the regulations promulgated thereunder.

(G) "Company" shall mean Aptevo Therapeutics Inc., and each of its subsidiaries, and after a Change of Control, any successor or successors thereto, including any Acquiring Corporation (as defined in Section 1(E)(c)).

(H) "Compensation" shall mean the sum of a Participant's Applicable Bonus and Base Salary.

(I) "Effective Date" shall be _____, 2016.

(J) "Employee Benefits" shall mean, except as otherwise specified by the Board with respect to a Participant at the time such Participant is designated as a Participant, the employee and fringe benefits and perquisites (including without limitation medical, dental, and life insurance), and pension benefits (including maximum matching contributions) made available to a Participant (and his or her eligible dependents) immediately prior to the Participant's termination, in the case of the application of Section 3(a)(vii) or immediately prior to a Change of Control in the case of the application of Section 5(d) (or, in each case, the economic equivalent thereof where applicable laws prohibit or restrict such benefits), provided that "Employee Benefits" shall not include life insurance in excess of one year or disability insurance.

(K) "Excluded Person" shall mean Fuad El-Hibri and his respective "Affiliates" or "Associates" (each as defined in Rule 12b-2 under the Exchange Act), their respective heirs and any trust or foundation to which either of them have transferred or may transfer the Company's voting securities.

(L) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

(M) “Good Reason” shall mean with respect to a Participant, (i) a material diminution in the Participant’s base compensation, (ii) a material diminution in the Participant’s authority, duties or responsibilities, (iiii) relocation of the Participant’s primary office more than 35 miles from its current location, or (iv) any other action or inaction that constitutes a material breach by the Company of its obligations under the Plan. Notwithstanding the foregoing, “Good Reason” shall not be deemed to have occurred unless: (1) the Participant provides the Company with written notice that the Participant intends to terminate employment hereunder for one of the grounds set forth in subsections (i), (ii), (iii) or (iv) of the immediately preceding sentence within sixty (60) days of such reason(s) occurring, (2) if such ground is capable of being cured, the Company has failed to cure such ground within a period of thirty (30) days from the date of such written notice, and (3) the Participant terminates employment within six (6) months from the date that Good Reason first occurs.

(N) “Group” shall have the meaning ascribed to such term in the Exchange Act.

(O) “Incumbent Director” shall mean at any date a member of the Board (i) who was a member of the Board on the Effective Date or (ii) who was nominated or elected subsequent to such date by at least a majority of the directors who were Incumbent Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Incumbent Directors at the time of such nomination or election; provided, however, that there shall be excluded from this clause any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board.

(P) “Participant” shall mean an employee of the Company with the title of Chief Executive Officer, Executive Vice President, Senior Vice President or Vice President who has (i) been employed by the Company for at least 6 months, (ii) been designated to participate in this Plan by the Board or, with the authorization of the Board, by the Chief Executive Officer of the Company, and (iii) executed the form provided by the Company to the employee substantially in the form attached hereto as Exhibit A (the “Acknowledgment Form”).

(Q) “Person” shall have the meaning ascribed to such term in the Exchange Act.

(R) “Plan” shall mean this Senior Management Severance Plan, as it may be amended from time to time.

Section 2. Term. This Plan shall be effective as of the Effective Date and shall continue in effect through December 31, 2021; provided, however, that, commencing on December 31, 2021, and on each December 31 thereafter, this Plan shall be automatically extended for one additional year unless, not later than ninety (90) days prior to the scheduled expiration of the term (or any extension thereof), the Company provides written notice that the term will not be extended.

Section 3. Severance Plan.

(a) If during the term of this Plan a Participant’s employment with the Company is terminated by the Company without Cause, other than under circumstances described in Section 4 below, then such Participant shall become entitled to:

(i) any unpaid Base Salary and, to the extent consistent with general Company policy and/or as otherwise required by applicable law, accrued but unused paid-time-off through the date of termination, to be paid in accordance with the Company’s regular payroll practices and with applicable law but no later than the next regularly scheduled pay period;

(ii) reimbursement for any unreimbursed expenses incurred by such Participant prior to the date of termination;

(iii) employee and fringe benefits and perquisites, if any, to which such Participant may be entitled as of the date of termination under the relevant plans, policies and programs of the Company;

(iv) an amount equal to the percentage of such Participant's Compensation set forth in the table below opposite such Participant's title, to be paid, in accordance with and subject to Sections 3(c) and 13, in equal installments over the period set forth in the table below opposite such Participant's title;

Title	Percentage of Participant's Compensation	Period (months)
Chief Executive Officer	150%	18
Executive Vice President	125%	15
Senior Vice President	75%	9
Vice President	50%	6

(v) any bonus earned but unpaid as of the date of termination for any previously completed year, to be paid in a single lump-sum, in accordance with and subject to Section 3(c) or, if later than the first payroll period that begins after the Release becomes binding, on the date on which such bonus would otherwise have been paid to the Participant if the Participant had remained employed;

(vi) pro rata target annual bonus in respect of the year of termination, to be paid in a single lump-sum, in accordance with and subject to Section 3(c), on the first payroll period that begins after the Release becomes binding; and

(vii) continued eligibility for such Participant and his/her eligible dependents to receive Employee Benefits, for such period following such Participant's date of termination as set forth in the table at Section 3(a)(iv) above opposite such Participant's title, except where the provision of such Employee Benefits would result in a duplication of benefits provided by any subsequent employer.

(b) If during the term of this Plan, a Participant's employment with the Company is terminated by the Company with Cause, then Participant shall not be entitled to receive any compensation, benefits or rights set forth herein or in Section 5, except to the extent provided by applicable law, and any stock options or other equity participation benefits vested on or prior to the date of such termination, but not yet exercised, shall immediately terminate.

(c) As a condition to payment of any of the amounts under this Section 3(a)(iv)-(vii), Participant:

(i) shall, for the period set forth therein, continue to comply with the non-solicit and non-competition terms of the Participant's executed Acknowledgment Form;

(ii) upon reasonable notice and at the Company's expense, cooperate fully with any reasonable request that may be made by the Company (giving due consideration for Participant's obligations with respect to any new employment or business activity) in connection with any investigation, litigation, or other similar activity to which the Company or any affiliate is or may be a party or otherwise involved and for which Participant may have relevant information; and

(iii) shall execute a suitable waiver and release under which the Participant shall release and discharge the Company and its affiliates from and on account of any and all claims that relate to or arise out of the employment relationship between the Company and the Participant ("the Release"); the Release must become binding within 60 days following the date of the termination event described in Section 3(a). After the Release becomes binding, the Participant will be paid pursuant to the terms of Section 3(a), in accordance with regular payroll cycles of the Company (starting with the first payroll period that begins after the Release is binding), provided that if the 60th day falls in the calendar year following the year of the date of the termination event described in Section 3(a), the payments will begin no earlier than the first payroll period of such later calendar year. Payments to certain Participants may be delayed by six months, as described in Section 13.

(d) Should Participant breach any obligation set forth in Section 3(c), above, (which breach remains uncured for a period of 10 days following written notice) the Company shall be relieved of any obligation to make further payments to Participant and shall be entitled to receive full repayment and restitution of all amounts theretofore paid to Participant under Sections 3(a)(iv)-(vii).

Section 4. Termination Protection. If during the term of this Plan:

(a) a Participant's employment with the Company is terminated by the Company without Cause, or a Participant resigns for Good Reason, in each case within eighteen (18) months following a Change of Control, or

(b) a Participant's employment with the Company is terminated prior to a Change of Control (which subsequently occurs) at the request of a party involved in such Change of Control, or otherwise in connection with or in anticipation of a Change of Control, then in the case of each of clauses (a) and (b) such Participant shall become entitled to the compensation, benefits and rights set forth in Section 5 (a) through (f), inclusive, subject to Section 13. Notwithstanding anything to the contrary set forth in this Plan and subject to the provisions of Section 13, if a termination described in Section 4(b) occurs, the compensation, benefits and rights set forth in Section 5 (a) through (f) shall be paid or distributed in the same manner as set forth in Section 3(a).

Section 5. Benefits and Rights

(a) Except as otherwise provided below, a cash lump sum, payable within thirty (30) days following the date of termination of employment equal to the sum of:

(i) any unpaid Base Salary and, to the extent consistent with general Company policy and/or as otherwise required by applicable law, accrued but unused paid-time-off through the date of termination to be paid in accordance with the Company's regular payroll practices and with applicable law but no later than the next regularly scheduled pay period;

(ii) reimbursement for any unreimbursed expenses incurred by such Participant prior to the date of termination

(iii) an amount equal to the percentage of such Participant's Compensation set forth in the table below opposite such Participant's title:

Title	Percentage of Compensation
Chief Executive Officer	250%
Executive Vice President	200%
Senior Vice President	125%
Vice President	65%

(iv) any bonus earned but unpaid as of the date of termination for any previously completed year; and

(v) such Participant's pro rata target annual bonus in respect of the year of termination.

(b) Such Employee Benefits, if any, to which such Participant may be entitled as of the date of termination of employment under the relevant plans, policies and programs of the Company.

(c) Any unvested Company stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-unit awards (collectively, "Equity Awards") held by such Participant that are outstanding on the date of termination of employment shall become fully vested as of such date, and the period during which any Equity Award held by such Participant that is outstanding on such date may be exercised (if applicable) shall be extended to a date that is the later of the fifteenth day of the third month following the date, or December 31 of the calendar year in which, such Equity Award would otherwise have expired if the exercise period had not been extended, but not beyond the final date such Equity Award could have been exercised if the Participant's employment had not terminated, in each case based on the terms of such Equity Award at the original grant date.

(d) Continued eligibility for such Participant and his/her eligible dependents to receive Employee Benefits, for such period following such Participant's date of termination of employment as set forth in the table below opposite the Participant's title, except where the provision of such Employee Benefits would result in a duplication of benefits provided by any subsequent employer.

Title	Period
Chief Executive Officer	30
Executive Vice President	24
Senior Vice President	12
Vice President	6

(e) All rights such Participant has to indemnification from the Company immediately prior to the Change of Control shall be retained for the maximum period permitted by applicable law, and any director's and officer's liability insurance covering such Participant immediately prior to the Change of Control shall be continued throughout the period of any applicable statute of limitations.

(f) The Company shall advance to such Participant all costs and expenses, including all attorneys' fees and disbursements, incurred by such Participant in connection with any legal proceedings (including arbitration), which relate to the termination of employment or the interpretation or enforcement of any provision of this Plan, and the Participant shall have no obligation to reimburse the Company for any amounts advanced hereunder where such Participant prevails in such proceeding with respect to at least one material issue, it being acknowledged that settlement of any such proceeding shall relieve the Participant from any reimbursement obligation.

Section 6. Section 280G; Potential Reduction in Payments.

(a) Anything in this Plan to the contrary notwithstanding and except as set forth below, in the event it shall be determined that any Payment would be subject to the Excise Tax, then the Participant shall have the following two options:

(i) if a reduction in benefits to a Value equivalent to the Safe Harbor Amount would result in an increase in the Payments that would be retained by Participant, net of all applicable taxes, Participant may choose to reduce the amount of the payments made pursuant to this Plan to the Safe Harbor Amount, or

(ii) in the event that Participant decides not to reduce the amount of Payments to the Safe Harbor Amount pursuant to Section 6(a)(i), Participant may choose to be solely responsible for the payment of all taxes, including any Excise Taxes, that become due thereon. The reduction of amounts payable pursuant to Section 6(a)(i), if applicable, shall be made, as determined by the Company, in the following order: (A) any cash payments, (B) any taxable benefits, (C) any nontaxable benefits, and (D) any vesting of equity awards, in each case in reverse order beginning with payments or benefits that are to be paid the farthest in time from the date that triggers the applicability of the Excise Tax, to the extent necessary to maximize the Value of all Payments actually made to the Participant. For purposes of reducing the Payments to the Safe Harbor Amount, only amounts payable under this Plan (and no other Payments) shall be reduced.

(b) All determinations required to be made under this Section 6, including the amount of such Excise Tax and the assumptions to be utilized to assist Participant with determining his/her options under Section 6(a), shall be made by such certified public accounting firm as may be designated by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Participant as is requested by the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. Any determination by the Accounting Firm shall be binding upon the Company and the Participant.

(c) The following terms shall have the meanings below for purposes of this Section 6.

(i) "Excise Tax" shall mean the excise tax imposed by Section 4999 of the Code, together with any interest or penalties imposed with respect to such excise tax.

(ii) "Parachute Value" of a Payment shall mean the present value as of the date of the Change of Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a "parachute payment" under Section 280G(b)(2), as determined by the Accounting Firm for purposes of determining whether and to what extent the Excise Tax will apply to such Payment.

(iii) A "Payment" shall mean any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid or payable pursuant to this Plan or otherwise.

(iv) The "Safe Harbor Amount" means 2.99 times the Participant's "base amount," within the meaning of Section 280G(b)(3) of the Code.

(v) "Value" of a Payment shall mean the economic present value of a Payment as of the date of the Change of Control for purposes of Section 280G of the Code, as determined by the Accounting Firm using the discount rate required by Section 280G(d)(4) of the Code.

Section 7. No Mitigation or Offset. Except as provided in Sections 3(a)(vii) and 5(d), a Participant shall not be required to mitigate the amount of any payment or benefit provided for under this Plan by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for hereunder be reduced by any compensation or benefits earned or received by such Participant as the result of employment by a subsequent employer, by retirement benefits, by offset against any amount claimed to be owed by such Participant to the Company or otherwise.

Section 8. Validity. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which other provision shall remain in full force and effect.

Section 9. Withholding. All payments hereunder shall be reduced by any applicable taxes required by applicable law to be paid or withheld by the Company.

Section 10. Modification or Waiver. The Board may amend, modify, or terminate the Plan at any time in its sole discretion; provided, however, that (a) any such amendment, modification or termination that adversely affects the rights of any Participant shall be unanimously approved by the Board and consented to in writing by such Participant, (b) no such amendment, modification or termination may affect the rights of a Participant then receiving payments or benefits under the Plan without the consent in writing of such Participant and (c) no such amendment, modification or termination made after a Change of Control shall be effective for at least eighteen (18) months following the closing of the Change of Control.

Section 11. Applicable Law. This Plan shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflicts of laws principles thereof.

Section 12. Administration of Plan. This Plan will be administered by the Board. The Board shall have authority to adopt, amend and repeal such administrative rules, guidelines and practices relating to this Plan as it shall deem advisable. The Board may construe and interpret the terms of this Plan and correct any defect, supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent that it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions of the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan. Neither the Board nor the Chief Executive Officer of the Company shall have any liability for any decision made in good faith in interpreting, implementing or operating this Plan, including without limitation, any changes made to the definition Good Reason, in establishing the list of Participants, or in selecting the Participants to be included in any of the Appendices attached to this Plan. The Company hereby agrees to indemnify and hold harmless each member of the Board and each officer, including without limitation the Chief Executive Officer of the Company, for (and in each case, advance) any and all costs and expenses incurred in connection with the administration, operation and implementation of the Plan, including without limitation any changes made to the definition Good Reason, in establishing the list of Participants, or in selecting the Participants to be included in any of the Appendices attached to this Plan. No amounts paid under this Section 12 for or on account of any of the foregoing officers or directors shall be included in Compensation under this Plan.

Section 13. Payments Subject to Section 409A.

(a) Subject to the provisions in this Section 13, any severance payments or benefits under the Plan shall begin only upon the date of the Participant's "separation from service" (as determined below), which occurs on or after the date of the Participant's termination of employment. The following rules shall apply with respect to distribution of the severance payments and benefits, if any, to be provided to the Participant under this Plan:

(i) It is intended that each installment of the severance payments and benefits provided under this Plan shall be treated as a separate "payment" for purposes of Section 409A of the Code and the guidance issued thereunder ("Section 409A"). Neither the Participant nor the Company shall have the right to accelerate or defer the delivery of any such payments or benefits except to the extent specifically permitted or required by Section 409A.

(ii) If, as of the date of the Participant's "separation from service" from the Company (within the meaning of Section 13(a)(iv) below), the Participant is not a "specified employee" (within the meaning of Section 409A), then each installment of the severance payments and benefits shall be made on the dates and terms set forth in this Plan.

(iii) If, as of the date of the Participant's "separation from service" from the Company, the Participant is a "specified employee" (within the meaning of Section 409A), then:

A. Each installment of the severance payments and benefits due under this Plan that, in accordance with the dates and terms set forth herein, will in all circumstances, regardless of when the separation from service occurs, be paid within the short-term deferral period (as defined under Section 409A) shall be treated as a short-term deferral within the meaning of Treasury Regulation Section 1.409A-1(b)(4) to the maximum extent permissible under Section 409A and shall be made on the dates and terms set forth in this Plan; and

B. Each installment of the severance payments and benefits due under this Plan that is not described in Section 13(a)(iii)(A) above and that would, absent this subsection, be paid within the six-month period following the Participant's "separation from service" from the Company shall not be paid until the date that is six months and one day after such separation from service (or, if earlier, the Participant's death), with any such installments that are required to be delayed being accumulated during the six-month period and paid in a lump sum on the date that is six months and one day following the Participant's separation from service and any subsequent installments, if any, being paid in accordance with the dates and terms set forth herein; provided, however, that the preceding provisions of this sentence shall not apply to any installment of severance payments and benefits if and to the maximum extent that such installment is deemed to be paid under a separation pay plan that does not provide for a deferral of compensation by reason of the application of Treasury Regulation Section 1.409A-1(b)(9)(iii) (relating to separation pay upon an involuntary separation from service). Any installments that qualify for the exception under Treasury Regulation Section 1.409A-1(b)(9)(iii) must be paid no later than the last day of the Participant's second taxable year following the taxable year in which the separation from service occurs.

(iv) The determination of whether and when the Participant's separation from service from the Company has occurred shall be made in a manner consistent with, and based on the presumptions set forth in, Treasury Regulation Section 1.409A-1(h). Solely for purposes of this Section 13(a)(iv), "Company" shall include all persons with whom the Company would be considered a single employer as determined under Treasury Regulation Section 1.409A-1(h)(3).

(b) All reimbursements and in-kind benefits provided under this Plan shall be made or provided in accordance with the requirements of Section 409A to the extent that such reimbursements or in-kind benefits are subject to Section 409A, including, where applicable, the requirement that (i) any reimbursement is for expenses incurred during the Participant's lifetime (or during a shorter period of time specified in this Plan), (ii) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (iii) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred and (iv) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(c) The Company makes no representation or warranty and shall have no liability to the Participants or any other person if any provisions of this Plan are determined to constitute deferred compensation subject to Section 409A and do not satisfy an exemption from, or the conditions of, Section 409A.

(d) The Plan and the Payments hereunder are intended to comply with or be exempt from Section 409A, and the Plan shall be interpreted consistent with the provisions of Section 409A.

Adopted by Aptevo Therapeutics Inc. this __th day of _____, 2016.

/s/

[Insert Name]
[Insert Title]

Exhibit A

Form of Senior Management Severance Plan
Acknowledgement Form

Terms used but not defined in this Acknowledgement Form shall have the meaning ascribed to them in the Aptevo Therapeutics Inc. Senior Management Severance Plan (the "Plan").

I acknowledge and agree that:

1. I am electing to become a Participant in, and to be subject to the terms and conditions of, the Plan.

2. I acknowledge that any non-competition, non-solicitation, confidentiality, assignment of inventions, or similar agreement that I may have with the Company or any of its affiliates is not affected by this letter or by my participation in the Plan and remains in full force and effect.

3. I agree that any indemnification agreement or shareholder agreement, that I may have with the Company or any of its affiliates is not affected by this letter or by my participation in the Plan and remains in full force and effect.

4. I am and will remain an at-will employee, and my employer or I may terminate my employment at any time for any reason or for no reason.

5. My compensation is governed by my employer's general benefit plans, as they may be amended from time to time, unless the Company notifies me otherwise in writing.

6. This Acknowledgment Form may not be modified, changed or discharged in whole or in part, except by an agreement in writing signed by the Company and me. This Acknowledgment Form shall be governed by and construed as a sealed instrument under and in accordance with the laws of the State of Delaware without regard to conflicts of law provisions.

_____ _____

EMPLOYEE NAME DATE

Exhibit 10.20

EXECUTION VERSION CONFIDENTIAL

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

LICENSE AND CO-DEVELOPMENT AGREEMENT

DATED AS OF AUGUST 19, 2014

BY AND BETWEEN

EMERGENT PRODUCT DEVELOPMENT SEATTLE, LLC

AND MORPHOSYS AG

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LICENSE AND CO-DEVELOPMENT AGREEMENT

This License and Co-Development Agreement (this "**Agreement**"), dated as of August 19, 2014 (the "**Effective Date**"), is made by and between **Emergent Product Development Seattle**, **LLC**, a Delaware limited liability corporation with offices at 2401 4th Ave. Suite 1050, Seattle, Washington 98121, USA ("**Emergent**"), and **MorphoSys AG**, a German stock corporation with offices at Lena-Christ-Str. 48, 82152 Martinsried/Planegg, Germany ("**MorphoSys**"). Emergent and MorphoSys are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, Emergent has developed and is currently further developing the novel compound ES414 (as defined below) for the treatment and/or control of cancer;

WHEREAS, MorphoSys has significant experience in the development of pharmaceutical products;

WHEREAS, MorphoSys and Emergent desire to establish a global collaboration for the further joint development and worldwide commercialization of ES414; and

WHEREAS, Emergent will have the exclusive commercialization rights in the United States and Canada and MorphoSys will have the exclusive commercialization rights in the rest of the world.

NOW THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Agreement, the Parties agree as follows:

ARTICLE 1
Definitions

As used in this Agreement, the following initially capitalized terms shall have the meanings set forth in this Article 1 or as otherwise defined elsewhere in this Agreement:

1.1 "**Affiliate**" means any Person directly or indirectly controlled by, controlling or under common control with, a Party, but only for so long as such control shall continue. For purposes of this definition, "control" (including, with correlative meanings, "controlled by", "controlling" and "under common control with") shall be presumed to exist with respect to a Person in the event of the possession, direct or indirect, of (i) the power to direct or cause the direction of the management and policies of such Person (whether through ownership of securities, by contract or otherwise), or (ii) at least fifty percent (50%) of the voting securities or other comparable equity interests. The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than fifty percent (50%), and that in such case, such lower percentage shall be substituted in the preceding sentence; *provided*, that such foreign investor has the power to direct or cause the direction of the management and policies of such Person. For the avoidance of doubt, neither of the Parties shall be deemed to be an "Affiliate" of the other.

1.2 "**Business Day**" means a day (other than Saturday or Sunday) on which banks are open for business in Munich, Germany, and in Seattle, Washington, United States.

1.3 "**Binding Domain**" means the portion of a pharmaceutical or diagnostic product that binds an antigen or a cell surface molecule, including a variable domain thereof.

1.4 "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

1.5 "**Calendar Year**" shall mean a period of twelve consecutive calendar months beginning on and including January 1 and ending on December 31.

1.6 "**CD3 Antigen**" means the T cell receptor (TCR) complex or any one or more of the CD3 group of cell surface molecules found on T-cells, including TCRa, TCRb, CD3g, CD3d, and CD3e.

1.7 "**CD3 Binding Domain**" means a Binding Domain that binds the CD3 Antigen and which has greater binding selectivity for the CD3 Antigen versus other antigens (and, for purposes of this definition, disregarding any residual binding activity).

1.8 "**Change of Control**" means with respect to a Party: (1) the sale of all or substantially all of such Party's assets or business relating to this Agreement; (2) a merger, reorganization or consolidation involving such Party in which the holders of voting securities of such Party outstanding immediately prior thereto cease to hold voting securities that represent at least fifty percent (50%) of the combined voting power of the surviving entity immediately after such merger, reorganization or consolidation; or (3) a person or entity, or group of persons or entities, acting in concert acquire more than fifty percent (50%) of the voting equity securities or management control of such Party.

1.9 "**Clinical Trial**" means human clinical studies in which the Product is administered or otherwise evaluated in humans, including any Phase IV clinical studies sponsored by either Party or co-sponsored by both Parties or investigator initiated human clinical studies funded or otherwise supported by either Party or both Parties.

1.10 "**CMC Information**" means information or data related to, or contained in, the DMFs or the CMC section (or equivalent thereof) of any MAA or other Regulatory Approval for the Product, or IND or CTA, or any other similar data or information.

1.11 "**Commercialize**", "**Commercializing**" or "**Commercialization**" means all activities covering the marketing, promotion, selling or offering for sale of a Product for an indication, including planning, market research, Pre-Marketing, advertising, educating, marketing, promoting, importing, exporting, distributing and post-marketing safety surveillance and reporting and Medical Affairs Activities. For clarity, "Commercialization" shall not include any activities covering Manufacturing or Development of the Product.

1.12 "**Commercially Reasonable Efforts**" means, with respect to a Party's obligations under this Agreement, including to Develop, Commercialize or Manufacture the Product, those efforts and resources consistent with the average of the usual practices of similarly situated companies in the pharmaceutical, biopharmaceutical and biotechnology industry, in each case in pursuing the development, commercialization or manufacture of its own pharmaceutical products that are of similar market potential as such Product, taking into account all relevant factors including product labeling or anticipated labeling, present and future market potential, past performance of such Product, financial return, medical and clinical considerations, present and future regulatory environment and competitive market conditions, all as measured by the facts and circumstances at the time such efforts are due. Commercially Reasonable Efforts shall be determined on a market-by-market basis for a particular Product, and it is anticipated that the level of effort will be different for different markets.

1.13 "**Competitor**" means a Third Party that is developing, commercializing or marketing an Alternative PSMA Product that is, with respect to the most advanced Clinical Trial of each of such Alternative PSMA Product and the Product, in a phase of development not more than one (1) full phase earlier than the Product considering the status of completion of the categories of activities common to both phases of development in terms of planning of, regulatory approval for, patient enrollment in and completion of the respective Clinical Trial (e.g., if the Product (1) has commenced a Phase III Clinical Trial, then such Alternative PSMA Product of a Third Party must have commenced a Phase II Clinical Trial or be in later development, or (2) is in the early or middle stage of enrollment of a Phase III Clinical Trial, then such Alternative PSMA Product of a Third Party must be in the middle or late stage of enrollment of a Phase II Clinical Trial, or such Third Party is not a Competitor).

1.14 "**Compound**" means ES414, a bispecific polypeptide containing a PSMA Binding Domain [**] and a CD3 Binding Domain [**] ("**ES414**"), and any back-up or follow-on compound comprised of a PSMA Binding Domain with or without other Binding Domains, including: (i) both a PSMA Binding Domain and a CD3 Binding Domain or (ii) both a PSMA Binding Domain and a Binding Domain other than CD3 Binding Domain; and any modification or derivative of the foregoing (including conjugated or mono/multi-specific forms thereof); *provided*, that such modification or derivative comprises in any case a PSMA Binding Domain.

1.15 "**Control**" means, when used in reference to intellectual property (including Patents, Inventions and Know-How), Confidential Information, other intangible property, or materials, that a Party owns or has a license or sublicense to such intellectual property (including Patents, Inventions and Know-How), Confidential Information, other intangible property or materials, and has the ability to grant access, a license or sublicense or other right to use such intellectual property (including Patents, Inventions and Know-How), Confidential Information, other intangible property or materials, as applicable, as provided for herein; *provided, however*, that, in the case of intellectual property not currently envisioned to be necessary for Development of the Product under the Initial Development Plan (i.e., intellectual property other than (x) Emergent Patents listed on Schedule 1.30, Emergent Platform Patents listed on Schedule 1.34 or Emergent Manufacturing Patents listed on Schedule 1.28, and (y) Emergent Know-How, Emergent Platform Know-How or Emergent Manufacturing Know-How existing as of the Effective Date and currently envisioned to be necessary for Development of the Product under the Initial Development Plan), such ability to grant such access, license, sublicense or other right is included only to the extent not (i) requiring the consent of a Third Party or (ii) violating the terms of any agreement or other arrangement with any Third Party.

1.16 "**Cover**(**ed**)" means, with respect to any Patent and the subject matter at issue, that, but for a license granted under a Valid Claim of such Patent, the manufacture, development, use, sale, offer for sale or importation of the subject matter at issue would infringe such Valid Claim, or in the case of a Patent that is a patent application, would infringe a Valid Claim in such patent application if it were to issue as a patent.

1.17 "**Develop**", "**Developing**" or "**Development**" means all activities covering research, non-clinical, preclinical and clinical trials, toxicology testing, manufacturing development, formulation development, statistical analysis and reporting, preparation and submission of applications (including CMC Information) for Regulatory Approvals (including Pricing Approval) of the Product in the Territories, necessary or reasonably useful or requested or required by a Regulatory Authority as a condition or in support of obtaining or maintaining all Regulatory Approvals (including Pricing Approval) for the Product in the Territories. For clarity, "Development" shall include all Clinical Trials as well as other post Product Approval studies (including non-interventional studies) conducted for the aforementioned purposes, but shall not include any activities covering Commercialization or Manufacture.

1.18 "**Development Activities**" means (i) General Development Activities, (ii) Manufacturing Development Activities, (iii) those MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities or Emergent Territory Required Development Activities, Emergent Territory Discretionary Development Activities jointly funded by the Parties in accordance with Section 4.7 or 4.8, in each case undertaken by or on behalf of a Party or its Affiliates with respect to the Product consistent with the applicable Development Plan.

1.19 "**Development Costs**" means the costs and expenses incurred by a Party or its Affiliates directly attributable to, or reasonably allocable to, the Development of the Product (including the costs incurred to MorphoSys or credited to Emergent in accordance with Section 7.2.2 for Product supplied for the Development Activities at the Development Supply Price) and the performance of the Manufacturing Development Activities, Packaging and Labeling of the Product for Development Activities (as far as not included in the Development Supply Price), Release of the Product for Development Activities subject to Section 7.2.4 (as far as not included in the Development Supply Price) and Joint Regulatory Costs and that are consistent with the applicable Development Plan. "Development Costs" shall include (i) Out-of-Pocket Costs and (ii) internal costs (*e.g.*, staff or administrative) that are directly attributable or reasonably allocable to the Development of the Product and the performance of the Manufacturing Development Activities, in each case in accordance with the Development Plan. For clarity, (x) Out-of-Pocket Costs included in Development Costs shall include costs for liability insurance for the conduct of Clinical Trials under the Development Plan obtained and maintained in accordance with Section 11.5, and (y) Development Costs shall exclude Regulatory Costs. For the avoidance of doubt, to the extent costs are partly directly attributable to the Development Activities and partly attributable to other activities of Emergent or MorphoSys, such costs shall constitute "Development Cost" on a *pro rata* basis.

1.20 "**Development Data**" means all non-clinical, clinical, technical, chemical, safety, and scientific data and information and other results, including relevant laboratory notebook information, screening data, Regulatory Data and synthesis schemes, including descriptions in any form, data and other information, generated by or resulting from or in connection with the conduct of Development Activities ("**Jointly Funded Development Data**") or in connection with the conduct of Sole-Funded Activities ("**Sole-Funded Development Data**").

1.21 "**Discretionary Development Activities**" means Emergent Territory Discretionary Development Activities and MorphoSys Territory Discretionary Activities.

1.22 "**Dollar**" means a U.S. dollar, and "$" shall be interpreted accordingly.

1.23 "**Drug Substance**" means the purified bulk Compound in its final formulation, stored in its bulk container, and suitable to be filled and finished into Vialed Product.

1.24 "**EMA**" means the European Medicines Agency or its successor.

1.25 "**Emergent Know-How**" means all Know-How that is Controlled by Emergent (or its Affiliates) as of the Effective Date or at any time during the Term (including an Emergent Sole-Funded Invention), which is necessary or reasonably useful for the Development or Commercialization of the Product in the MorphoSys Territory; *provided, however,* that Emergent Know-How shall not include any Emergent Platform Know-How or Emergent Manufacturing Know-How.

1.26 "**Emergent Manufacturing Invention**" means an Invention, made by or on behalf of either Party or jointly by the Parties, that relates to the general manufacturing of products and that is severable from the Product; *provided, however,* that Emergent Manufacturing Inventions shall not include Product Inventions.

1.27 "**Emergent Manufacturing Know-How**" means all Know-How, Controlled by Emergent (or its Affiliates) as of the Effective Date or at any time during the Term (including an Emergent Sole-Funded Invention), that relates to the general manufacturing of products and that is severable from the Product, which is necessary or reasonably useful for Manufacture of the Product in the Territories for Commercialization in the Territories, including any CMC Information; *provided, however,* that Emergent Manufacturing Know-How shall not include Product Know-How.

1.28 "**Emergent Manufacturing Patent**" means any Patent, Controlled by Emergent (or its Affiliates) (i) as of the Effective Date, including the Patents listed in Schedule 1.28, or (ii) at any time during the Term Covering Emergent Manufacturing Inventions (including an Emergent Sole-Funded Patent) that relates to the general manufacturing of products and that is severable from the Product, in each case of (i) or (ii) which is necessary or reasonably useful for the Manufacture of the Product; *provided, however,* that Emergent Manufacturing Patents shall not include Product Patents.

1.29 "**Emergent Manufacturing Technology**" means the Emergent Manufacturing Patents and the Emergent Manufacturing Know-How.

1.30 "**Emergent Patent**" means any Patent in the Territories that is (i) Controlled by Emergent (or its Affiliates) as of the Effective Date, including the Patents listed in Schedule 1.30, or (ii) that comes under the Control of Emergent (or its Affiliates) during the Term (including an Emergent Sole-Funded Patent), in each case of (i) or (ii) which is necessary or reasonably useful for the Development or Commercialization of the Product in the Territories; *provided, however,* that Emergent Patent shall not include any Emergent Platform Patent or Emergent Manufacturing Patent.

1.31 "**Emergent Platform**" means technologies relating to (i) single chain polypeptides capable of dimerizing, wherein the dimerized molecule contains two or more antibody derived Binding Domains separated by an CH2 and CH3 immunoglobulin constant domain, (ii) single chain polypeptides comprising, from the amino-terminus to the carboxy-terminus, a first antibody derived variable chain region, an immunoglobulin hinge region, immunoglobulin CH2 and CH3 constant region a linker and a second anti body derived variable domain region, (iii) polypeptides containing (a) at least one antibody derived Binding Domain capable of binding a tumor antigen (other than PSMA) or pathogen and (b) at least one antibody derived CD3 Binding Domain, or (iv) bispecific or multispecific fusion proteins or polypeptides containing a CD3 Binding Domain [**]; *provided, however,* that Emergent Platform shall not include the Compound, a Product or any other individual molecules. The technology within clause (iii) above is also referred to herein as the "**Emergent RTCC Platform**".

1.32 "**Emergent Platform Invention**" means an Invention, made by or on behalf of either Party or jointly by the Parties, that relates to the Emergent Platform and that is severable from the Product, including an Invention relating to an improvement of a CD3 Binding Domain; *provided, however,* that Emergent Platform Inventions shall not include Product Inventions.

1.33 "**Emergent Platform Know-How**" means all Know-How that is related to the Emergent Platform and that is severable from the Product that (i) is Controlled by Emergent (or its Affiliates) as of the Effective Date or (ii) comes under the Control of Emergent (or its Affiliates) at any time during the Term (including an Emergent Sole-Funded Invention), in each case of (i) or (ii) which is necessary or reasonably useful for the Development or Commercialization of the Product in the Territory; *provided, however,* that Emergent Platform Know-How includes any Emergent Platform Invention but shall not include any Product Know-How.

1.34 "**Emergent Platform Patent**" means any Patent that Covers Emergent Platform Inventions that (i) is Controlled by Emergent (or its Affiliates) as of the Effective Date, including the Patents listed in Schedule 1.34, or (ii) comes under the Control of Emergent (or its Affiliates) during the Term (including an Emergent Sole-Funded Patent), in each case of (i) or (ii) which is necessary or reasonably useful for the Development or Commercialization of the Product in the Territories, but excluding the Patents listed in Schedule 1.30; *provided, however,* that Emergent Platform Patent shall not include any Product Patent.

1.35 "**Emergent Platform Technology**" means the Emergent Platform Patents and Emergent Platform Know-How.

1.36 "**Emergent Sole-Funded Patent**" means any Patent that claims an Emergent Sole-Funded Invention.

1.37 "**Emergent Sole-Funded Invention**" means any Invention arising solely from a Sole-Funded Activity by Emergent Invented by either Party or its Affiliates, or a Person under an obligation of assignment to Emergent or its Affiliates.

1.38 "**Emergent Technology**" means the Emergent Patents and Emergent Know-How.

1.39 "**Emergent Territory**" means the United States and Canada and their respective territories, districts, commonwealths and possessions.

1.40 "**Emergent Territory Discretionary Development Activities**" means the Development activities for the Product for the Emergent Territory, other than Emergent Territory Required Development Activities or General Development Activities or Manufacturing Development Activities, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.41 "**Emergent Territory Required Development Activities**" means the Development activities for the Product that are necessary solely for obtaining or maintaining Regulatory Approvals for the Product in Canada, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.42 "**European Union**" or "**EU**" means the countries of the European Union, as it is constituted as of the Effective Date, which consists of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom or such other countries included in the MorphoSys Territory as of the Effective Date that after the Effective Date become members of the EU.

1.43 "**Expert**" means a disinterested, conflict-of-interest-free individual not affiliated with either Party or any of its Affiliates who, with respect to a dispute concerning a financial, scientific, medical, technical, commercial or regulatory matter as referred to such Expert in accordance with Section 3.6, who is an expert in the particular area at issue and who shall act as an expert and not as an arbitrator.

1.44 "**Facility**" means, as applicable, a Party's manufacturing facility and such other facilities used by such Party (or those of its Affiliates or Third Party contractors) in the Manufacture, packaging, labeling or storage of (a) Product or (b) materials utilized in the Manufacture, packaging or labeling of Product, in each case with respect to the Product for Development or Commercialization in the Territories.

1.45 "**FDA**" means the U.S. Food and Drug Administration or its successor.

1.46 "**FD&C Act**" means the U.S. Federal Food, Drug and Cosmetic Act, as amended, and the regulations promulgated thereunder.

1.47 "**Field**" means all fields of use, including therapeutic, palliative, prophylactic, diagnostic and research use, in human and animals.

1.48 "**Finished Product**" means the Product in its full packaging and final presentation form ready for Release to end users.

1.49 "**First Commercial Sale**" means, with respect to a Product, on a country by country basis, the first sale of such Product in a given country or other regulatory jurisdiction in the Territories after receipt of Regulatory Approval (including Pricing Approval, to the extent required for sale of a Product in a given country or regulatory jurisdiction) for such Product in such country or regulatory jurisdiction.

1.50 "**FTE**" means the equivalent of scientific, medical or technical, but for the avoidance of doubt not including managerial, financial, legal, marketing or business development, unless otherwise decided by the JSC, work of one (1) person, directly and specifically related to the Development of Products, full time for one (1) year, which equates to a total of forty (40) hours per week for forty-seven (47) weeks per year.

1.51 "**General Development Activities**" means all Development activities that either have applicability for the Development of the Product in a country of the MorphoSys Territory and a country of the Emergent Territory or are necessary for the Development of Product in any of the Major Markets. General Development Activities do not include MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities, activities under Development Proposals or Sole-Funded Activities unless they become jointly funded by the Parties in accordance with Sections 4.7 or 4.8 (in which case they shall be considered General Development Activities) or Development activities for an RFN Product unless the Parties have decided not to develop such RFN Product under the Development Plan as a Product under this Agreement pursuant to Section 2.7.

1.52 "**Good Clinical Practices**" or "**GCP**" means all applicable Good Clinical Practice standards for the design, conduct, performance, monitoring, auditing, recording, analyses and reporting of clinical trials, including, as applicable, (i) as set forth in European Commission Directive 2001/20/EC relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use, and brought into law by European Commission Directive 2005/28/EC laying down the principles and detailed guidelines for good clinical practice for investigational medicinal products, (ii) regulation 536/2014 of the European Parliament and of the council of 16 April 2014 on clinical trials on medicinal products for human use, (iii) the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use ("**ICH**") Harmonised Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95) and any other guidelines for good clinical practice for trials on medicinal products in the EU, (iv) the Declaration of Helsinki (2004) as last amended at the 64th World Medical Association in October 2013 and any further amendments or clarifications thereto, (v) U.S. Code of Federal Regulations Title 21, Parts 50 (Protection of Human Subjects), 56 (Institutional Review Boards) and 312 (Investigational New Drug Application), as may be amended from time to time, and (vi) the equivalent Laws in any relevant country, each as may be amended and applicable from time to time and in each case that provide for, among other things, assurance that the clinical data and reported results are credible and accurate and protect the rights, integrity, and confidentiality of trial subjects.

1.53 "**Good Laboratory Practices**" or "**GLP**" means all applicable Good Laboratory Practice standards, including, as applicable, (i) as set forth in European Commission Directive 2004/10/EC relating to the application of the principles of good laboratory practices, as may be amended from time to time, as well as the OECD Series on Principles of Good Laboratory Practice, (ii) the then-current good laboratory practice standards promulgated or endorsed by the FDA as defined in 21 C.F.R. Part 58, and (iii) the equivalent Laws in any relevant country, each as may be amended and applicable from time to time.

1.54 "**Good Manufacturing Practices**" or "**GMP**" means all applicable Good Manufacturing Practices including (i) the applicable part of quality assurance to ensure that products are consistently produced and controlled in accordance with the quality standards appropriate for their intended use, as defined in European Commission Directive 2003/94/EC laying down the principles and guidelines of good manufacturing practice, (ii) the principles detailed in the U.S. Current Good Manufacturing Practices, 21 C.F.R. Sections 210, 211, 601 and 610, (iii) the Rules Governing Medicinal Products in the European Community, Volume IV Good Manufacturing Practice for Medicinal Products, (iv) the principles detailed in the ICH Q7A guidelines, and (v) the equivalent Laws in any relevant country, each as may be amended and applicable from time to time.

1.55 "**Governmental Authority**" means any multinational, federal, state, local, municipal or other governmental authority of any nature (including any governmental association, division, prefecture, subdivision, department, agency, bureau, branch, office, commission, committee, council, court or other tribunal, such as statutory health insurance funds and their associations), in each case having jurisdiction over the applicable subject matter.

1.56 "**Indication**" means any use of a Product for the treatment, prevention, cure or delay of progression of a human disease or condition. For clarity, the broadening of use of a Product for a particular disease (such as the extension of the use of a Product from treating a particular disease or condition for use as an adjuvant treatment for such disease or condition or the use of a Product as a front-line therapy after receiving Regulatory Approval as a second line therapy for treatment of the same disease or condition) shall not be deemed to be separate Indications. For example, prostate cancer is one Indication, and any different treatment lines, different patient populations etc. of prostate cancer are not considered different indications, whereas lung cancer is considered a different Indication.

1.57 "**IND**" means the equivalent application of an Investigational New Drug Application to the equivalent agency of the FDA in the Territories, such as a clinical trial application ("**CTA**") or a clinical trial exemption ("**CTX**"), the filing of which is necessary to commence or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction.

1.58 "**Invented**" means the acts of (an) inventor(s), as determined in accordance with applicable patent Laws relating to inventorship set forth in the patent Laws of the U.S. (Title 35, United States Code) in discovering, conceiving or completing an Invention.

1.59 "**Invention**" means any writing, invention, discovery, improvement, technology or other Know-How (in each case, whether patentable or not) that is not existing as of the Effective Date and is Invented or generated under this Agreement (whether in the performance of Development Activities or in the performance of MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities), during the Term.

1.60 "**JMAA**" means an application that is filed with the MHLW to obtain Product Approval for the Product in the Japan.

1.61 "**Joint Invention**" means any Invention that is not an Emergent Sole-Funded Invention, not a MorphoSys Sole-Funded Invention, not an Emergent Platform Invention and not an Emergent Manufacturing Invention.

1.62 "**Joint Know-How**" means (i) any Know-How, other than Emergent Platform Know-How and Emergent Manufacturing Know-How, resulting from Development Activities, whether generated by or on behalf of either Party or their respective Affiliates on the course of the Development Activities, including Joint Inventions, or (ii) an Invention, other than an Emergent Platform Invention or a Emergent Manufacturing Invention, that is generated jointly by an employee of Emergent or its Affiliates or a Person under an obligation of assignment to Emergent or its Affiliates and an employee of MorphoSys or its Affiliates or a Person under an obligation of assignment to Emergent or its Affiliates.

1.63 "**Joint Patent**" means any Patent claiming Joint Inventions.

1.64 "**Joint Regulatory Costs**" means the costs and expenses incurred by a Party or its Affiliates attributable to, or reasonably allocable to, the preparation and obtaining of Regulatory Materials for the Product in the Major Markets and that are consistent with Development Activities performed under the applicable Development Plan, but shall exclude the costs of any filing fees associated with submissions for Regulatory Approvals.

1.65 "**Joint Steering Committee**" or "**JSC**" means the joint steering committee formed by the Parties as described in Section 3.1.

1.66 "**Joint Technology**" means the Joint Know-How and the Joint Patents.

1.67 "**Know-How**" means any proprietary data, results, material(s), technology, and nonpublic information of any type whatsoever, in any tangible or intangible form, including know-how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise), software, algorithms, marketing reports and plans, market research, expertise, technology, test data (including pharmacological, biological, chemical, biochemical, toxicological, preclinical and clinical test data), analytical and quality control data, stability data, other study data and procedures, including Development Data.

1.68 "**Laws**" means all laws, statutes, rules, regulations, directives, decisions, ordinances, guidelines and other pronouncements of any Governmental Authority.

1.69 "**Major Markets**" means the United States, EU, Japan and China.

1.70 "**Manufacture**" or "**Manufacturing**" means all activities related to the manufacturing of Drug Substance, Vialed Product, Finished Product or a Placebo thereof, or any ingredient thereof, including manufacturing for clinical use or commercial sale, in-process and lot release testing, release of Drug Substance or Vialed Product or Finished Product or Placebo, quality assurance activities related to manufacturing of Drug Substance, Vialed Product, Finished Product or a Placebo thereof, handling and storage of Drug Substance, Vialed Product, Finished Product or a Placebo thereof; *provided, however,* that for purposes of clarity "Manufacture" shall include fill and any compounding or lyophilization required of Drug Substance or Placebo into Vialed Product, Finished Product or Placebo thereof and shall, unless otherwise agreed by the Parties, include Packaging and Labeling (whether in commercial or clinical packaging presentation).

1.71 "**Manufacturing Development Activities**" means development of test methods, stability testing, formulation development, process development, quality assurance activities, quality control activities, qualification and validation activities, analytic process development, manufacturing process validation, scale-up, and all other activities, including CMC-related activities, necessary for or related to the development of Manufacture of the Product and Placebo.

1.72 "**Manufacturing License Occurrence**" means the occurrence of the circumstances set forth in Section 7.11 which shall be included also in the Supply Agreement, whereby MorphoSys receives a license to Manufacture the Product in accordance with Section 2.1.2.

1.73 "**Marketing Authorization Application**" or "**MAA**" means an application to the appropriate Regulatory Authority for approval to market the Product (but excluding Pricing Approval) in any particular country or regulatory jurisdiction, including such application filed with the FDA, with the EMA pursuant to the centralized procedure, with the MHLW or with the applicable Regulatory Authority of a country in the Territories.

1.74 "**Medical Affairs Activities**" means activities, compliant with applicable Laws, designed to ensure or improve appropriate medical use of, conduct medical education of, or further research regarding, a Product sold in the Territories, including by way of example: (i) activities of Medical Science Liaisons; (ii) the provision of grants to support continuing medical education, symposia, or Third Party research related to a Product; (iii) the development, publication and dissemination of publications relating to a Product and/or related disease or therapeutic indication; (iv) medical information services provided in response to inquiries communicated via Medical Representatives or received by letter, phone call, email or other means of communication; and (v) the conduct of advisory board meetings, meetings with prescribing doctors and other professionals or other programs, in each case the purpose of which is to obtain advice and feedback related to the Commercialization of, or medical activities concerning, a Product.

1.75 "**Medical Representative**" means an individual sales representative who is responsible for promoting and detailing Product in the Territories.

1.76 "**Medical Science Liaison**" means an individual who is employed by or on behalf of either Party or its Affiliates and who provides educational services and other educational efforts directed towards the medical and/or scientific community.

1.77 "**MHLW**" means Japan's Ministry of Health, Labor and Welfare and any of its subsidiary agencies or local governments responsible for pharmaceutical matters, or any successor agency having substantially the same function.

1.78 "**MorphoSys Applied Know-How**" means all Know-How that is (a)(i) Controlled by MorphoSys (or its Affiliates) as of the Effective Date or comes under the Control of MorphoSys (or its Affiliates) during the Term (other than as a result of the licenses granted by Emergent to MorphoSys under this Agreement) and (ii) incorporated by a decision of MorphoSys in any Product prior to any termination of this Agreement (provided, however, that such Know-How is necessary or reasonably useful for the Development, Manufacture or Commercialization of any Product) or (b) a MorphoSys Sole-Funded Invention.

1.79 "**MorphoSys Applied Patent**" means any Patent that (a)(i) is Controlled by MorphoSys (or its Affiliates) as of the Effective Date or comes under the Control of MorphoSys (or its Affiliates) during the Term (other than as a result of the licenses granted by Emergent to MorphoSys under this Agreement) and (ii) that claims any MorphoSys Applied Know-How or (b) is a MorphoSys Sole-Funded Patent.

1.80 "**MorphoSys Applied Technology**" means the MorphoSys Applied Know-How and the MorphoSys Applied Patents.

1.81 "**MorphoSys Sole-Funded Patent**" means any Patent that claims a MorphoSys Sole-Funded Invention.

1.82 "**MorphoSys Sole-Funded Invention**" means any Invention arising solely from a Sole-Funded Activity by MorphoSys Invented by either Party or its Affiliates, or a Person under an obligation of assignment to MorphoSys or its Affiliates.

1.83 "**MorphoSys Territory**" means the entire world except for countries of the Emergent Territory.

1.84 "**MorphoSys Territory Discretionary Development Activities**" means Development activities for the Product for the MorphoSys Territory, other than MorphoSys Territory Required Development Activities or General Development Activities or Manufacturing Development Activities, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.85 "**MorphoSys Territory Required Development Activities**" means the Development activities that are necessary solely for obtaining or maintaining Regulatory Approvals for the Product in those parts of the MorphoSys Territory that are not Major Markets, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.86 "**Net Sales**" means the gross amount invoiced by or on behalf of either Party as the selling Party in accordance with this Agreement (the "**Selling Party**") or any of its respective Affiliates or sublicensees (or any permitted distributors) to independent Third Parties on account of sales of the Product, less the following deductions specifically and solely related to the Product and actually allowed:

(a) customary trade, cash or quantity discounts actually paid, granted or accrued, to the extent not already reflected in the amount invoiced;

(b) value added tax, excise and sales taxes and customs duties to the extent included in the price and separately itemized on the invoice price (but specifically excluding, for clarity, any income taxes assessed against the income arising from such sale);

(c) outbound freight, shipment and insurance costs to the extent included in the price and separately itemized;

(d) amounts actually paid, granted or accrued on returns in accordance with a Selling Party's returned goods policy provided to the other Party; and

(e) compulsory payments and rebates directly related to the sale of the Product paid to a Governmental Authority pursuant to governmental regulations by reason of any national or local health insurance program or similar program.

For clarity, the amount of any discounts, rebates or allowances granted or taken with respect to the total sales to a customer for multiple products of the Selling Party (or its Affiliate, sublicensee, permitted distributors, agent, distributee, or designee thereof) shall not be deducted in calculating Net Sales. Any of the items set forth above that would otherwise be deducted from the invoice price in the calculation of Net Sales but which are separately charged to, and paid by, Third Parties shall not be deducted from the invoice price in the calculation of Net Sales. In the case of any sale of the Product for value other than in an arm's length transaction exclusively for cash, such as barter or counter-trade, Net Sales shall be determined by referencing Net Sales at which substantially similar quantities of the Product are sold in an arm's length transaction for cash.

Notwithstanding the foregoing, amounts billed by a Selling Party, its Affiliates, its sublicensees or any permitted distributors for the sale of Product among a Selling Party, its Affiliates, its sublicensees or any permitted distributor for resale shall not be included in the computation of Net Sales hereunder. Net Sales shall be accounted for in accordance with generally accepted accounting principles (**"GAAP**"), consistently applied. If a Selling Party, its Affiliates, its sublicensees or any permitted distributor sells the Product as part of a bundle with other products or offers package deals to customers that include the Product, the Product shall not be offered as a loss leader and any discounts shall be applied proportionally among the Product and the other products bundled together with the Product.

If a Product is sold as part of a product containing an additional clinically active component, Net Sales of Product, for the purpose of determining royalty payments, shall be determined by multiplying Net Sales (as defined above) of the combination product by the fraction A/(A+B), where A is the average sales price of the Product containing the Compound alone when sold separately in finished form and B is the average sale price of the additional clinically active component sold separately in finished form, provided that, if the individual components are not sold separately, the Parties will agree in good faith a reasonable apportionment of the sale price between the components of the product in question.

1.87 "**Out-of-Pocket Costs**" means costs and expenses, excluding value added tax, paid to Third Parties (or payable to Third Parties and accrued in accordance with GAAP), other than Affiliates or employees, by either Party.

1.88 "**Patents**" means patents and patent applications and all substitutions, divisions, continuations, continuations-in-part, any patent issued with respect to any such patent applications, any reissue, reexamination, utility models or designs, renewal or extension (including any supplementary protection certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all counterparts thereof in any country.

1.89 "**Patent Term Extension**" means any term extensions, supplementary protection certificates and equivalents thereof offering Patent protection beyond the initial term with respect to any issued Patents.

1.90 "**Person**" means any corporation, limited or general partnership, limited liability company, joint venture, trust, unincorporated association, governmental body, authority, bureau or agency, any other entity or body, or an individual.

1.91 "**Phase I Clinical Trial**" means a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(a) or the foreign equivalent thereof.

1.92 "**Phase I/II Clinical Trial**" shall mean the Clinical Trial for the Product conducted under protocol number 401, the synopsis of which is set forth in Schedule 1.92, or further protocol amendments.

1.93 "**Phase II Clinical Trial**" means a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(b) or the foreign equivalent thereof.

1.94 "**Phase III Clinical Trial**" means a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(c) or the foreign equivalent thereof.

1.95 "**Phase IV Clinical Trials**" means certain post-marketing studies to delineate additional information about a pharmaceutical product's risks, benefits, and optimal use, commenced after receipt of regulatory approval for a product in the indication for which such trial is being conducted.

1.96 "**Placebo**" means a substance or mixture of substances lacking presence of Compound, manufactured for purposes of control treatment in blinded Clinical Trials. For purposes herein, Placebo refers to finished and packaged form of such substance.

1.97 "**Pre-Marketing**" means all sales and marketing activities undertaken prior to and in preparation for the launch of the Product in a given country or other regulatory jurisdiction in the Territories. Pre-Marketing shall include market research, key opinion leader development, advisory boards, medical education, disease-related public relations, sales force training and other pre-launch activities prior to the First Commercial Sale of the Product in a given country or other regulatory jurisdiction in the Territories.

1.98 "**Pricing Approval**" means the approval, agreement, determination or decision from a Governmental Authority establishing the price and/or reimbursement for the Product for sale in a given country or regulatory jurisdiction, as required by applicable Laws in such country or other regulatory jurisdiction prior to or subsequent to the marketing and sale of the Product in such country or regulatory jurisdiction.

1.99 "**Product**" means any pharmaceutical product containing the Compound (alone or with other active ingredients), in all forms, presentations, formulations, administration, dosages, dosage forms, and packages. For clarity, "Product" shall include a RFN Product unless the Parties have decided to not Develop such RFN Product under the Development Plan pursuant to Section 2.7.

1.100 "**Product Approval**" means the approval by a Governmental Authority necessary for the marketing and sale of the Product in a given country or regulatory jurisdiction, which may include the approval of an MAA (but shall not include any Pricing Approvals).

1.101 "**Product Complaint**" means any written, verbal or electronic expression of dissatisfaction regarding any Product sold by or on behalf of either Party (or any of its Affiliates or sublicensees) in the Territories, including reports of actual or suspected product tampering, contamination, mislabeling or inclusion of improper ingredients.

1.102 "**Product Inventions**" means all Inventions relating to a PSMA Binding Domain, including Inventions relating to composition of matter, method of use and method of manufacture of the Product.

1.103 "**Product Know-How**" means all Know-How relating to a PSMA Binding Domain, including Know-How relating to composition of matter, method of use and method of manufacture of the Product. For clarity, Product Know-How shall be either Emergent Know-How, Joint Know-How or MorphoSys Applied Know-How.

1.104 "**Product Patents**" means all Patents that Cover Product Inventions. For clarity, Product Patents shall be either Emergent Patents, Joint Patents or MorphoSys Applied Patents.

1.105 "**Product Marks**" means the trademarks for use in connection with the Commercialization of the Product, including the trade dress, style of packaging and Internet domain names used in connection with the Commercialization of the Product.

1.106 "**Product Specifications**" means those Manufacturing, performance, quality-control Release, and Packaging and Labeling specifications for the Product in the Territories, which are agreed to by the Parties or initially as set forth in the applicable Product Approval for the Product, as such specifications may be amended from time to time pursuant to the terms of this Agreement.

1.107 "**Promotional Materials**" means all written, printed, video or graphic advertising, promotional, educational and communication materials (other than the Product labels and package inserts) for marketing, advertising and promoting of the Product in the Territories, for use (i) by a Sales Representative or a Medical Science Liaison or (ii) in advertisements, web sites or direct mail pieces.

1.108 "**PSMA Antigen**" means prostate specific membrane antigen (PSMA), also known as the enzyme glutamate carboxypeptidase II (GCPII), N-acetyl-L-aspartyl-L-glutamate peptidase I (NAALADase I), or NAAG peptidase.

1.109 "**PSMA Binding Domain**" means a Binding Domain that binds the PSMA Antigen and which has greater binding selectivity for the PSMA Antigen versus other antigens (and, for purposes of this definition, disregarding any residual binding activity).

1.110 "**Regulatory Approvals**" means all necessary approvals (including INDs, Product Approvals, Pricing Approvals and, in each case any supplements and amendments thereto), licenses, registrations or authorizations of any Governmental Authority, necessary for the manufacture, distribution, use, promotion and sale of the Product in a given country or regulatory jurisdiction.

1.111 "**Regulatory Authority**" means, in a particular country or regulatory jurisdiction, any applicable Governmental Authority involved in granting Regulatory Approvals in such country or regulatory jurisdiction, including (i) in the U.S., the FDA, and (ii) in the European Union, the European Commission and relevant national medicines regulatory authorities.

1.112 "**Regulatory Costs**" means the costs and expenses incurred by a Party or its Affiliates attributable to, or reasonably allocable to, (i) with respect to the Major Markets, the filing fees associated with submissions for Regulatory Approvals for the Product, including the MAA, Product Approval, Pricing Approvals and Manufacturing-related Regulatory Approvals, the preparation, obtaining or maintaining of Regulatory Materials subsequent to receipt of the respective Regulatory Approvals for which such Regulatory Material is necessary and the cost of maintaining such respective Regulatory Approvals after it was received, including expenses for meetings with Regulatory Authorities after filing for the respective Regulatory Approval and (ii) with respect to the Territories outside the Major Markets, the preparation, obtaining or maintaining of those parts of the Regulatory Materials required of the Regulatory Approvals for the Product, including the MAA, Product Approval, Pricing Approvals and Manufacturing-related Regulatory Approvals, including any filing fees and expenses for meetings with Regulatory Authorities, in each of (i) and (ii) that are consistent, if applicable, with the Development Plan. Regulatory Costs shall exclude any Joint Regulatory Costs.

1.113 "**Regulatory Data**" means any and all research data, pharmacology data, chemistry, manufacturing and control data, preclinical data, clinical data and all other documentation submitted, or required to be submitted, to Regulatory Authorities in association with obtaining or maintaining all Regulatory Approvals (including Pricing Approval) for the Product in the Territories (including any applicable Drug Master Files ("**DMFs**"), Chemistry, Manufacturing and Control ("**CMC**") data, or similar documentation).

1.114 "**Regulatory Exclusivity**" means any exclusive marketing rights or data exclusivity rights conferred by any Governmental Authority with respect to the Product in a given country or regulatory jurisdiction other than a Patent right.

1.115 "**Regulatory Materials**" means regulatory applications, submissions, notifications, communications, correspondence, registrations, Regulatory Approvals and/or other filings made to, received from or otherwise conducted with a Regulatory Authority that are necessary in order to Develop, Manufacture, obtain and maintain Regulatory Approvals, market, sell or otherwise Commercialize the Product in a particular country or regulatory jurisdiction. Regulatory Materials include materials relating to pre-IND meetings, INDs, pre-MAA meetings (including the biologics license application filed with the FDA), MAAs, presentations, responses, and applications for other Regulatory Approvals.

1.116 "**Release**" means, as required by the local applicable Laws in the designated country of use of the Finished Product or Placebo, including, as applicable, as defined in European Directive 2001/83EC as may be amended from time to time, release by a quality control unit or by a qualified person for use in a Clinical Trial or for (commercially) placing on the market or any other equivalent release.

1.117 "**Royalty Term**" means, on a country-by-country and Product-by-Product basis in the Emergent Territory or the MorphoSys Territory, as the case may be, the period of time beginning on the date on which cumulative Net Sales in the Emergent Territory or the MorphoSys Territory, respectively, have reached [**] million dollars ($[**]0,000,000) after First Commercial Sale of such Product in the Emergent Territory or the MorphoSys Territory, respectively ("**Royalty Start Date**"), and ending upon the latest of: (i) the date on which such Product (including, the use, sale, offer for sale, importation, development or manufacturing thereof) is no longer Covered by a Valid Claim in such country, extended by the time period, if any, from First Commercial Sale of such Product in such country until the Royalty Start Date, or (ii) the twelfth (12^{th}) anniversary of the Royalty Start Date of such Product.

1.118 "**SAE**" means Serious Adverse Event.

1.119 "**Sales Representative**" means an individual who is employed by or on behalf of either Party (or its Affiliates, sublicensees, authorized distributors or subcontractors) and who performs details and other promotional efforts with respect to the Product.

1.120 "**SUSAR**" means Suspected Unexpected Serious Adverse Reaction.

1.121 "**Territories"** means, collectively, the Emergent Territory and the MorphoSys Territory, and **"Territory"** means the Emergent Territory, with respect to Emergent, or the MorphoSys Territory, with respect to MorphoSys, as applicable.

1.122 "**Third Party**" means any Person other than Emergent or MorphoSys or their respective Affiliates.

1.123 "**Third Party Manufacturing License Agreement**" means that certain License Agreement, dated December 13, 2013, by and between [**] ("**Existing Manufacturing Licensor**") and Emergent, as amended.

1.124 "**Third Party Manufacturing Payments**" means any royalties or milestone payments or other fees due to Existing Manufacturing Licensor under the Third Party Manufacturing License Agreement on account of the license of intellectual property, or the manufacture or the subsequent sale of the Product by or on behalf of a Party, its Affiliates, sublicensees or subcontractors, as applicable.

1.125 "**United States**" or "**U.S.**" means the United States of America and its possessions and territories (which includes the Commonwealth of Puerto Rico and the District of Columbia).

1.126 "**[**] License**" means that Exclusive License Agreement, dated December 12, 2011, by and between the [**] and Emergent.

1.127 "**Valid Claim**" means (a) a claim of an issued and unexpired Emergent Patent, Emergent Platform Patent, Emergent Manufacturing Patent, Joint Patent, or MorphoSys Applied Patent (other than MorphoSys Sole-Funded Patents or Emergent Sole-Funded Patents, but only as long as there is no buy-in into the respective Sole-Funded Activity in accordance with Section 4.8) that (i) has not been rejected, revoked or held to be invalid or unenforceable by a court or other authority of competent jurisdiction, from which decision no appeal can be further taken and (ii) has not been finally abandoned, disclaimed or admitted to be invalid or unenforceable through reissue or disclaimer; or (b) a claim included in a pending patent application of an Emergent Patent, Emergent Platform Patent, Emergent Manufacturing Patent, Joint Patent, or MorphoSys Applied Patent (other than MorphoSys Sole-Funded Patents or Emergent Sole-Funded Patents, but only as long as there is no buy-in into the respective Sole-Funded Activity in accordance with Section 4.8) (whether filed before or after the Effective Date) that (i) has not been pending for more than [**] years from the earliest claimed priority date of such patent application (provided, however that for purposes of clarity, in the event such pending claim subsequently issues in an issued patent, then such claim shall again be a Valid Claim as of the date of issuance of such patent) and (ii) has not been finally determined to be unallowable by the applicable governmental authority (from which no appeal is or can be taken).

1.128 "**Vialed Product**" means the finished form of the Product, packaged in unlabeled vials.

Interpretation. Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement: (a) "include", "includes" and "including" are not limiting; (b) "hereof, "hereto", "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement; (c) words of one gender include the other gender; (d) references to a contract or other agreement mean such contract or other agreement as from time to time amended, modified or supplemented; (e) references to a Person are also to its permitted successors and assigns; (f) references to an "Article", "Section", "Exhibit" or "Schedule" refer to an Article or Section of, or an Exhibit or Schedule to, this Agreement, unless expressly stated otherwise; and (g) references to a law include any amendment or modification to such law and any rules and regulations issued thereunder, whether such amendment or modification is made, or issuance of such rules and regulations occurs, before or after the date of this Agreement.

Additional Definitions. The following terms have the meanings set forth in the corresponding Sections of this Agreement:

Term	Section
"Agreement"	Preamble
"Alliance Manager"	3.13
"Alternative Product Mark"	6.6.1(a)
[**]	2.6.1
"Assumed Development Activities"	2.6.2
"Assumed Development Activity Option"	2.6.2
"Audit"	8.11
"Audited Party"	8.11
"Auditing Party"	8.11

“Bankrupt Party”	14.9
“CHMP”	5.2.1(c)
“Chief Executive Officer”	3.5.2
“CMC”	1.113
“Commercial Supply Price”	7.3.3
“Committee”	3.8
“Confidential Information”	12.1
“Controlling Party”	9.6.1(a)
“Credit Agreement”	10.2.9
“CTA”	1.57
“CTX”	1.57
“De Minimis Overage Amount”	4.4.2
“Developing Party”	2.6.2
“Development Budget”	4.3.1(d)
“Development Cost Cap”	4.4.4(a)
“Development Plan”	4.3.1
“Development Proposal”	4.7.3
“Development Supply Price”	7.2.2
“Disclosing Party”	12.1
“DMFs”	1.113
“Effective Date”	Preamble
“Emergent”	Preamble
“Emergent Remedy Notice”	14.2
“Emergent Royalty Payments”	8.13
“Emergent Diagnostic Royalty Rates”	8.13
“Emergent RTCC Platform”	1.31
“Emergent Therapeutic Royalty Rates”	8.13
“Excess Development Cost Increment”	4.4.4(b)
“Excess Development Cost Increment Enhanced Product”	4.4.4(b)
“Excess Development Cost Increment Label Expansion Product”	4.4.4(b)
“Excess Development Cost Increment New Product”	4.4.4(b)
“Excess Development Cost Increment Product”	4.4.4(b)
“Excess Overage Amount”	4.4.2
“Excess Overage Amount Product”	4.4.2
“Existing Manufacturing Licensor”	1.123
“Extended Protection Confidential Information”	12.3
“Failure to Supply”	7.10.1
“GAAP”	1.86
“Global Product Mark”	6.6.1(a)
“ICC”	3.6
“ICH”	1.52
“Indemnification Claim Notice”	11.3.1
“Indemnified Party” and “Indemnifying Party”	11.3.1
“Indemnitee” and “Indemnitees”	11.3.1
“Infringement Claim”	9.6.1

“Initial Development Plan”	4.3.2
“Intellectual Property Committee” or “IPC”	3.9
“Invalidation Proceeding”	9.6.2(b)
“Invalidation/Re-Examination Patent”	9.6.2(b)
“Joint Steering Committee” or “JSC”	1.65
“Jointly Funded Development Data”	1.20
“Latest Emergent Termination Date”	13.3.1(c)
“Losses”	11.1
“Manufacturing License Occurrence”	7.11
“Milestone Notification Notice”	8.2
“MorphoSys”	Preamble
“MorphoSys Diagnostic Royalty Rates”	8.3
“MorphoSys Remedy Notice”	14.4
“MorphoSys Royalty Payments”	8.3
“MorphoSys Therapeutic Royalty Rates”	8.3
“Opposition Patents”	9.6.2(a)
“Opposition Proceeding”	9.6.2(a)
“Packaging and Labeling”	7.4
“Party” or “Parties”	Preamble
“Patent Challenge”	9.9
“Phase I/II Clinical Trial Dose Escalation Phase”	13.2
“PPI”	7.3.3
“Quality Agreements”	7.5
“Receiving Party”	12.1
“Reconciliation Development Payment”	8.10.2
“Recoupment Amount”	4.4.4(b)
“Recovery”	9.6.3(c)(v)
“Redacted Agreement”	12.7.2
“Re-Examination Proceeding”	9.6.2(b)
“RFN Product”	2.7
“Royalty Recoupment Adjustment”	4.4.4(b)
“Royalty Recoupment Adjustment Date”	4.4.4(b)
“Second Third Party Manufacturing Amendment”	2.1.2
“Senior Officer”	3.5.1
“Serious Supply Risk”	7.10.2
“Sole-Funded Development Data”	1.20
“Sole-Funded Activity”	4.7.5
“Supply Agreement”	7.3
“Term”	13.1
“Third Party Claim”	11.1
“Third Party IP”	8.5.2
“Third Party IP Agreement”	8.5.2
“Upfront Fee”	8.1
“VAT”	8.6

ARTICLE 2
Licenses

2.1 Grant to MorphoSys.

2.1.1 General Grant to MorphoSys. Subject to the terms and conditions of this Agreement, Emergent hereby grants to MorphoSys, and MorphoSys hereby accepts:

(i) during the Term, an exclusive (even as to Emergent and its Affiliates but subject to Emergent's retained rights in Section 2.3.3) license, including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, to Develop the Product in the MorphoSys Territory in the Field; and

(ii) during the Term, an exclusive license (even as to Emergent and its Affiliates), including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, to Commercialize the Product in the Field in the MorphoSys Territory; and

(iii) during the Term, a non-exclusive, cost-free, perpetual, worldwide license under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, to perform Development Activities in the Emergent Territory solely in accordance with the Development Plan and for Sole-Funded Activities by MorphoSys.

2.1.2 Manufacturing Grant to MorphoSys. Subject to the terms and conditions of this Agreement, the Supply Agreement and the Quality Agreements, in the event of a Manufacturing License Occurrence, Emergent hereby grants to MorphoSys a co-exclusive (with Emergent and its Affiliates), license (during the Term), including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the Emergent Manufacturing Technology, Emergent's interest in the Joint Technology, Emergent Patents and the Emergent Platform Technology, to Manufacture the Product for Development worldwide in the Field and for Commercialization in the Field in the MorphoSys Territory. MorphoSys hereby accepts such license. Emergent shall use best efforts to, together with MorphoSys, which will use best efforts to, obtain the Second Third Party Manufacturing Amendment within a period of six (6) months after the Effective Date. Hereinafter, "**Second Third Party Manufacturing Amendment**" means an amendment to the Third Party Manufacturing License Agreement, under which Existing Manufacturing Licensor allows Emergent to grant under such Third Party Manufacturing License Agreement a sublicense for Manufacture of the Product by, in addition to MorphoSys, at least [**] Third Party contract manufacturers on behalf of MorphoSys, and at least one of them being capable of Manufacturing the Product for, and if required by applicable Law, in China and Japan, acceptable to Existing Manufacturing Licensor, on the one hand, and to both Emergent and MorphoSys, on the other hand (it being understood that any of the top [**] contract manufacturers (in terms of capacities for manufacturing or other similar manufacturing volume) on a worldwide or regional basis, as applicable, would be acceptable to MorphoSys and Emergent)

and to transfer the Manufacturing process to such contract manufacturers. In the event that the Parties are not able to obtain the Second Third Party Manufacturing Amendment within a period of six (6) months after the Effective Date, MorphoSys may seek and obtain a direct license from Existing Manufacturing Licensor permitting MorphoSys to sublicense Manufacture of the Product to at least [**] Third Party contract manufacturers on behalf of MorphoSys and to transfer the Manufacturing process to such contract manufacturers, and, in the event MorphoSys enters into such a direct license with Existing Manufacturing Licensor, Emergent shall reimburse MorphoSys for [**] percent ([**]%) of any and all incremental amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable by MorphoSys to Existing Manufacturing Licensor under such direct license beyond the amounts payable to Existing Manufacturing Licensor under the Third Party Manufacturing License Agreement.

2.2 Grant to Emergent.

2.2.1 General Grant to Emergent. Subject to the terms and conditions of this Agreement, MorphoSys hereby grants to Emergent, and Emergent hereby accepts:

(i) during the Term, an exclusive license, including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the MorphoSys Applied Technology and MorphoSys' interest in the Joint Technology, to (A) Develop the Product in the Emergent Territory in the Field, (B) Commercialize the Product in the Field in the Emergent Territory, and (C) Manufacture the Product worldwide for (1) Development in the Field, (2) Commercialization in the Field in the Emergent Territory, and (3) Commercialization in the Field in the MorphoSys Territory by or on behalf of MorphoSys; and

(ii) during the Term, a non-exclusive, cost-free, perpetual, worldwide license or sublicense, as applicable, under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology, Emergent's interest in the Joint Technology, the MorphoSys Applied Technology and MorphoSys' interest in the Joint Technology to perform Development Activities in the MorphoSys Territory solely in accordance with the Development Plan and for Sole-Funded Activities by Emergent.

2.2.2 Additional Grant to Emergent. Subject to the terms and conditions of this Agreement, to the extent that it is not legally possible for MorphoSys to assign to Emergent all right, title and interest in and to the Emergent Platform Inventions and Emergent Manufacturing Inventions pursuant to Section 9.1.4, MorphoSys hereby grants to Emergent a co-exclusive (with MorphoSys, its Affiliates and sublicensees), perpetual license, including the right to sublicense through multiple tiers (subject, with respect only to the Product, to the restrictions set forth in Section 2.5.3(b)), under the Emergent Platform Inventions and Emergent Manufacturing Inventions, if any, contained in the MorphoSys Applied Technology or MorphoSys Sole-Funded Inventions, to make, have made, use, have used, sell or have sold the Product in accordance with the licenses granted under Section 2.2.1 or any other product. Emergent hereby accepts such license.

2.3 Additional Licensing Provisions.

2.3.1 Negative Covenant. Each Party covenants that it will not use or practice any of the other Party's Patents, Know-How or other intellectual property rights licensed (or sublicensed, as applicable) to it under this Article 2 except for the purposes (i) permitted under this Agreement or (ii) allowed under applicable Laws where such Patents, Know-How or other intellectual property rights are in the public domain without violation by such Party of any confidentiality obligation to the other Party under this Agreement.

2.3.2 No Implied Licenses; Retained Rights. Except as explicitly set forth in this Agreement, neither Party grants any license, express or implied, under its intellectual property rights to the other Party, whether by implication, estoppel or otherwise.

2.3.3 Emergent Manufacturing. Subject to the terms and conditions of this Agreement, the Supply Agreement, and the Quality Agreements, Emergent retains the right to Manufacture the Product worldwide for (i) Development in the Field, (ii) Commercialization in the Field in the Emergent Territory and (iii) Commercialization in the Field in the MorphoSys Territory by or on behalf of MorphoSys.

2.3.4 Certain Research by Emergent. Within [**] years after the Effective Date, Emergent may use ES414 as a control molecule in *in vitro* experiments to study mechanistic function and structural analysis of other Emergent RTCC Platform molecules in development. Upon prior approval from MorphoSys, to be considered by MorphoSys in good faith, Emergent may conduct any other experiments and publish the results of those experiments.

2.3.5 Documents and Declarations. Each Party shall execute all documents, give all declarations regarding the licenses granted hereunder and reasonably cooperate with the other Party upon its reasonable request at the cost of the requesting Party to the extent such documents, declarations and/or cooperation are required for the recordal or registration of the licenses granted hereunder at patent office(s) in the requesting Party's Territory.

2.4 Transfer of Emergent Know-How. Within ninety (90) calendar days after the Effective Date, Emergent shall furnish to MorphoSys a data package that shall include tangible or physical embodiments or electronic file of the Emergent Know How and the Emergent Platform Know-How existing at the Effective Date. MorphoSys shall not use any of the Emergent Platform Know-How furnished by Emergent under this Agreement for any purpose whatsoever, except as specifically authorized in this Agreement. In the event MorphoSys reasonably believes at any time during the Term that the tangible or physical embodiments or electronic file of the Emergent Know-How, the Emergent Platform Know-How or, in the event of a Manufacturing License Occurrence, tangible or physical embodiments or electronic file of the Emergent Manufacturing Know-How, furnished by Emergent is incomplete, MorphoSys shall provide written notice thereof to Emergent, and Emergent shall furnish such missing Know-How as promptly as practicable after receipt of MorphoSys' written notice hereunder. Emergent shall use its reasonable endeavors to answer all questions received from MorphoSys regarding the Emergent Know-How, Emergent Platform Know-How or, in the event of a Manufacturing License Occurrence, Emergent Manufacturing Know-How, as soon as reasonably possible after receipt of MorphoSys' request.

2.5 Performance by Affiliates, Subcontractors and Sublicensees.

2.5.1 Performance by Affiliates. The Parties recognize that each Party may perform some or all of its obligations under this Agreement through Affiliates; provided, however, that each Party shall remain responsible for and be guarantor of the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. Each Party hereby expressly waives any requirement that the other Party exhaust any right, power or remedy, or proceed against an Affiliate, for any obligation or performance hereunder prior to proceeding directly against such Party. Wherever in this Agreement the Parties delegate responsibility to Affiliates, the Parties agree that such entities may not make decisions inconsistent with this Agreement, amend the terms of this Agreement or act contrary to its terms in any way.

2.5.2 Subcontractors. Each Party shall ensure that each of its subcontractors accepts and complies with all of the terms and conditions of this Agreement, and such Party shall guarantee its subcontractors' performance under this Agreement. For the avoidance of doubt, each Party will remain directly responsible for the Development and Commercialization obligations and all amounts owed to the other Party under this Agreement. Each Party hereby expressly waives any requirement that the other Party exhaust any right, power or remedy, or proceed against a subcontractor, for any obligation or performance hereunder prior to proceeding directly against such Party.

2.5.3 Sublicensees.

(a) Prior to filing of Product Approval in the EU, MorphoSys shall be required to obtain the prior written consent of Emergent for any sublicensing, transferring, assigning or conveying (i) of Development rights (alone or in combination with Commercialization rights) under rights granted to MorphoSys under Section 2.1.1, or (ii) of Manufacturing rights granted to it under Section 2.1.2; *provided*, that after filing of Product Approval in the EU, subject to Section 2.1.2 MorphoSys shall be required to obtain the prior written consent of Existing Manufacturing Licensor under the Third Party Manufacturing License Agreement for any sublicensing, transferring, assigning or conveying of Manufacturing rights granted to it under Section 2.1.2 If MorphoSys intends to sublicense the rights referenced in the previous sentence, prior to filing of Product Approval in the EU, MorphoSys shall disclose to Emergent the identity of the potential sublicensee. Emergent shall within twenty-five (25) calendar days notify MorphoSys whether it consents to such sublicense; *provided*, *however*, that Emergent shall not unreasonably withhold its consent. It shall be unreasonable for Emergent to withhold such consent if the potential sublicensee is one of the top [**] pharmaceutical or biotechnology companies (based on annual sales) with good standing and with the relevant capability and expertise to perform its obligations under such sublicense, unless such potential sublicensee is a Competitor. In the event that Emergent fails to deny consent to such proposed sublicense within such twenty-five (25) calendar day period, Emergent shall be deemed to have given its consent with respect to such sublicense. MorphoSys shall not be required to obtain the prior written consent of Emergent for any sublicensing, transferring, assigning or conveying of Commercialization rights (not in combination with Development rights) under rights granted to MorphoSys under Section 2.1.1 in any country or region in the MorphoSys Territory, if MorphoSys in good faith determines that such sublicensee has the relevant capability and expertise to perform its obligations under the sublicense.

(b) Prior to filing of Product Approval in the United States, Emergent shall be required to obtain the prior written consent of MorphoSys for any sublicensing, transferring, assigning or conveying of Development rights (alone or in combination with Commercialization rights) under rights granted to Emergent under Section 2.2 or of Development rights (alone or in combination with Commercialization rights) under Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, in each case, for the Product in the Field in the Emergent Territory. If Emergent intends to sublicense the rights or activities referenced in the foregoing sentence of this Section, Emergent shall disclose to MorphoSys the identity of the potential sublicensee. MorphoSys shall within twenty-five (25) calendar days notify Emergent whether it consents to such sublicense; *provided*, *however*, that MorphoSys shall not unreasonably withhold its consent. It shall be unreasonable for MorphoSys to withhold such consent if the potential sublicensee is one of the top [**] pharmaceutical or biotechnology companies (based on annual sales) with good standing and with the relevant capability and expertise to perform its obligations under the sublicense, unless such potential sublicensee is a Competitor. In the event that MorphoSys fails to deny consent to such proposed sublicense within such twenty-five (25) calendar day period, MorphoSys shall be deemed to have given its consent with respect to such sublicense. Emergent shall not be required to obtain the prior written consent of MorphoSys for any sublicensing, transferring, assigning or conveying of Commercialization rights (not in combination with Development rights) under rights granted to Emergent under Section 2.2 in any country or region of the Emergent Territory, if Emergent in good faith determines that such sublicensee has the relevant capability and expertise to perform its obligations under the sublicense.

2.5.4 Conditions of Sublicenses and Subcontracts. With respect to each such sublicense pursuant to Section 2.5.3 or subcontract pursuant to Section 2.5.2, as applicable, each Party shall ensure that each of its sublicensees and subcontractors accepts and complies with all applicable terms and conditions of this Agreement, and such Party shall remain responsible for the performance of its sublicensees and subcontractors hereunder, and any such sublicense or subcontract shall (a) be subject and subordinate to the terms and conditions of this Agreement, (b) contain terms and conditions which are not inconsistent with the terms and conditions of this Agreement, (c) not in any way diminish, reduce or eliminate any of such Party's rights and obligations under this Agreement, and (d) impose on the sublicensee or subcontractor all applicable obligations under the terms of this Agreement, including, to the extent applicable, the reporting, audit, inspection and confidentiality provisions hereunder, as well as a provision prohibiting such sublicensee or subcontractor from sublicensing or subcontracting in violation of the terms of this Agreement. For the avoidance of doubt, each Party will remain directly responsible for all of its Development and Commercialization obligations and amounts owed to the other Party under this Agreement. Each Party hereby expressly waives any requirement that the other Party exhaust any right, power or remedy, or proceed against a sublicensee or subcontractor, for any obligation or performance hereunder prior to proceeding directly against such Party. Each Party shall provide the other Party with a copy of each such sublicense agreement granted pursuant to Section 2.5.3 within thirty (30) calendar days after the execution thereof (redacted as such Party reasonably determines to protect confidential or commercially sensitive information).

2.6 Exclusivity.

2.6.1 Forbearance. Emergent hereby covenants that, for a period of [**] years after First Commercial Sale of the Product in the Emergent Territory, it shall not (and shall cause its Affiliates not to) directly or indirectly commercialize any pharmaceutical product [**]. MorphoSys hereby covenants that, for a period of [**] years after First Commercial Sale of the Product in the MorphoSys Territory, it shall not (and shall cause its Affiliates not to) directly or indirectly commercialize [**].

2.6.2 Alternative PSMA Product. In the event that, prior to the first Product Approval for the Product in the MorphoSys Territory with respect to MorphoSys, and in the Emergent Territory with respect to Emergent, such Party or any of its respective Affiliates clinically develops any Alternative PSMA Product, such Party (the "**Developing Party**") shall notify the other Party in writing within thirty (30) calendar days after commencing such development with non-confidential information relating to such Alternative PSMA Product and, at the other Party's written request, additional information relating to such Alternative PSMA Product. From the receipt of such notice until such time as the Developing Party informs the other Party in writing that it has abandoned the development of such Alternative PSMA Product, the other Party shall have the right, exercisable upon written notice to the Developing Party (the "**Assumed Development Activity Option**"), to assume performance of any or all Development Activities under this Agreement (the "**Assumed Development Activities**"); *provided*, that the remainder of this Agreement shall continue to apply with respect to such Assumed Development Activities, *mutatis mutandis*, giving effect to the assumption of such activities by the other Party (including the continuation of the bearing of such Development Costs thirty-six percent (36%) by Emergent and sixty-four percent (64%) by MorphoSys). Upon the other Party's exercise of an Assumed Development Activity Option, the Developing Party shall transition and transfer the applicable Assumed Development Activities previously performed by the Developing Party to the other Party and use Commercially Reasonable Efforts to provide reasonable assistance to the other Party to enable the other Party to assume such Assumed Development Activities.

2.6.3 Exceptions. Notwithstanding the restrictions set forth in Sections 2.6.1 and 2.6.2, both Parties shall be allowed to (i) perform contract research activities (fee for service discovery) for Third Parties using its platform technologies and (ii) pursue outward-bound technology platform transfer agreements, in each case of clauses (i) and (ii) without any target restrictions, without violating this Agreement.

2.6.4 Jurisdictional Compliance. It is the desire and intent of the Parties that the exclusivity covenants contained in this Section 2.6 be enforced to the fullest extent permissible under the Laws and public policies applied in each jurisdiction in which enforcement is sought. Emergent and MorphoSys believe that the restrictive covenants in this Section 2.6 are valid and enforceable. However, if any restrictive covenant should for any reason become or be declared by a competent court or competition authority to be invalid or unenforceable in any jurisdiction, such restrictive covenant shall be deemed to have been amended to the extent necessary in order that such provision be valid and enforceable, such amendment shall apply only with respect to the operation of such provision of this Section 2.6 in the particular jurisdiction in which such declaration is made.

2.7 Right of First Negotiation. The Parties may mutually decide to jointly develop an Alternative PSMA Product comprised of a PSMA Binding Domain and no other Binding Domain or more than one other Binding Domain (an "**RFN Product**"), in which case such RFN Product will then be developed under the Development Plan in accordance with this Agreement. If, after the first Product Approval for the Product in the MorphoSys Territory with respect to MorphoSys, and in the Emergent Territory with respect to Emergent, either Party intends to develop on its own or intends to grant to any Third Party the right to develop any RFN Product, then such Party shall notify the other Party in writing and submit a development proposal to the other Party to jointly Develop such RFN Product under the Development Plan, in which case Sections 4.7.3, 4.7.4 and 4.7.6 shall apply *mutatis mutandis* to this Section 2.7; *provided* that the other Party shall have the right to elect not to include such RFN Product in the Development Plan for joint development, in which case such intending Party shall be free to develop such RFN Product subject to the restrictions in Section 2.6 and such RFN Product shall no longer be deemed a Product and shall no longer be subject to the license grant under Section 2.1.

2.8 Restrictive Covenants.

2.8.1 Activities. Each Party hereby covenants and agrees that it shall not (and shall cause its respective Affiliates, sublicensees and subcontractors not to), either directly or indirectly, market, distribute or sell the Product into countries outside of its respective Territory. Without limiting the generality of the foregoing, neither Party shall (i) engage in any advertising activities relating to the Product directed solely to customers located in countries within the Territory of the other Party, or (ii) solicit orders from any prospective purchaser located in countries within the Territory of the other Party.

2.8.2 Contracts. In the event that either Party (or any of its Affiliates) enters into any agreement with a subcontractor (including, any distributors or wholesalers) or a sublicensee for the Product, it shall include in any and all such agreement provisions substantially similar to those set forth in Section 2.8.1 such that such subcontractor or sublicensee, as applicable, shall only be authorized to market, distribute and sell the Product within the applicable countries in the respective Territory of such Party, and shall be prohibited from marketing, distributing or selling the Product outside of such Territory.

2.8.3 Jurisdictional Compliance. It is the desire and intent of the Parties that the restrictive covenants contained in this Section 2.8 be enforced to the fullest extent permissible under the Laws and public policies applied in each jurisdiction in which enforcement is sought. Emergent and MorphoSys believe that the restrictive covenants in this Section 2.8 are valid and enforceable. However, if any restrictive covenant should for any reason become or be declared by a competent court or competition authority to be invalid or unenforceable in any jurisdiction, such restrictive covenant shall be deemed to have been amended to the extent necessary in order that such provision be valid and enforceable, such amendment shall apply only with respect to the operation of such provision of this Section 2.8 in the particular jurisdiction in which such declaration is made.

ARTICLE 3
Governance

3.1 Joint Steering Committee. The Parties shall establish the JSC within thirty (30) calendar days after the Effective Date. The JSC shall perform the following functions:

3.1.1 Review, coordinate and discuss the overall strategy for Developing the Product in the Territories, including the overall strategy for seeking Regulatory Approvals for the Product in the Territories, and approve the overall strategy for Developing the Product and seeking Regulatory Approvals for the Product in each case under the Development Plan;

3.1.2 Manage and oversee the preparation and implementation of the Development Plan;

3.1.3 Review and discuss updates and non-material amendments to the Development Plan;

3.1.4 Approve the Development Plan, including the Development Budget and any material amendments thereto, and decide upon which Party will be responsible for the performance of the various activities set forth in the Development Plan on the basis of each Party's respective experience, capabilities and capacity;

3.1.5 Review and discuss inclusion of Excess Overage Amounts;

3.1.6 Review, discuss and approve Clinical Trials or other Development activities proposed by either Party to be included in the Development Plan;

3.1.7 Review and discuss Development Proposals and the progress of any Sole-Funded Activity;

3.1.8 Facilitate the exchange of information between the Parties under this Agreement regarding the strategy for implementing the Development Activities, including sharing of Development Data created pursuant to this Agreement and establishing procedures for the efficient sharing of information and materials and Know-How reasonably necessary or useful for the Development of the Product in the Territories;

3.1.9 Coordinate and facilitate exchange by both Parties of CMC Information, Regulatory Data and Regulatory Materials in support of filings, facility inspections and Product launch in the MorphoSys Territory and the Emergent Territory;

3.1.10 Review, discuss and approve the design of the Clinical Trial protocols and endpoints and oversee the conduct of all Clinical Trials required as set forth in the Development Plan, and any General Development Activities, as well as review and discuss any MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities to be conducted with respect to the Product in the Territories;

3.1.11 Review and discuss the contents of all submissions to Regulatory Authorities and Governmental Authorities in the Territories for Regulatory Approvals (including Pricing Approvals), Regulatory Materials and all necessary filing and registration activities related thereto;

3.1.12 Review Regulatory Approvals for the Product in the Territories;

3.1.13 Discuss, and during Development approve, which Party will be responsible for the maintenance of the global safety database;

3.1.14 Review, discuss and oversee issues regarding pharmacovigilance and safety in the Territories (including the maintenance of the global safety database);

3.1.15 Oversee, discuss and approve the Manufacturing Development Activities and discuss progress and issues concerning Manufacturing Development Activities;

3.1.16 Review and discuss the amounts and timelines of Product for supply of Sole-Funded Activities, and review, discuss and approve the amounts and timelines of Product for supply of Development Activities; *provided*, that, if the supply of available Product is limited, then the prioritization of such available Product shall first be to Development Activities and then equitably to each Party's Sole-Funded Activities;

3.1.17 Review the progress of the other Committees, if any;

3.1.18 Discuss and approve the drafts of reports resulting from activities conducted under the Development Plan and comment on the drafts of reports resulting from activities conducted under a Sole-Funded Activity;

3.1.19 Discuss and approve upon the potential development of possible modifications of Product, combination-product containing the Compound, follow-on or backup products of Product;

3.1.20 Discuss and approve the potential development of possible diagnostic products, including whether to seek an amendment of the [**] License to include diagnostic rights;

3.1.21 Review, discuss and approve subcontractors for Development Activities;

3.1.22 Resolve disputes and other matters referred to the JSC by any other Committee (other than the IPC), if any;

3.1.23 Resolve disputes arising under Section 4.7.6 (which for clarity shall be subject to Section 3.5.2(b));

3.1.24 Discuss and approve engaging a Third Party contract manufacturing organization for the supply of Finished Product for Development under Section 7.2.2; and

3.1.25 Have such other responsibilities as may be assigned to the JSC pursuant to this Agreement or as may be mutually agreed upon by the Parties in writing from time to time.

3.2 Joint Steering Committee Membership. Emergent and MorphoSys shall each designate two (2) representatives of appropriate seniority and experience to serve on the JSC by written notice to the other Party. Either Party may designate substitutes for its representatives if one (1) or more of such Party's designated representatives are unable to be present at a meeting. From time to time each Party may replace its representatives by written notice to the other Party specifying the prior representative(s) and their replacement(s). The JSC shall be co-chaired by a

representative of each of MorphoSys and Emergent. One member of the JSC shall serve as secretary of the JSC at each Committee meeting, and the secretary shall alternate from meeting to meeting between a MorphoSys Committee member and an Emergent Committee member. The chairpersons shall be responsible for (i) calling meetings, (ii) preparing and issuing minutes of each such meeting within twenty (20) calendar days thereafter, and (iii) preparing and circulating an agenda for the upcoming meeting; *provided*, that the chairpersons shall consider including any agenda items proposed by either Party no less than seven (7) calendar days prior to the next scheduled JSC meeting.

3.3 Joint Steering Committee Meetings. The JSC shall hold at least one (1) meeting per Calendar Quarter at such times during such Calendar Quarter as it elects to do so, *provided*, that the JSC shall meet more or less frequently as MorphoSys and Emergent mutually agree upon as appropriate. Meetings of the JSC shall be effective only if at least one (1) representative of each Party is present or participating or, in case no representative of one Party being present or participating, such Party's chairpersons refuses to calling a meeting or such Party's representatives refuse to accept invitations to meetings or participate in meetings, each over a period of more than one Calendar Quarter. The JSC may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference; *provided*, that no less than one (1) meeting of the JSC during each Calendar Year shall be conducted in person at alternate locations at each Parties' respective designated offices. Other representatives of each Party involved with the Product may attend meetings as non-voting participants, subject to the confidentiality provisions set forth in Article 12. Additional meetings of the JSC may also be held with the consent of each Party, as required to resolve disputes, disagreements or deadlocks in the other Committees or as otherwise required under this Agreement, and neither Party shall unreasonably withhold its consent to hold such additional meetings. Each Party shall be responsible for all of its own expenses incurred in connection with participating in the JSC meetings or any of the other Committee meetings.

3.4 Decision-Making. As expressly set forth in Section 3.1, the JSC may make decisions with respect to any subject matter that is subject to the JSC's decision-making authority and functions. All decisions of the JSC shall be made by unanimous vote or unanimous written consent, with MorphoSys and Emergent each having, collectively, among its respective members, one (1) vote in all decisions. The JSC shall use commercially reasonable efforts to resolve the matters within its roles and functions or otherwise referred to it. If the JSC cannot reach consensus on a matter within fifteen (15) calendar days after such matter has been brought to the JSC's attention, then such matter shall be first referred to the Alliance Managers. The Alliance Managers shall use their commercially reasonable efforts to reach mutually acceptable resolutions on all such disputed matters. If the Alliance Managers are unable to resolve such dispute within seven (7) calendar days after the dispute is first referred to the Alliance Managers, the matter shall be resolved as provided in Section 3.5.

3.5 Dispute Resolution Procedures. In the event that any matter remains unresolved pursuant to Section 3.4, then the following shall apply:

3.5.1 With respect to all disputes arising between the Parties under the JSC, if the Parties are unable to resolve such dispute pursuant to Section 3.4, either Party may refer such dispute in writing to the Chief Development Officer or Executive Vice President of each of the Parties, or a designee from senior management with decision-making authority (the Chief Development Officer, Executive Vice President or such designee, the "**Senior Officer**"), for attempted resolution by good-faith negotiations within fifteen (15) calendar days after such notice is received.

3.5.2 If the Senior Officers are unable to resolve such dispute within fifteen (15) calendar days after such dispute is first referred to them pursuant to Section 3.5.1, the Senior Officers shall refer such dispute to the Chief Executive Officers of each of the Parties, or a designee from senior management with decision-making authority (the Chief Executive Officer or such designee, the "**Chief Executive Officer**"), for attempted resolution by good faith negotiations within ten (10) calendar days after such notice is received. If the Chief Executive Officers are unable to resolve such dispute within ten (10) calendar days after such dispute is first referred to them pursuant to this Section 3.5.2, then:

(a) If such dispute relates to Development Activities, then MorphoSys shall have the final decision making authority; *provided*, that, to the extent Emergent has a legitimate concern that the design of the registrational Clinical Trial (i.e., a Clinical Trial to support the filing of an MAA) does not meet the Regulatory Authority requirements for Product Approval in the U.S., neither Party shall have final decision making authority and either Party may refer the matter for determination by an Expert in accordance with Section 3.6; and

(b) If such dispute relates to whether a Sole-Funded Activity may be performed by a Party in accordance with Section 4.7.6 because the other Party reasonably believes that such suggested Sole-Funded Activity would materially adversely affect the Product or the Development or the Commercialization of the Product in such other Party's respective Territory, neither Party shall have final decision making authority and either Party may refer the matter for determination by an Expert in accordance with Section 3.6.

3.5.3 Subject to Section 3.7, all matters set forth in Section 3.1 properly brought to the JSC for approval as specifically set forth in Section 3.1 shall be decided by the casting vote of MorphoSys in accordance with Section 3.5.2(a).

3.5.4 Notwithstanding the foregoing provisions of this Section 3.5, neither Party shall exercise its right to finally resolve a dispute hereunder in a manner that excuses such Party from any of its obligations specifically enumerated under this Agreement or in a manner that negates any consent rights or other rights specifically allocated to the other Party under this Agreement. In addition, in resolving a dispute hereunder each Party shall act in good faith and in a commercially reasonable manner. While a disputed matter remains unresolved, the last previously agreed upon rights and obligations of each Party with respect to such disputed matter in the Development Plan shall continue to remain in effect.

3.5.5 Nothing in this Section 3.5 shall affect the right of a Party to exercise its rights or remedies for a breach of this Agreement by the other Party.

3.5.6 If, in the event that, prior to filing of Product Approval in the EU, MorphoSys undergoes a Change of Control with a Third Party that is a Competitor or is not a company that has pharmaceutical, biopharmaceutical or biotechnology operations, then MorphoSys shall no longer have the casting vote on the JSC, including pursuant to Section 3.5.2(a) or Section 3.5.3, and the Parties will need to decide upon the matter by way of decision of the Chief Executive Officers subject to Section 3.5.2. If the Chief Executive Officers are unable to resolve the dispute, either Party may refer the matter for determination of the Expert in accordance with Section 3.6.

3.6 Expert Resolution of Disputes. If a dispute, controversy or claim remaining unresolved pursuant to Section 3.5.2(a), Section 3.5.2(b) or Section 3.5.6 on which neither Party has the deciding vote or where this Agreement provides so, upon written request by either Party to the other Party, the Parties shall promptly negotiate in good faith to appoint an appropriate Expert. If the Parties are unable to agree on an Expert by mutual written agreement within seven (7) calendar days after the receipt by a Party of the written request in the immediately preceding sentence, the Expert shall be appointed by the International Centre for Expertise of the International Chamber of Commerce ("**ICC**") under its rules of expertise, *provided* that initially, the Parties shall equally share and pay the fees charged by ICC upon appointment of the Expert. The Parties will then promptly make available the same set of documents supporting their proposals to the mutually agreed Expert or the appointed Expert, as the case may be. Such Expert shall have the right to meet with the Parties, either alone or together, as necessary to make a determination. Each Party shall submit to such Expert and exchange with each other in advance of such Expert's review their last, best offers. Such Expert shall be limited to awarding only one or the other of the offers submitted. No later than thirty (30) calendar days after the agreement or designation of such Expert, as the case may be, such Expert shall make a determination. Such Expert shall provide the Parties with a written statement setting forth the basis of the determination in connection therewith. The decision of such Expert shall be final and conclusive and binding on the Parties and their Affiliates, absent manifest error. The costs of such Expert shall be borne by the Party whose position was not approved and such Party shall reimburse such other Party the initial payment of the fees borne by the other Party that were charged by ICC upon appointment of the Expert. The Parties shall use their good faith efforts to expedite the process set forth in this Section 3.6.

3.7 Limits on JSC and Committee Authority. The JSC and any other Committee shall have only the powers assigned expressly to it in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JSC and any other Committee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. Without limiting the generality of the foregoing, neither the JSC nor any other Committee shall have decision-making authority with respect to (but may review and discuss) (i) any Commercialization activities for the Product in the Territories, (ii) Sole-Funded Activities, except for disputes arising under Section 4.7.6, (iii) Emergent Territory Required Development Activities, except for disputes arising under Section 4.7.6, (iv) Emergent Territory Discretionary Development Activities, except for disputes arising under Section 4.7.6, (v) MorphoSys Territory Required Development Activities, except for disputes arising under Section 4.7.6, (vi) MorphoSys Territory Discretionary Development Activities, except for disputes arising under Section 4.7.6, (vii) quantities and timelines for Manufacturing and supply of Product for Sole-Funded Activities or Commercialization, (viii) approving of the publication of the conduct and outcomes of Clinical Trials pursuant to Section 12.8, (ix) obtaining, maintaining or enforcing Patent protection and market and data exclusivity for the Product in the Territories, or (x) shortage risk mitigation actions, including whether to establish a second Manufacturing site, under Section 7.9.

3.8 Committees. From time to time, the JSC may establish and delegate duties to other sub-committees or directed teams (each, a "**Committee**") to oversee particular projects or activities. Each such Committee shall be constituted and shall operate as the JSC determines; *provided*, that each Committee shall have equal representation from each Party. Committees may be established on an ad hoc basis for purposes of a specific project, or on such other basis as the JSC may determine. Each Committee and its activities shall be subject to the oversight, review and approval of, and shall report to, the JSC. In no event shall the authority of a Committee exceed that of the JSC. As of the Effective Date, the Parties have agreed that the JSC will form a Finance Committee to discuss Development Costs and Development Budgets, a Manufacturing Committee to discuss Manufacturing Development Activities, and a Joint Project Team to discuss Development on an operational level.

3.9 Intellectual Property Committee. Without limiting the generality of, and subject to, Section 3.8, the Parties shall, within thirty (30) calendar days after formation of the JSC, establish an intellectual property committee (the "**Intellectual Property Committee**" or "**IPC**") as a Committee. The IPC shall provide a collaborative forum for the Parties to address intellectual property matters under this Agreement. The IPC shall (i) be the primary point of contact for the Parties regarding the exchange of information on Emergent Sole-Funded Inventions and MorphoSys Sole-Funded Inventions, filing, prosecution, maintenance, enforcement and defense matters set forth in Article 9, (ii) review and discuss the overall strategy for obtaining, maintaining and enforcing Patent protection and aligning the patenting strategy with other exclusivities available for the Product and (iii) discuss the selection of the Product Trademarks and the filing, prosecution, maintenance, enforcement and defense matters set forth in Section 6.6 The IPC shall also be responsible for discussing prosecution strategy with the goal of achieving strong and robust Patents taking into consideration the Emergent Patents, the Joint Patents and the MorphoSys Applied Patents. Additionally, in the event either Party determines that it requires a license to Third Party IP to Commercialize the Product, such matter shall be discussed by the IPC in accordance with Section 8.5.2.

3.10 Minutes of Committee Meetings. Definitive minutes of all Committee meetings shall be finalized after the meeting to which the minutes pertain as follows:

3.10.1 Within seven (7) calendar days after a Committee meeting, the secretary of such Committee shall prepare and distribute to all members of such committee draft minutes of the meeting. Such minutes shall provide a list of any issues yet to be resolved, either within such Committee or through the relevant resolution process.

3.10.2 The members of each Committee shall then have seven (7) calendar days after receiving such draft minutes to collect comments thereon and provide them to the secretary of such Committee.

3.10.3 Upon the expiration of such second seven (7) calendar day period, the Parties shall have an additional seven (7) calendar days to discuss each other's comments and finalize the minutes. The secretary and chairperson(s) of such Committee shall each sign and date the final minutes. The signature of such chairperson(s) and secretary upon the final minutes shall indicate each Party's assent to the minutes.

3.11 Actions. In developing strategies, making decisions and exercising rights under this Agreement (including acting through its representatives on any of the Committees and its Alliance Managers), each Party shall act in good faith and use Commercially Reasonable Efforts to achieve the goals of the then-current Development Plan.

3.12 Exchange of Information. Each Party shall keep the other Party fully and promptly informed as to its progress and activities relating to the Manufacture, Development and Commercialization of the Product in the Territories, including with respect to regulatory matters and meetings with Regulatory Authorities, by way of updates to appropriate Committees or to the other Party in the event that the Committees are disbanded and as otherwise specified in this Agreement, or as reasonably requested from time to time by the other Party, but in any case at least once a Calendar Quarter. If and to the extent reasonably requested by either Party, the other Party shall promptly provide to such Party or the JSC copies of the Regulatory Materials. In connection therewith, (i) Emergent and MorphoSys shall provide each other with such information regarding such progress and activities under the Development Plan, or otherwise relating to the Product, as the other Party may reasonably request from time to time during the Term, (ii) Emergent shall disclose to MorphoSys any Emergent Know-How and Emergent Platform Know-How once it becomes available to Emergent and (iii) MorphoSys shall disclose to Emergent all MorphoSys Applied Know-How once it becomes available to MorphoSys.

3.13 Alliance Managers. Promptly following the Effective Date, each Party shall designate an individual to serve as the main point of contact for each Party to exchange information, facilitate communication and coordinate the Parties' activities under this Agreement relating to the Products and to provide day-to-day support to the Committees (each, an "**Alliance Manager**"). Each Alliance Manager shall be experienced in project management and shall have appropriate experience in the pharmaceutical industry. The Alliance Managers shall attend all meetings between the Parties, including Committee meetings and Commercialization related meetings in accordance with Section 3.14, and shall also work together to resolve any deadlock between the Parties in accordance with the procedures set forth in Section 3.4. Each Party may change its designated Alliance Manager from time to time upon written notice to the other Party; *provided*, that the Parties recognize and agree as to the importance of continuity in their relationship and the activities hereunder.

3.14 Commercialization Issues Discussed by the Parties. Beginning at least [**] years prior to the anticipated First Commercial Sale of the Product in the Territories, at least once per Calendar Quarter at such times during such Calendar Quarter as they elect to do so, the Parties shall meet to discuss the matters set forth in this Section 3.14; *provided*, that the Parties shall meet more or less frequently as MorphoSys and Emergent mutually agree upon as appropriate, and one or more representatives of the Parties with the relevant commercial pharmaceutical expertise shall meet to discuss the matters set forth in this Section 3.14. The Parties may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference; *provided*, that no less than one (1) meeting of the Parties during each Calendar Year pursuant to this Section 3.14 shall be conducted in person. The meetings pursuant to this Section 3.14 shall cover the following activities:

3.14.1 Review and discuss the overall strategy for launching the Product in the Territories after receipt of Product Approval;

3.14.2 Provide a forum for the Parties to discuss the Commercialization of the Product in the Territories in the broader context of the global branding strategy;

3.14.3 Discuss global branding strategies; and

3.14.4 Subject to applicable Laws, discuss and align a range of suggested prices at which the Product will be sold to Third Parties in the Territories and any discount strategies for the Product in the Territories as well as pricing/reimbursement strategies; *provided*, that nothing contained herein shall limit or in any way restrict either Party from having the final decision on setting the price at which the Product will be sold in its respective Territory.

ARTICLE 4
Development

4.1 Overview.

4.1.1 Overview of Development. Subject to the terms and conditions of this Agreement, the Parties shall collaborate with respect to the Development of the Product as set forth in the Development Plan. The Parties shall conduct the Development Activities in compliance with applicable Laws and based on their respective experience, capabilities and capacity and as agreed to in the Development Plan; *provided*, that Emergent shall be the Party who primarily conducts the Phase I/II Clinical Trial for the Indication of prostate cancer for the Product as set forth in the Development Plan. Each Party shall utilize adequately skilled personnel to perform or oversee, as applicable, the Development and Manufacturing of the Product, in accordance with the terms of this Agreement.

4.1.2 Manufacturing Development Activities. Subject to Section 4.3.1, the Parties hereby agree and acknowledge that Emergent shall use Commercially Reasonable Efforts to perform all Manufacturing Development Activities. However, MorphoSys will use Commercially Reasonable Efforts to support Emergent in the performance of the Manufacturing Development Activities. Manufacturing Development Activities shall be planned and discussed in the Manufacturing Committee (or, until such Committee is formed, the JSC) and implemented in the Development Plan and shall be approved, reported on and discussed at the meetings of the JSC as set forth in Section 3.1.

4.1.3 Certain Additional Restrictions. Except as set forth in Section 4.7, each Party agrees and acknowledges that it and its Affiliates and sublicensees shall not conduct any Development of the Product except in accordance with a Development Plan established pursuant to this Agreement.

4.2 Objectives under the Development Plan.

4.2.1 Development Activities. Each Party shall use Commercially Reasonable Efforts to carry out the Development Activities as well as the Manufacture for the supply of Product for the Development assigned to it under the Development Plan and in accordance with the time frames set forth in the Development Plan.

4.2.2 Compliance. Each Party shall conduct the Development Activities as well as the Manufacture for the supply of Product for the Development assigned to it under the Development Plan consistent with sound and ethical business and scientific practices and in compliance with all applicable Laws, GCPs, GLPs and GMPs.

4.3 Development Plan and Development Budget.

4.3.1 General. In connection with the Development of the Product in the Territories, the Parties shall conduct the Development Activities, including the Manufacturing Development Activities, pursuant to a comprehensive development plan (the "**Development Plan**"). The Development Plan shall set forth, among other things, the following Development Activities:

(a) preclinical studies, toxicology studies, pharmaco-economic studies, process development studies and other clinical studies, in each case, together with all protocols, endpoints and investigators conducting such studies;

(b) post-Product Approval clinical trials and studies, including Phase IV Clinical Trials;

(c) regulatory plans and other elements of obtaining and maintaining Regulatory Approvals;

(d) a detailed annual budget for all Development Costs for the Development Activities in the applicable Development Plan (the "**Development Budget**");

(e) subject to the provisions of Section 4.1.1, the allocation of the Development Activities to be conducted by each Party and the timeline for completing such Development Activities;

(f) the plans and timeline for preparing the necessary Regulatory Materials and for obtaining Regulatory Approvals in the Territories;

(g) the Manufacturing Development Activities, as well as the plans, amounts and timelines for the Manufacture and supply of Product necessary for the Development, taking into account Product supply chain timelines and inventory of Product in stock;

(h) the potential development of a subcutaneous formulation of Product for the Indication of prostate cancer; and

(i) the number of FTEs necessary for the performance of the Development Plan.

4.3.2 Initial Development Plan. The initial Development Plan for the Development of ES414 in the Indication of prostate cancer is attached to this Agreement as Schedule 4.3.2 (the "**Initial Development Plan**").

4.3.3 Updating and Amending Development Plan and Development Budget; Additional Development Activities.

(a) On or before September 30th of each year during the Term, the JSC shall review, update and approve the Development Plan (including the Development Budget contained therein) which shall cover the Development Activities to be conducted during the upcoming Calendar Year, and the JSC shall, on at least an annual basis, review and update, as appropriate, the then-current Development Plan (including the Development Budget) to reflect any changes, reprioritizations of, or additions to the Development Plan; *provided, however*, that any disputes with respect thereto shall be resolved pursuant to Sections 3.4 and 3.5.

(b) From time to time during the Term, either Party may submit to the JSC any proposed expansion or other amendment of the Development Plan to cover additional Development Activities (or otherwise amend the Development Activities) with respect to the Product for use in the Territories for the JSC's review and approval; *provided, however*, that any disputes with respect thereto shall be resolved pursuant to Sections 3.4 and 3.5. Once approved by the JSC (or otherwise resolved pursuant to Sections 3.4 and 3.5), each amended Development Plan (including the Development Budget contained therein) shall become effective and supersede the previous Development Plan and Development Budget as of the date of such approval or at such other time as decided by the JSC (or otherwise resolved pursuant to Sections 3.4 and 3.5).

4.4 Development Costs.

4.4.1 General.

(a) Emergent shall bear thirty-six percent (36%) of all Development Costs and MorphoSys shall bear sixty-four percent (64%) of all Development Costs (whether incurred by Emergent or MorphoSys or their respective Affiliates, sublicensees or subcontractors) set forth in the applicable Development Budget with respect to any Development Activities (including Manufacturing Development Activities); *provided, however*, that Emergent's obligation to bear Development Costs is subject to the Development Cost Cap.

(b) All Development costs for MorphoSys Territory Required Development Activities or MorphoSys Territory Discretionary Development Activities shall be borne by MorphoSys, except as set forth in Sections 4.7 and 4.8.

(c) All Development costs for Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities shall be borne by Emergent, except as set forth in Sections 4.7 and 4.8.

4.4.2 Budget Overruns. Each Party shall promptly inform the other Party upon determining that it is likely to exceed the budget amounts set forth in the annual Development Budget for any Development Activities as set forth in the Development Plan in accordance with Section 4.3.1 and under annual amendments in accordance with Section 4.3.3. To the extent that a

Party (or its Affiliates, sublicensees or subcontractors) incurs Development Costs for a Development Activity for a particular Calendar Year which exceed the Development Budget for such Development Activity by [**] percent ([**]%) or less (a "**De Minimis Overage Amount**"), then such De Minimis Overage Amount shall automatically be included in the Development Budget for such Calendar Year. However, to the extent that a Party (or its Affiliates, sublicensees or subcontractors) incurs Development Costs for a Development Activity for a particular Calendar Year which exceed the Development Budget for such Development Activity by more than [**] percent ([**]%) (such excess over [**] percent ([**]%), the "**Excess Overage Amount**"), the Party that has so exceeded its budget shall provide to the JSC a full explanation for so exceeding its budget and such Excess Overage Amount shall only be included in the Development Budget for such Calendar Year, and the JSC shall review and discuss the foregoing. Subject to the mutual agreement of the Parties, some or all of the Excess Overage Amount shall be included in such Development Budget as they consider equitable under the circumstances. To the extent that the Parties do not agree to treat the Excess Overage Amount as Development Costs, the Party that has exceeded the Development Budget for a Development Activity shall be solely responsible for the Excess Overage Amount.

4.4.3 Payment and Reimbursement of Development Costs. The Parties shall adhere to the procedures in Section 8.10 to reimburse each other for the sharing of Development Costs as set forth in this Section 4.4.

4.4.4 Development Cost Cap.

(a) Notwithstanding anything contained in this Agreement to the contrary, Emergent shall have no obligation to bear Development Costs in excess of Emergent's thirty-six percent (36%) share of Five Hundred Eighteen Million Dollars ($518,000,000) in accordance with Section 4.4.1(a) (the "**Development Cost Cap**"). However, Emergent has the right to unilaterally increase the Development Cost Cap by written notice to MorphoSys which expressly refers to Section 4.4.1(a) and Section 4.4.4, within thirty (30) days after any decision of the JSC to increase the Development Budget or increases of the Development Budget pursuant to Section 4.4.2 in excess of the Development Cost Cap, by the amount of such increase for certain Development Activities, and in such event such increased amount of Development Costs in the Development Budget shall be deemed to apply as the "**Development Cost Cap**" of which Emergent shall bear its thirty-six percent (36%) share.

(b) To the extent that MorphoSys solely incurs Development Costs for Development Activities in excess of the Development Cost Cap which would have otherwise been incurred by Emergent (i.e., where MorphoSys has borne the thirty-six percent (36%) share that would otherwise have been borne by Emergent, in addition to its sixty-four percent (64%) share) (such thirty-six percent (36%) share in excess of the Development Cost Cap being referred to herein as the "**Excess Development Cost Increment**"), then, (i) at least [**] months prior to the expected First Commercial Sale of a Product that incorporates an Invention generated from the performance of the Development Activities funded by such Excess Development Cost Increment (the "**Excess Development Cost Increment New Product**"), (ii) at least [**] months prior to the expected First Commercial Sale of a Product with label expansion (either as a new Indication or an expansion of an existing Indication) and such label expansion is covered by a Regulatory Approval based on or supported, fully or in part, by Regulatory Data generated from the performance of the

Development Activities funded by such Excess Development Cost Increment (the "**Excess Development Cost Increment Label Expansion Product**"), or (iii) (A) within [**] months after completion of Development Activities related to a Product that is covered by a Regulatory Approval or (B) at least [**] months prior to the expected First Commercial Sale of a Product that is not covered by a Regulatory Approval for which Development Activities have been completed, and in each case, such Development Activities are Clinical Trials of such Product, which meet their primary endpoint and do not have a detrimental safety outcome (according to the draft study report for such Clinical Trials) and are expected to benefit the Net Sales of such Product unless otherwise reasonably demonstrated by Emergent (including Clinical Trials requested by a Regulatory Authority to maintain Product Approval) (the "**Excess Development Cost Increment Enhanced Product**", and together with the Excess Development Cost Increment New Product and the Excess Development Cost Increment Label Expansion Product, collectively, an "**Excess Development Cost Increment Product**"), the Parties shall jointly generate and agree to (a) a sales forecast for such Excess Development Cost Increment Product in the Territories over the [**] year period commencing with the First Commercial Sale of such Excess Development Cost Increment Product and (b) based on such sales forecast, the amount by which (1) the MorphoSys Therapeutic Royalty Rates payable by MorphoSys for Net Sales of such Excess Development Cost Increment Product in the MorphoSys Territory would need to be reduced (*provided*, that the MorphoSys Therapeutic Royalty Rate shall not be reduced by more than [**]percent ([**]%)), and (2) to the extent that such reduction of the MorphoSys Therapeutic Royalty Rate is not sufficient, or if the expected First Commercial Sale of the Excess Development Cost Increment Product will occur in the Emergent Territory prior to the MorphoSys Territory, the amount by which the Emergent Therapeutic Royalty Rates payable by Emergent for Net Sales of such Excess Development Cost Increment Product in the Emergent Territory would need to be increased, in each of clause (b)(1) and (2) with the aim to provide MorphoSys with the Recoupment Amount within [**] years after the Royalty Recoupment Adjustment Date. Such sales forecast will be reviewed annually and, if required, the percentage amount of decrease of the MorphoSys Therapeutic Royalty Rates and increase of the Emergent Therapeutic Royalty Rates will be adjusted at the latest [**] months before the anniversary of the Royalty Recoupment Adjustment Date. If the Parties cannot agree on a sales forecast, the percentage amount of decrease of the MorphoSys Therapeutic Royalty Rates or increase of the Emergent Therapeutic Royalty Rates or the annual adjustments thereof, either Party can refer the matter for determination and final decision by an Expert pursuant to Section 3.6. Pursuant to this Section 4.4.4(b), MorphoSys shall be provided with the following amounts: (a) for Development Costs for (1) Development Activities funded by an Excess Development Cost Increment in Phase II Clinical Trials or (2) Development Activities which are Clinical Trials which initially are Phase II Clinical Trials (but not any continuation thereof as Phase III Clinical Trials), Emergent shall pay the Royalty Recoupment Adjustment to MorphoSys until such Royalty Recoupment Adjustment equals [**] percent ([**]%) of the applicable Excess Development Cost Increment, (b) for Development Costs for Development Activities funded by an Excess Development Cost Increment in Phase III Clinical Trials, Emergent shall pay the Royalty Recoupment Adjustment to MorphoSys until such Royalty Recoupment Adjustment equals [**] percent ([**]%) of the applicable Excess Development Cost Increment, and (c) for Development Costs for Development Activities funded by an Excess Development Cost Increment after Product Approval in EU and United States or in Phase IV Clinical Trials, Emergent shall pay the Royalty Recoupment Adjustment to MorphoSys until such Royalty Recoupment Adjustment equals [**] percent ([**]%) of the applicable Excess Development Cost Increment ((a), (b) and (c) in the

aggregate, the "**Recoupment Amount**"). For clarity, (I) in the event of a Phase II/III Clinical Trial, clause (a) above shall be applicable to the portion of such Clinical Trial relating to Phase II, and clause (b) above shall be applicable to the portion of such Clinical Trial relating to Phase III, and (II) the Royalty Recoupment Adjustment relates only to the Excess Development Cost Increment, if any, for Excess Development Cost Increment Products. The Recoupment Amount shall be provided by Emergent to MorphoSys within [**] years by way of decreasing the amount of the MorphoSys Therapeutic Royalty Rates for Net Sales of such Excess Development Cost Increment Product in the MorphoSys Territory, and increasing the amount of the Emergent Therapeutic Royalty Rates for Net Sales of such Excess Development Cost Increment Product in the Emergent Territory (collectively, the "**Royalty Recoupment Adjustment**") with effect as of a date (the "**Royalty Recoupment Adjustment Date**"), as follows:

(i) For an Excess Development Cost Increment New Product, the MorphoSys Therapeutic Royalty Rates for such Excess Development Cost Increment New Product will be reduced and, to the extent necessary, Emergent Therapeutic Royalty Rates for such Excess Development Cost Increment New Product will be increased, as applicable, effective on date of First Commercial Sale of such Excess Development Cost Increment New Product.

(ii) For an Excess Development Cost Increment Label Expansion Product, the MorphoSys Therapeutic Royalty Rates for such Excess Development Cost Increment Label Expansion Product will be reduced and, to the extent necessary, Emergent Therapeutic Royalty Rates for such Excess Development Cost Increment Label Expansion Product will be increased, as applicable, effective on First Commercial Sale of Excess Development Cost Increment Label Expansion Product; and

(iii) For an Excess Development Cost Increment Enhanced Product, the MorphoSys Therapeutic Royalty Rates for such Excess Development Cost Increment Enhanced Product will be reduced and, to the extent necessary, Emergent Therapeutic Royalty Rates for such Excess Development Cost Increment Enhanced Product will be increased, for clause (A) of the definition of Excess Development Cost Increment Enhanced Product, effective [**] months after completion of the Development Activity and for clause (B) of the definition of Excess Development Cost Increment Enhanced Product, effective on the date of First Commercial Sale of such Excess Development Cost Increment Enhanced Product.

(c) For clarity, Development Activities funded by MorphoSys under a Development Plan as an Excess Development Cost Increment shall be considered Development Activities and not MorphoSys Sole-Funded Activities. For additional clarity, any Development Data generated by MorphoSys, as a result of the performance of Development Activities funded by any Excess Development Cost Increment, shall be considered Jointly-Funded Development Data. Any Inventions or Know-How generated by MorphoSys, as a result of the performance of Development Activities funded by any Excess Development Cost Increment, shall be considered Joint Inventions and Joint Know-How.

4.5 Records, Reports and Information.

4.5.1 General. Each Party shall maintain current and accurate records of all work conducted by it under the Development Plan, as well as Manufacturing for supply of Product under the Development Plan or in connection with a Sole-Funded Activity, and all data and other information resulting from such work (which records shall include, as applicable, books, records, reports, research notes, charts, graphs, comments, computations, analyses, recordings, photographs, computer programs and documentation thereof (e.g., samples of materials and other graphic or written data generated in connection with such Development Activities, Manufacturing or Sole-Funded Activity)). Such records shall properly reflect all work done and results achieved in the performance of such Development Activities, Manufacturing or Sole-Funded Activity in sufficient detail and in good scientific manner appropriate for regulatory and patent purposes. Each Party shall document such Development Activities, including Clinical Trials, to be conducted pursuant to the Development Plan, such Manufacturing or such Sole-Funded Activity in formal written study reports according to applicable national and international (*e.g.*, ICH, GCP and GLP) guidelines. All Clinical Trial activities should be documented by setting up, maintaining and controlling a trial master file according to ICH-GCP. Each Party shall be given an adequate opportunity, in any event not less than fifteen (15) calendar days, to comment on drafts of reports resulting from such Manufacturing or such Sole Funded Activity.

4.5.2 Status Updates in the Territories. Each Party shall provide the JSC with reports detailing its respective Development Activities under the Development Plan and the results thereof at least seven (7) calendar days prior to any JSC meeting, but in any event, on at least a Calendar Quarter basis. Without limiting the foregoing, each Party shall promptly, but in any event within seven (7) calendar days after receipt thereof, provide the other Party with copies of any material documents or correspondence received from any Regulatory Authority related to Development Activities.

4.6 Development Data. All Development Data shall be owned and shared by the Parties as set forth in this Section 4.6.

4.6.1 Ownership of Development Data. Subject to this Section 4.6.1, Jointly Funded Development Data shall be jointly owned by both Parties and shall be considered Emergent Know-How and MorphoSys Applied Know-How for all purposes under this Agreement and shall be considered the Confidential Information of both Parties in the way that both Parties shall keep confidential any Jointly Funded Development Data in accordance with Article 12. Notwithstanding the forgoing, MorphoSys shall assign and hereby assigns to Emergent all right, title and interest in and to Jointly Funded Development Data to the extent such Jointly Funded Development Data are Emergent Platform Inventions or Emergent Manufacturing Inventions, and MorphoSys shall execute and deliver such documents, and provide such assistance, as Emergent may reasonably request, in order to vest in Emergent all right, title and interest therein and thereto and the foregoing shall be considered the Confidential Information of Emergent. With respect to Sole-Funded Development Data generated by either Party, such Sole-Funded Development Data shall be owned by the Party who funded Sole-Funded Activity.

4.6.2 Sharing of Jointly Funded Development Data.

(a) With respect to Jointly Funded Development Data generated by a Party, such Party shall promptly provide the other Party with copies of reports and summaries thereof, in each case as such reports and summaries become available to such Party. Sole-Funded Development Data shall be owned solely and exclusively by the Party generating such data which

shall be Confidential Information of such Party. Emergent will share all Jointly Funded Development Data generated by or on behalf of Emergent, its Affiliates or sublicensees with MorphoSys free of charge, and MorphoSys is entitled to disclose such Jointly Funded Development Data to its Affiliates and sublicensees only for use inside the MorphoSys Territory in accordance with the terms of this Agreement. MorphoSys will share all Jointly Funded Development Data generated by or on behalf of MorphoSys, its Affiliates or sublicensees with Emergent free of charge, and, subject to this Section 4.6, Emergent is entitled to disclose such Jointly Funded Development Data to its Affiliates and sublicensees only for use in the Emergent Territory in accordance with the terms of this Agreement. Subject to this Section 4.6, Emergent shall ensure that its Affiliates and sublicensees agree to the disclosure of Jointly Funded Development Data to MorphoSys, its Affiliates and sublicensees, and MorphoSys shall ensure that its Affiliates and sublicensees agree to the disclosure of Jointly Funded Development Data to Emergent, its Affiliates and sublicensees.

(b) Each Party shall promptly provide the other Party with copies of relevant safety data and medical data from Sole-Funded Activity as such safety data and medical data becomes available to such Party; *provided*, that such medical data shall be for use in responding to medical inquiries, but not in support of efficacy claims. Apart from both Parties' obligation to share safety and medical data under the foregoing sentence in this Section 4.6.2(b), neither Party shall have the obligation to disclose Sole-Funded Development Data to the other Party, its Affiliates or sublicensees.

4.7 Sole-Funded Activities.

4.7.1 Should MorphoSys wish to perform or have performed MorphoSys Territory Required Development Activities or MorphoSys Territory Discretionary Development Activities, MorphoSys shall submit to the JSC a proposal for the Parties to jointly Develop and to fund such activities through the Development Plan.

4.7.2 Should Emergent wish to perform or have performed Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities, Emergent shall submit to the JSC a proposal for the Parties to jointly Develop and to fund such activities through the Development Plan.

4.7.3 Any proposal made by MorphoSys pursuant to Section 4.7.1 or by Emergent pursuant to Section 4.7.2 shall contain, at a minimum, information supporting the rationale for such Development from a scientific, regulatory and commercial standpoint, as well as an estimated developmental critical path and an estimate of the timeframe for and cost of such Development (each a "**Development Proposal**").

4.7.4 The JSC shall meet to review and discuss a Development Proposal within sixty (60) calendar days after such Development Proposal is submitted by the proposing Party, and if the non-proposing Party agrees to add such MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities to the Development Plan and the Parties agree as to which Party will be responsible for performing such Development activities, then, notwithstanding Section 4.4.1(b) or 4.4.1(c), Emergent shall be responsible for thirty-six percent (36%) of all Development Costs and MorphoSys shall be responsible for sixty-four percent (64%) of all Development Costs in connection with such Development Proposal.

4.7.5 If the non-proposing Party does not wish to add such Development activities to the Development Plan or such Development Proposal is not approved by the non-proposing Party within such sixty (60) calendar day period after such Development Proposal, then such Development Proposal may be carried out by the proposing Party at the proposing Party's sole cost and expense (a "**Sole-Funded Activity**"), subject to the terms and conditions of this Section 4.7. The Party performing such Sole-Funded Activity shall consider any comments of the JSC in good faith. For clarity, Sole-Funded Activities shall not include the Development and Commercialization of a RFN Product.

4.7.6 Notwithstanding Section 4.7.5, (i) Emergent shall not (and shall cause its Affiliates and sublicensees not to) undertake any Sole-Funded Activity if MorphoSys notifies Emergent in writing prior to commencement of such Sole-Funded Activity that it reasonably believes that such Development would materially adversely affect the Product or its Development or Commercialization in the MorphoSys Territory, and (ii) MorphoSys shall not (and shall cause its Affiliates and sublicensees not to) undertake any Sole-Funded Activity if Emergent notifies MorphoSys in writing prior to commencement of such Sole-Funded Activity that it reasonably believes that such Development would materially adversely affect the Product or its Development or Commercialization in the Emergent Territory; *provided, however,* that (x) MorphoSys shall have the right to conduct a Sole-Funded Activity for a MorphoSys Territory Required Development Activity but shall do so in a manner that most effectively avoids any such material adverse effect and (y) Emergent shall have the right to conduct a Sole-Funded Activity for an Emergent Territory Required Development Activity but shall do so in a manner that most effectively avoids any such material adverse effect. The JSC will decide upon disputes of the Parties arising from this Section 4.7.6, subject to Section 3.5.2(b).

4.8 Buy-In. Neither Party has the right to incorporate by reference any Sole-Funded Development Data resulting from the other Party's Sole-Funded Activity in any Marketing Authorization Applications or Regulatory Approvals, except in connection with this Section 4.8. If the non-funding Party wishes to obtain a share in the Sole-Funded Development Data resulting from a Sole-Funded Activity performed by the other Party or if the non-funding Party wishes to receive a copy of the Sole-Funded Development Data generated by a Sole-Funded Activity performed by the other Party (in addition to safety data), the non-funding Party shall have the right to do so by requesting an itemized invoice of the Development costs incurred for such Sole-Funded Activity and by paying the Party that funded such Sole-Funded Activity an amount equal to [**] percent ([**]%) of the Development costs that would have otherwise been incurred by such Party for such Sole-Funded Activity in accordance with the allocation set forth in Section 4.4.1(a) if such Development Proposal had been added to the Development Plan. Upon payment of the aforementioned amount, such Sole-Funded Activity shall be deemed a General Development Activity with all corresponding consequences, including that (i) any Sole-Funded Development Data resulting from such Sole-Funded Activity shall be considered Jointly Funded Development Data that is owned and shared pursuant to Section 4.6 and any (ii) Emergent Sole-Funded Inventions or MorphoSys Sole-Funded Inventions as the case may be, resulting from such Sole-Funded Activity other than Emergent Platform Inventions and Emergent Manufacturing

Inventions shall be considered (for clarity, also for the purpose of determining the Royalty Term) Joint Invention(s) that are jointly owned, subject to the terms of this Agreement. The Party that originally funded such Sole-Funded Activity on its own shall make all necessary assignments and transfers so that Joint Inventions and, if applicable, Joint Patents, are jointly owned in accordance with Section 9.1.3. The Party receiving the itemized invoice of the Development costs incurred for such Sole-Funded Activity shall have the right to audit the records of the other Party in order to check full accuracy of the itemized invoice; *provided*, that, notwithstanding the rights each Party has for an annual audit, Section 4.9 shall apply for the conduct of such audit.

4.9 Right to Audit. To the extent required by applicable Laws or to assess whether a Party has conducted the Development of the Product in the Territories in accordance with applicable Laws and the Development Plan, each Party shall ensure that the other Party's authorized representatives and any Regulatory Authorities, to the extent permitted by applicable Laws, may, during regular business hours and upon reasonable advance written notice, not more than once annually (except for cause, for example if requested by Regulatory Authorities), (i) examine and inspect its facilities or, subject to any Third Party confidentiality restrictions and other obligations, the facilities of any subcontractor or any investigator site used by it in the performance of Development or Manufacture of the Product in the Territories hereunder, and (ii) subject to applicable Laws and any Third Party confidentiality restrictions and other obligations, inspect all data, documentation, work product, and records maintained by a Party under the Development Plan relating to the activities performed by it, the subcontractor or investigator site, including, to the extent permitted by applicable privacy Laws, the medical records of any patient participating in any clinical study, in each case generated pursuant to such Development. Such right to inspect such data, documentation, and work product relating to the Product in the Territories may be exercised at any time during the Term upon reasonable notice (subject to each Party's record retention policies then in effect), or such longer period as shall be required by applicable Laws.

ARTICLE 5
Regulatory

5.1 Regulatory Data and Regulatory Materials.

5.1.1 Regulatory Materials. During the Term, responsibility for overseeing, monitoring and coordinating regulatory actions, communications and filings with, and submissions to, all applicable Regulatory Authorities with respect to the Product in the Territories shall be allocated between the Parties as set forth in this Article 5.

5.1.2 Regulatory Data Generated by Emergent and MorphoSys. Within twenty (20) calendar days after the Effective Date, Emergent shall provide MorphoSys with a copy of any Regulatory Materials and Regulatory Data necessary or reasonably useful for MorphoSys to execute its rights under this Agreement and to perform its obligations under the Development Plan. During the Term, Emergent and MorphoSys shall promptly provide each other copies of any further Regulatory Materials and Regulatory Data in accordance with Section 4.6.2.

5.1.3 CMC Information. Upon reasonable request by MorphoSys, Emergent shall provide MorphoSys with any CMC Information necessary or reasonably useful or otherwise requested or required by a Regulatory Authority and/or Governmental Authority as a condition or in support of obtaining or maintaining all Regulatory Approvals (including Pricing Approval) for the Product in the MorphoSys Territory and support MorphoSys in accordance with Section 5.2.2(b).

5.2 Regulatory Filings and Regulatory Approvals.

5.2.1 General Responsibilities; Ownership of Regulatory Approvals.

(a) **General Responsibilities of MorphoSys**. MorphoSys shall be responsible for the preparation of all Regulatory Materials necessary or desirable for obtaining and maintaining Regulatory Approvals in the MorphoSys Territory (including in connection with patient information leaflets, labeling and packaging for the Product in the MorphoSys Territory). Emergent shall have the right to review any essential materials and may provide advice to MorphoSys on the proposed strategy and documentation for submission in the MorphoSys Territory and MorphoSys shall reasonably consider such comments in good faith in preparing such materials. MorphoSys shall submit such Regulatory Materials and MAAs, as applicable, to the applicable Governmental Authorities in the MorphoSys Territory.

(b) **General Responsibilities of Emergent**. Emergent shall be responsible for the preparation of all Regulatory Materials necessary or desirable for obtaining and maintaining Regulatory Approvals in the Emergent Territory (including in connection with patient information leaflets, labeling and packaging for the Product in the Emergent Territory). MorphoSys shall have the right to review any essential materials and may provide advice to Emergent on the proposed strategy and documentation for submission in the Emergent Territory and Emergent shall reasonably consider such comments in good faith in preparing such materials. Emergent shall submit such Regulatory Materials and MAAs, as applicable, to the applicable Governmental Authorities in the Emergent Territory.

(c) **Meetings with Authorities**. To the extent not prohibited by applicable Laws, MorphoSys and Emergent shall each be entitled to attend key meetings with the relevant Regulatory Authorities in the Territories with respect to obtaining or maintaining the Product Approvals for the Product in the Territories, including oral explanations before the Committee for Human Medicinal Products ("**CHMP**") or before U.S. or foreign equivalents thereof and to participate fully in such meetings. The provisions of this Section 5.2.1 shall be subject to the provisions of Section 5.2.2.

(d) **Ownership of Regulatory Approvals**. All Regulatory Approvals for the Product in the Territories shall be in the name of the Party responsible for preparing and submitting such Regulatory Approvals in its respective territory (or portions thereof), and such Party shall own all right, title and interest in and to all such Regulatory Approvals and all related Regulatory Materials.

(e) **Submission Strategy**. Subject to Section 3.1.1, the Parties agree that the regulatory strategy for filing and maintaining Product Approvals in the EU and the U.S. will involve meeting with relevant Regulatory Authorities to seek advice on the acceptability of the proposed submission package, the filing, with respect to the EU, of the MAA under the

centralized procedure provided for under Regulation (EC) NO 726/2004, and, if feasible, requesting an accelerated assessment procedure under Article 14.9 of Regulation (EC) NO 726/2004 or, with respect to the U.S., under the U.S. equivalent Laws prior to filing the MAA in the EU and the U.S. Each Party will have, however, the final say with respect to the regulatory strategy in its respective Territory.

(f) **Cooperation**. Each Party shall cooperate with and provide reasonable assistance to the other Party in connection with all activities undertaken by such Party relating to the obtaining and maintaining of the Regulatory Approvals.

5.2.2 Certain Regulatory Approvals.

(a) **Pricing Approvals**. Notwithstanding the provisions of Section 5.2.1, to the extent that a given country or regulatory jurisdiction in the Territories requires Pricing Approval for sale of the Product in such country or regulatory jurisdiction, MorphoSys shall (to the extent permitted by applicable Laws) be solely responsible for (and shall use Commercially Reasonable Efforts toward) obtaining and maintaining Pricing Approvals in the countries and regulatory jurisdictions in the MorphoSys Territory, in its own name, and Emergent shall (to the extent permitted by applicable Laws) be solely responsible for (and shall use Commercially Reasonable Efforts toward) obtaining and maintaining Pricing Approvals in the countries and regulatory jurisdictions in the Emergent Territory, in its own name. Without limiting the foregoing, each Party shall use Commercially Reasonable Efforts to apply for Pricing Approvals in the countries or regulatory jurisdictions in its respective territory where Pricing Approvals are required for the sale of the Product within a reasonable time following the receipt of the Product Approval in such country or regulatory jurisdiction. Each Party shall keep the other Party informed on an ongoing basis of each Party's strategy for seeking, and the results it obtains in seeking, such Pricing Approvals in its respective Territory, including the results of any material discussion or other communication with relevant Governmental Authorities regarding such Pricing Approvals. To the extent not prohibited by applicable Laws, MorphoSys and Emergent shall be entitled to attend key meetings with the relevant Regulatory Authorities with respect to obtaining or maintaining Pricing Approvals for the Product in each other's respective Territory.

(b) **Manufacturing Approvals and Manufacturing Related Sections for the MorphoSys Territory**. Emergent shall be responsible for preparing those portions of any Regulatory Materials related to the Manufacture of the Product for Commercialization in the MorphoSys Territory, including any DMFs and CMC (or equivalent) section of any Regulatory Materials and shall provide any such sections to MorphoSys and shall cooperate with and provide reasonable assistance to MorphoSys in connection with submitting those portions of any Regulatory Materials related to the Manufacture of the Product for Commercialization in the MorphoSys Territory.

5.2.3 Cost of Regulatory Activities. All Joint Regulatory Costs incurred in connection with the preparation of Regulatory Materials and obtaining of Product Approvals and Pricing Approvals for the Product under the Development Plan shall be included in the Development Budget and shall be shared in accordance with Section 4.4.1(a) between the Parties. Each Party shall be responsible for and solely bear all Regulatory Costs for the Product in its respective Territory.

5.2.4 Reporting and Review. Each Party shall keep the other Party reasonably and regularly informed in connection with the preparation of all material Regulatory Materials, Regulatory Authority review of Regulatory Materials, and Regulatory Approvals, in each case with respect to the Product within its respective Territory. Upon reasonable request, each Party shall provide the other Party, in a timely manner, with copies of all material notices, questions, and requests for information in tangible form which it receives from a Regulatory Authority with respect to the Product in its respective Territory; *provided, however*, that such Party shall have the right to redact any information to the extent not related to the Product.

5.2.5 Consultation Prior to Regulatory Filings. The Parties shall consult with each other on the package and strategy for filing with respect to Regulatory Approvals in the Territories for the Product prior to the filing.

5.3 Communications. The Parties shall cooperate in communicating with any Regulatory Authority having jurisdiction regarding the Product in the Territories and each Party shall keep the other Party informed of planned regulatory submissions and material communications, either on its own initiative in accordance with this Agreement or as a result of such a Regulatory Authority initiating contact with such Party in connection therewith. Each Party shall promptly provide, and cause its Affiliates, its sublicensees and permitted distributors to provide, the other Party with copies of regulatory submissions to, and material communications with, any Regulatory Authorities in its Territory. Notwithstanding the foregoing, except as may be required by applicable Laws, neither Party shall, with respect to the Product, communicate with any Regulatory Authority having jurisdiction in the other Party's Territory regarding the Product, unless explicitly provided for in the Development Plan or requested or permitted in writing to do so by the other Party, or unless so ordered by such Regulatory Authority, in which case such Party shall immediately notify the other Party of such order and shall, to the extent permitted by applicable Laws, not take any further actions or communicate with such Regulatory Authority further until the other Party has provided instruction as to how to proceed. All communications with Regulatory Authorities regarding the Product in the Territories shall be undertaken as provided in this Agreement.

5.4 Adverse Event Reporting; Safety Data Exchange and Medical Inquiries.

5.4.1 Pharmacovigilance. MorphoSys shall be responsible for the collection, review, assessment, tracking and filing of information related to adverse events associated with the Product in the MorphoSys Territory (whether or not Product Approval has been achieved), in each case in accordance with applicable Laws and this Agreement (and MorphoSys shall ensure that, in the Development and Commercialization of the Product, it will record, investigate, summarize, notify, report and review all adverse events in accordance with applicable Laws). Emergent shall be responsible for the collection, review, assessment, tracking and filing of information related to adverse events associated with the Product in the Emergent Territory (whether or not Product Approval has been achieved), in each case in accordance with applicable Laws and this Agreement (and Emergent shall ensure that, in the Development and Commercialization of the Product, it will record, investigate, summarize, notify, report and review all adverse events in accordance with applicable Laws). Each Party shall keep the other Party informed of (i) any SAE within a reasonable period of time after such SAE is identified or reported and (ii) any SUSAR as soon as reasonably possible after such SUSAR is identified or reported and in any event at the same time

as any reporting of such SUSAR to any Regulatory Authority, independent of whether such SUSAR or SAE occurred under a Development Activity or a Sole-Funded Activity. The safety representatives from each of the Parties shall meet and agree upon a written pharmacovigilance agreement for exchanging adverse event and other safety information relating to the Product by the first dosing of the first patient in the first Clinical Trial performed under this Agreement; *provided*, that during Development the JSC shall discuss and approve and during Commercialization the Parties shall discuss and jointly approve which of the Parties shall be responsible for maintaining the global safety database for the Product. The costs of establishing and maintaining the global safety database for the Product shall be borne thirty-six percent (36%) by Emergent and sixty-four percent (64%) by MorphoSys. Such written pharmacovigilance agreement shall ensure that adverse event and other safety information is exchanged according to a schedule that will permit each Party (and its Affiliates, sublicensees or subcontractors) to comply with applicable Laws and regulatory requirements in their respective Territory. Emergent shall also keep MorphoSys informed of any SUSAR arising in respect of any other Emergent RTCC Platform Molecule within a reasonable period of time after such SUSAR is identified by or reported to Emergent. Emergent shall also keep MorphoSys informed of any other information or events relating to the Emergent RTCC Platform Molecule technology which might represent a safety risk to a Product, in each case to the extent it is aware of such information and event.

5.4.2 Medical Inquiries for the Product. MorphoSys shall be responsible for handling all medical questions or inquiries, including all Product Complaints, in the MorphoSys Territory, with regard to any Product sold by or on behalf of MorphoSys (or any of its Affiliates or sublicensees) (including setting up a call center in connection therewith), in each case in accordance with applicable Laws and this Agreement. Emergent shall be responsible for handling all medical questions or inquiries, including all Product Complaints, in the Emergent Territory, with regard to any Product sold by or on behalf of Emergent (or any of its Affiliates or sublicensees or permitted distributors) (including setting up a call center in connection therewith), in each case in accordance with applicable Laws and this Agreement. The Parties shall exchange copies of any standardized responses to medical inquiries for information. MorphoSys shall promptly forward any and all medical questions or inquiries which it receives with respect to any Product sold by or on behalf of Emergent (or any of its Affiliates or sublicensees or permitted distributors) in the Emergent Territory to Emergent in accordance with all applicable Laws. Emergent shall promptly forward any and all medical questions or inquiries which it receives with respect to any Product sold by or on behalf of MorphoSys (or any of its Affiliates or sublicensees) in the MorphoSys Territory to MorphoSys in accordance with all applicable Laws. Notwithstanding the foregoing, MorphoSys shall be responsible for handling any Product Complaints received from inside the MorphoSys Territory related to the Manufacture of the Product, and Emergent shall support MorphoSys and provide all reasonably requested assistance and information to handle such Product Complaints.

5.5 Regulatory Authority Communications Received by a Party.

5.5.1 General. Each Party shall promptly inform the other Party of notification of any action by, or notification or other information which it receives (directly or indirectly) from, any Regulatory Authority whether in the MorphoSys Territory or in the Emergent Territory which (i) raises any material concerns regarding the safety or efficacy of the Product, (ii) indicates or suggests a potential material liability of either Party to Third Parties in connection with the

Product, (iii) is reasonably likely to lead to a recall, market withdrawal or market notification with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or (iv) relates to expedited exchange of individual case safety reports and periodic safety reports with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or Product Complaints, and which may have an adverse impact on Regulatory Approvals or the continued Commercialization of the Product whether in the MorphoSys Territory or in the Emergent Territory. MorphoSys shall be solely responsible for responding to any such communications relating to the Product in the MorphoSys Territory and Emergent shall be solely responsible for responding to any such communications relating to the Product in the Emergent Territory. Each Party shall reasonably cooperate with and assist the other Party in complying with regulatory obligations, including by providing to the other Party, within two (2) Business Days after a request, such information and documentation which is in such Party's possession as may be necessary or reasonably helpful for the other Party to prepare a response to an inquiry from a Regulatory Authority whether in the MorphoSys Territory or in the Emergent Territory with respect to the Product. Each Party shall promptly provide, and cause its Affiliates and sublicensees to provide, the other Party with a copy of all material correspondence received from a Regulatory Authority whether in the MorphoSys Territory or in the Emergent Territory specifically regarding the matters referred to above.

5.5.2 Disclosures. In addition to its obligations under this Agreement, each Party shall disclose to the other Party the following regulatory information:

(a) **Regulatory Actions**. All information pertaining to material actions taken by Regulatory Authorities whether in the MorphoSys Territory or in the Emergent Territory, in connection with the Product, including any notice, audit notice, inspection notice, notice of initiation by Regulatory Authorities of investigations, inspections, detentions, seizures or injunctions concerning the Product whether in the MorphoSys Territory or in the Emergent Territory, notice of violation letter (i.e., an untitled letter), warning letter, service of process or other substantial inquiry which (i) raises any material concerns regarding the safety or efficacy of the Product, (ii) alleges a potential material liability of either Party to Third Parties in connection with the Product, (iii) is reasonably likely to lead to a recall, market withdrawal or market notification with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or (iv) relates to expedited exchange of individual case safety reports and periodic safety reports with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or Product Complaints, and which are reasonably likely to have an adverse impact on Regulatory Approvals or the continued Commercialization of the Product whether in the MorphoSys Territory or in the Emergent Territory; *provided, however,* that a Party shall be entitled to redact those portions thereof to the extent not related to the Product. Without limiting the generality of the foregoing, each Party shall promptly, but in any event within three (3) Business Days, inform the other Party of any such material actions by any Regulatory Authority with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory.

(b) **Regulatory Non-compliance**. With respect to information pertaining to notices from Regulatory Authorities whether in the MorphoSys Territory or in the Emergent Territory of non-compliance with applicable Laws in connection with the Product, including receipt of a warning letter or other notice of alleged non-compliance from any Regulatory Authority directly or indirectly relating to the Product whether in the MorphoSys Territory or in the Emergent Territory, such Party shall be entitled to redact those portions thereof to the extent not related to the Product.

5.6 Recall, Withdrawal, or Market Notification of Product.

5.6.1 Notification and Determination. In the event that any Governmental Authority threatens or initiates any action to remove the Product from the market whether in the MorphoSys Territory or in the Emergent Territory (in whole or in part), the Party receiving notice thereof shall notify the other Party of such communication promptly, but in no event later than one (1) Business Day, after receipt thereof. Notwithstanding the foregoing, in all cases MorphoSys shall determine whether to initiate any recall, withdrawal or market notification of the Product in the MorphoSys Territory, and Emergent shall determine whether to initiate any such recall, withdrawal or market notification of the Product in the Emergent Territory, including the scope of such recall or withdrawal (e.g., a full or partial recall, or a temporary or permanent recall) or market notification; *provided, however,* that before MorphoSys or Emergent (as the case may be) initiates a recall, withdrawal or market notification, the Parties shall promptly meet and discuss in good faith the reasons therefor; *provided, further,* that such discussions shall not delay any action that MorphoSys or Emergent (as the case may be) reasonably believes has to be taken in relation to any recall, withdrawal or market notification. In the event of any such recall, withdrawal or market notification, MorphoSys or Emergent (as the case may be) shall determine the necessary actions to be taken, and shall implement such action, with the other Party providing reasonable input (which the first Party shall in good faith consider and incorporate into any recall, withdrawal or market notification strategy) and reasonable assistance, to conduct such recall, withdrawal or market notification. Without limiting the foregoing, each Party shall have the right to propose that a Product recall, withdrawal or market notification should be initiated by the other Party, but such other Party shall make the final decision whether the recall, withdrawal or market notification will be initiated in its Territory. Each Party shall at all times utilize a batch tracing system which will enable each to identify, on a prompt basis, customers within its Territory who have been supplied with Product of any particular batch, and to recall such Product from such customers as set forth in this Section 5.6.

5.6.2 Cost Allocation. All direct costs and expenses associated with implementing a recall, withdrawal or market notification with respect to the Product in the Territories shall be allocated between Emergent and MorphoSys as follows:

(a) in the event, and to the extent, that the recall, withdrawal or market notification arises as a result of a breach of this Agreement, the Supply Agreement or the Quality Agreements by Emergent, then Emergent shall bear the costs and expenses, including all internal and Out-of-Pocket Costs of MorphoSys for implementing such recall, withdrawal or market notification;

(b) in the event, and to the extent, that the recall, withdrawal or market notification arises as a result of the breach of this Agreement, the Supply Agreement or the Quality Agreements by MorphoSys, then MorphoSys shall bear the costs and expenses, including all internal and Out-of-Pocket Costs of Emergent for implementing such recall, withdrawal or market notification;

(c) in all other cases (i.e., other than as provided for in Section 5.6.2(a) or (b) above) in the Major Markets, all costs and expenses incurred by either Party for implementing the recall, withdrawal or market notification shall be borne as follows: Emergent responsible for thirty-six percent (36%) of such costs and expenses and MorphoSys shall be responsible for sixty-four percent (64%) of such costs and expenses; and

(d) in all other cases (i.e., other than as provided for in Section 5.6.2(a) or (b) above) outside of the Major Markets, all costs and expenses incurred by either Party for implementing the recall, withdrawal or market notification in the MorphoSys Territory shall be borne one hundred percent (100%) by MorphoSys and all costs and expenses incurred by either Party for implementing the recall, withdrawal or market notification in the Emergent Territory shall be borne one hundred percent (100%) by Emergent.

ARTICLE 6
Commercialization

6.1 Commercialization in the Territories. During the Term, MorphoSys shall be solely responsible for Commercializing the Product in the MorphoSys Territory in accordance with this Agreement and Emergent shall be solely responsible for Commercializing the Product in the Emergent Territory in accordance with this Agreement. Subject to the terms and conditions of this Agreement, each Party shall be responsible for one hundred percent (100%) of the expenses (including Pre-Marketing and other Commercialization expenses) incurred in connection with the Commercialization of the Product in its respective Territory. Without limiting the foregoing, each Party shall use Commercially Reasonable Efforts to Commercialize the Product in its respective Territory.

6.2 Both Parties' Performance. Without limiting the generality of the provisions of Section 6.1, each Party shall be solely responsible for (i) receiving, accepting and filling orders for the Product in such Party's Territory, (ii) handling all returns of the Product in such Party's Territory, (iii) controlling invoicing, order processing and collection of accounts receivable for the sales of the Product in such Party's Territory, and (iv) distributing and managing inventory of the Product in such Party's Territory.

6.2.1 General. Each Party shall provide a written update to the other Party on a regional or on a country-by-country basis no less than once per Calendar Year regarding its significant activities for the Product in its respective Territory.

6.2.2 Other Reports. Each Party shall submit in writing to the other Party such other summary reports as such other Party may reasonably request from time to time during the Term with respect to material activities undertaken by MorphoSys for the Product in the MorphoSys Territory and by Emergent for the Product in the Emergent Territory (as the case may be), including general market conditions and general sales information.

6.3 Compliance. Each Party shall, in Commercializing the Product, comply with all applicable Laws, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the bribery provisions in the German Criminal Code as well as all applicable Regulatory Approvals for the Product in its respective Territory. In addition, neither Party shall use in any capacity, in

connection with its Commercialization (or Development) of the Product hereunder, any Person who has been debarred pursuant to Section 306 of the FD&C Act (or similar Law outside of the U.S.), or who is the subject of a conviction described in such section, and each Party shall inform the other Party in writing immediately if it or any Person who is performing services for each Party hereunder is debarred or is the subject of a conviction described in Section 306 (or similar Law outside of the U.S.), or if any action, suit, claim, investigation or legal administrative proceeding is pending or, to such Party's knowledge, is threatened, relating to the debarment of such Party any Person used in any capacity by such Party in connection with its Commercialization (or Development) of the Product hereunder.

6.4 Sales Representatives and/or Medical Science Liaisons. Each Party shall, and shall cause its Sales Representatives to, conduct all details with respect to the Product and perform its other Commercialization activities under this Agreement in such Party's Territory in adherence with applicable Laws and Regulatory Approvals, the Product package inserts, labeling and packaging, and any professional requirements, including those relating to promotion of pharmaceutical products, consumer protection, fraud and abuse and false claims. Each Party shall be solely responsible for any act or omission of its Sales Representatives and Medical Science Liaisons while performing any Commercialization activities. Each Party shall be solely responsible for any compensation, including taxes, that is payable to its Sales Representatives and Medical Science Liaisons. Further, each Party shall be solely responsible for training, and all costs associated with such training, its Sales Representatives and Medical Science Liaisons using Commercially Reasonable Efforts and in all cases in accordance with applicable Laws, including timely reporting of any adverse events with respect to the Product. The Parties will cooperate in preparing and updating training materials and programs and will exchange training materials and any updates thereof once they become available.

6.5 Promotional Materials.

6.5.1 Creation of Promotional Materials. The Parties will coordinate to create and develop Promotional Materials for use in the Territories in accordance with the Regulatory Approvals and applicable Laws; *provided, however,* that each Party shall be responsible for the finalization and use of Promotional Materials in its respective Territory. Such coordination by the Parties is intended to ensure that such Promotional Materials are consistent with the global strategy for the Product. The Parties shall exchange samples of its Promotional Materials for information and comment (and each Party shall consider any such comments in good faith) prior to distributing such Promotional Materials (for clarity, such samples need only be submitted for each different type of Promotional Material, as opposed to each item of Promotional Material needing to be submitted). To the extent either Party wants to include any trademarks Controlled by the other Party, other than Product Marks, in the Promotional Materials or on the Product Packaging or Labeling, such Party may include, upon the other Party's prior written approval only, to include such trademarks and shall comply with the other Party's then-current guidelines for trademark usage a copy of which shall be provided by such other Party within thirty (30) calendar days of the Effective Date.

6.5.2 Inclusion of Logos on Packaging and Promotional Materials. To the extent permitted or required by applicable Laws and subject to obtaining necessary Regulatory Authority approvals, with respect to Product to be sold by or on behalf of MorphoSys (or any of its Affiliates or sublicensees) in its Territory, the Emergent housemark shall appear on all package inserts utilized by MorphoSys, however not in equal prominence, except that if MorphoSys has sublicensed the Product in a given country in the MorphoSys Territory and only two logos are permitted by the relevant Regulatory Authority in such country, then MorphoSys may display its own logo and the logo of its sublicensee. Emergent hereby grants to MorphoSys a non-exclusive, royalty-free right and license during the Term to utilize the Emergent housemark (including all trademarks, names and logos) in order to perform the Commercialization activities required to be performed by MorphoSys hereunder in accordance with the terms of this Agreement. MorphoSys hereby grants to Emergent a non-exclusive, royalty free right and license during the Term to utilize the MorphoSys housemark (including all trademarks, names and logos) in order to perform the Manufacturing and other activities to be performed by or on behalf of Emergent under the terms of this Agreement or the Supply Agreement. Each Party shall only use the housemark of the other Party with the necessary trademark designations, and each Party shall use the other Party's housemarks in a manner that does not derogate from such Party's rights in its trademarks, names and logos. Each Party shall submit representative samples of its use of the other Party's housemark for review by the JSC.

6.5.3 Ownership of Promotional Materials. Each Party shall own all right, title and interest in and to any Promotional Materials created by or on behalf of it hereunder relating to the Product in its Territory, including copyrights, trademarks (including the Product Marks as set forth under Section 6.6 below), names, logos and other marks owned by or on behalf of either Party or its Affiliates.

6.5.4 Use of Promotional Materials Exclusively for the Product. The Promotional Materials, and any aspects thereof uniquely tied to the Product, shall be used by the Parties exclusively in connection with the Commercialization of the Product in the Territories in accordance with the terms of this Agreement, and each Party shall not use, or allow any other Person to use, any such Promotional Materials except in accordance with this Agreement.

6.6 Product Marks.

6.6.1 Product Mark.

(a) The Parties shall, through the IPC, be jointly responsible for establishing a global branding strategy for the Products and identifying and, where agreed by the Parties, selecting Global Product Marks and global branding aspects of the Products, including, where agreed by the Parties, global look and feel of Products and Product packaging. Emergent and MorphoSys (and its Affiliates and sublicensees respectively) shall only use the Product Marks pursuant to the terms of this Agreement to identify, and in connection with the Commercialization of, the Products, and Emergent and MorphoSys shall not (and shall cause each of their Affiliates and sublicensees not to) use such Product Marks to identify, or in connection with the marketing of, any other products. To the extent agreed, Emergent and MorphoSys shall use the same Product Mark in the Emergent Territory and the MorphoSys Territory respectively (a "**Global Product Mark**"). Any Global Product Mark shall be co-owned by Emergent and MorphoSys in all countries and regions in which such Global Product Mark is applied for, registered, or used. Where joint ownership is not possible or is impracticable under applicable Laws, the Parties shall discuss in good faith possible solutions through the IPC. Whether or not a Global Product Mark is

adopted by the Parties, MorphoSys shall have the right to select alternative Product Marks for use in exclusively in the MorphoSys Territory and Emergent shall have the right to select alternative Product Marks for use exclusively in the Emergent Territory ("**Alternative Product Marks**")**;** *provided*, that any such alternative Product Marks (selected by either Party) shall be consistent with the global branding strategy to the extent practicable. For clarity, Product Marks shall not include the corporate names and logos of Emergent or MorphoSys.

(b) In the event that either Party intends not to prepare, file, prosecute, or maintain a Global Product Mark in its respective Territory, such Party shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than four (4) weeks prior to the next deadline for any action that may be taken with respect to such Global Product Mark in respective Territory), and the other Party shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Global Product Mark. Upon the continuing Party's written exercise of such option to the non-continuing Party, the continuing Party shall assume responsibility and full control for the preparation, filing, prosecution, and maintenance of any such Global Product Mark, and the continuing Party shall bear the costs that accrue in connection therewith. The non-continuing Party shall assign to the continuing Party its interest in such Global Product Mark and shall execute such documents and perform such acts, at the continuing Party's expense, as may be reasonably necessary to permit the continuing Party to file such Global Product Mark application, and/or to prosecute and/or maintain such Global Product Mark.

(c) Alternative Product Marks used exclusively within the Emergent Territory shall be owned by Emergent. Emergent shall have the right, but not the obligation, to prepare, file, prosecute and maintain any such Alternative Product Marks worldwide at its sole cost and expense, but use of the Alternative Product Mark shall be limited to the Emergent Territory. Emergent, at its sole cost and expense, shall control the filing, prosecution, enforcement and maintenance of such Alternative Product Marks.

(d) Alternative Product Marks used exclusively within the MorphoSys Territory shall be owned by MorphoSys. MorphoSys shall have the right, but not the obligation, to prepare, file, prosecute and maintain any such Alternative Product Marks in the MorphoSys Territory at its sole cost and expense, but use of the Alternative Product Mark shall be limited to the MorphoSys Territory. MorphoSys, at its sole cost and expense, shall control the filing, prosecution, enforcement and maintenance of such Alternative Product Marks.

6.6.2 Infringement of the Product Mark. In the event that either Party becomes aware of any infringement of the Product Marks by a Third Party in the Territories, such Party shall promptly notify the other Party and the Parties shall consult with each other in good faith with respect thereto. Each Party shall, at its sole discretion, have the right to determine how to proceed with respect to such infringement in its respective Territory, including by the institution of legal proceedings against such Third Party, in which case all costs and awards relating to such legal proceedings will be borne exclusively by the Party concerned. If requested to do so, the other Party shall reasonably cooperate with any and all action initiated, at the initiating Party's reasonable expense.

6.6.3 Acknowledgments. Each Party acknowledges the sole ownership by the other Party and validity of all trademarks, trade dress, logos and slogans and related elements of a global branding strategy (other than jointly owned global Product Trademarks) owned by the other Party and used or intended to be used in connection with the Commercialization of the Product in the other Party's Territory, in accordance with this Agreement. Each Party agrees that it will not at any time during or after the Term assert or claim any interest in, or do anything which may adversely affect the validity or enforceability of, any copyright, trademark, trade dress, logo or slogan owned by the other Party and used or intended to be used on or in connection with the marketing or sale of the Product in accordance with this Agreement. Neither Party will register, seek to register or cause to be registered any copyrights, trademarks, trade dress, logos or slogans owned by the other Party and used or intended to be used on or in connection with the marketing or sale of the Product or any variation thereof, under any applicable Laws providing for registration of copyrights, trademarks, service marks, trade names or fictitious names (including as an Internet domain name) or similar Laws, in such other Party's Territory, without the other Party's prior written consent (in its sole discretion). Each Party agrees that all use of the other Party's trademarks, names and logos will inure to the benefit of such other Party, including all goodwill in connection therewith. To the extent a Global Product Mark is used in the MorphoSys Territory and the Emergent Territory, the Parties shall jointly own rights to any Internet domain names incorporating the Product trademark or any variation or part of such trademark as its URL address or any part of such address under the country code top level domains corresponding to the countries of its respective Territory. With respect to all other generic top level domains, the Parties shall jointly determine if respective domains shall be registered and which Party shall be entitled to register a respective domain. Each Party shall be responsible for all costs incurred with respect to the Internet domain names or URLs registered by such Party.

ARTICLE 7
Supply

7.1 General. Emergent will use Commercially Reasonable Efforts to develop, or have developed, a process for the Manufacture of the Product, and to scale up (or have scaled-up) such process to a level sufficient to Manufacture (or have Manufactured), to perform Packaging and Labeling and to supply the required quantities of GMP-compliant Finished Product, in accordance with Laws applicable to those countries where Development Activities take place, including Placebo, for clinical use in the Territories in accordance with applicable Laws, this Agreement and the Product Specifications. Unless expressly agreed between the Parties, supply by Emergent shall be in the form of Finished Product. Where the Parties agreed so, Drug Substance or Vialed Product may be supplied instead of Finished Product, depending on the agreed circumstances, and in such event, references in this Article 7 to Finished Product shall be substituted for Drug Substance or Vialed Product as applicable.

7.2 Development Supply.

7.2.1 General. Emergent will use Commercially Reasonable Efforts to Manufacture, or arrange for a Third Party to Manufacture (which arrangement (i) in the case of a Third Party performing Manufacture of Drug Substance, shall be subject to MorphoSys' prior approval, such approval not to be unreasonably withheld, conditioned or delayed, and (ii) in the case of a Third Party performing other Manufacturing Activities than as set forth in (i) above, shall

be notified by Emergent to MorphoSys and with respect to which MorphoSys shall have the burden to demonstrate in writing that withholding its consent is reasonable within a reasonable time, but no longer than thirty (30) calendar days of such notice (in which case Emergent shall not use such Third Party to perform such Manufacture), and supply MorphoSys' requirements of GMP-compliant Finished Product and Placebo (including Packaging and Labeling and including all required documentation for Release, including if applicable a certificate of compliance with GMP requirements) in accordance with applicable Laws and the Product Specifications agreed for the time of delivery for Development Activities to be performed by the Parties in accordance with the Development Plan and MorphoSys' requirements in connection with any Sole-Funded Activity. Such Finished Product and Placebo shall be supplied in accordance with the procedures set forth in this Article 7.

7.2.2 Supply Price for Development. The Finished Product and Placebo supplied or planned in accordance with the Development Plan or the relevant Sole-Funded Activity, as the case may be, to be supplied for a particular Clinical Trial in a Development Activity or Sole-Funded Activity, respectively, shall be invoiced at the costs per vial set forth on Schedule 7.2.2 (the "**Development Supply Price**") which reflects Emergent's cost. The Development Supply Price shall be subject to adjustments to reflect increases and decreases in (i) Out-of-Pocket Costs incurred by Emergent for raw materials and for external testing as specifically outlined in Schedule 7.2.2, and (ii) changes in the PPI. MorphoSys shall purchase all of its clinical requirements of the Product for Development Activities or Sole-Funded Activities exclusively from Emergent pursuant to the terms of this Article 7. During the Term, Emergent shall not, and shall cause its Affiliates to not, supply any Third Party with the Compound, Drug Substance, Vialed Product, Finished Product or Placebo in or for sale in or other supply of the MorphoSys Territory. If the JSC decides for any reason to engage a Third Party contract manufacturer to supply Finished Product and Placebo for Development, then the Parties shall bear the costs and expenses of such engagement and any related technology transfer, including Third Party Manufacturing Payments, sixty-four percent (64%) by MorphoSys and thirty-six percent (36%) by Emergent.

7.2.3 Ordering Procedures for Finished Product for Development. MorphoSys shall submit a purchase order for Finished Product and Placebo, or if expressly agreed by the Parties for Drug substance or Vialed Product, for use under the Development Plan or for MorphoSys Sole-Funded Activities and Emergent shall supply Product and Placebo to itself as needed to perform its Development Activities under the Development Plan or for Emergent Sole-Funded Activities. Emergent shall deliver Products and Placebo in accordance with purchase orders placed by MorphoSys for Finished Product and Placebo, or, if expressly agreed by the Parties, for Drug Substance or Vialed Product, for use in Development Activities or in a MorphoSys Sole-Funded Activity or to itself as needed to perform its Development Activities under the Development Plan or for MorphoSys Sole-Funded studies; *provided*, that the delivery dates and amounts are in accordance with the Development Plan or Emergent accepted the purchase order, and, in case of Sole-Funded Activities, in each case the delivery dates and amounts can be complied with by use of Commercially Reasonable Efforts. If the supply of available Product or Placebo is limited, then the prioritization of available Product and Placebo shall first be to Development Activities and then equitably to each Party's Sole-Funded Activities.

7.2.4 Release. With respect to Finished Product and Placebo supplied for Development Activities, Release shall be performed by the Party that is the sponsor of the Clinical Trial in which such Finished Product and Placebo will be used. MorphoSys shall be responsible for Release of Finished Product and Placebo to be used in MorphoSys Sole-Funded Activities and Emergent shall be responsible for Release of Finished Product and Placebo to be used in Emergent Sole-Funded Activities. Each Party shall perform Release in accordance with the Product Specifications, the Quality Agreements, all applicable Laws and GMPs.

7.2.5 Title, **Shipping**, **Risk of Loss**. Finished Product and Placebo for use by MorphoSys in a Sole-Funded Activity shall be supplied to MorphoSys FCA (Free Carrier as defined by INCOTERMS 2010) at Emergent's or its designee's site. Delivery shall occur, and title and risk of loss will pass to MorphoSys, when each order of the Finished Product and Placebo, cleared for export, is placed at the disposal of MorphoSys' designated carrier at Emergent's or its designee's site pursuant to the loading instructions provided by MorphoSys, or as otherwise agreed to by the Parties. The cost of complying with such instructions shall be borne by MorphoSys. The Finished Product and Placebo shall be shipped at MorphoSys' expense via a carrier identified by MorphoSys in the applicable purchase order; *provided*, that, in the event that MorphoSys fails to identify a carrier, Emergent may choose a carrier at its own reasonable discretion. All costs of transporting and insuring Finished Product and Placebo in transit used for Development Activities under the Development Plan shall be considered Development Costs.

7.2.6 Invoice. Emergent shall invoice Finished Product and Placebo at the Development Supply Price for all Finished Product and Placebo expected to be administered in a given Clinical Trial upon dosing of the first patient in such Clinical Trial and with respect to a Sole-Funded Activity, upon shipment of the Finished Product and Placebo. If additional Finished Product and Placebo is needed for a Development Activity, such Finished Product and Placebo shall be invoiced upon shipment of such Finished Product and Placebo. The Development Supply Price for all Finished Product and Placebo to be used for Development Activities under a Development Plan and, in accordance with the Product Specifications agreed at the time of delivery (i) if delivered and undisputedly invoiced to MorphoSys shall be considered Development Costs of MorphoSys, (ii) if used by Emergent and credited to Emergent shall be considered Development Costs of Emergent, and the Parties shall adhere to the procedures in Section 8.10 to reimburse each other for the sharing of Development Costs. With respect to Finished Product and Placebo ordered by MorphoSys in connection with a Sole-Funded Activity, MorphoSys will issue payment against undisputed invoices for the Development Supply Price within forty-five (45) calendar days.

7.2.7 Development Supply Price Audit. MorphoSys shall have the right to audit the calculation of the Development Supply Price in order to assess the accuracy thereof for information purposes only. MorphoSys shall have the right to audit Emergent's prevailing Manufacturing cost to manufacture the Finished Product and Placebo as provided in Section 7.2.2 in order to confirm any increases or decreases in Development Supply Price due to Out-of-Pocket Costs incurred by Emergent for raw materials, for external testing and changes in the PPI as well as for pro rata adjustments due to changes in concentration (mg in a vial) as set out in Schedule 7.2.2; such audit shall be carried out in the same manner as the audit provisions of Section 8.11 which shall apply, *mutatis mutandis*, to both Parties to facilitate such right of audit.

7.3 Commercial Supply. The Parties shall use good faith efforts to enter to a commercial supply agreement at least [**] months prior to the expected First Commercial Sale of the Product in the MorphoSys Territory (the "**Supply Agreement**").

7.3.1 Supply Agreement. The Supply Agreement shall provide for the Manufacture and supply of Finished Product by or on behalf of Emergent to MorphoSys (including its Affiliates and sublicensees) during the Term for commercial use in the MorphoSys Territory in accordance with this Article 7; *provided, however,* that MorphoSys may decide, before conclusion of the Supply Agreement or during its term, to have the Product manufactured and supplied by a Third Party contract manufacturer, in which case Emergent shall conduct a technology transfer to such Third Party contract manufacturer at MorphoSys' sole cost and expense. The Supply Agreement shall include a forecast and ordering mechanism and shall specify which Party is responsible for Release of Finished Product for commercial use in the MorphoSys Territory. The Supply Agreement will regulate that MorphoSys shall have the option to cause Emergent to initiate, subject to Section 2.5.3(a) and 2.1.2, at least [**] years prior to the expected expiration of the Term, and to expeditiously conclude a technology transfer to MorphoSys or its designee (which shall be a Third Party reasonably acceptable to Emergent, *provided* that it shall not be reasonable to deny acceptance if such Third Party is a reputable contract manufacturing organization) at MorphoSys' sole cost and expense. Additionally, the Supply Agreement shall provide that, at least [**] years prior to the expected expiration of the Term, upon MorphoSys' written request, the Parties will negotiate in good faith the supply by Emergent to MorphoSys with Finished Product after the expiration of the Term.

7.3.2 Exclusivity. Except for situations of Manufacturing License Occurrence or where MorphoSys decides to have the Product manufactured and supplied by a Third Party contract manufacturer in accordance with Section 7.3.1, during the Term, MorphoSys shall purchase from Emergent all of MorphoSys' and its Affiliates' and sublicensees' requirements of the Finished Product for commercial use in the Territory. During the Term, Emergent shall not, and shall cause its Affiliates and sublicensees not to, supply any Third Party with the Compound, Drug Substance, Vialed Product, Finished Product or Placebo for sale in the MorphoSys Territory.

7.3.3 Commercial Supply Price. The commercial supply price to be set forth in the Supply Agreement shall be subject to adjustments to reflect increases and decreases in (i) costs of raw materials, unless already reflected in the change of the Producer Price Index, and (ii) changes in the Producer Price Index for the Pharmaceutical Sector as reported by the U.S. Bureau of Labor Statistics ("**PPI**") for the previous twelve (12) months (the "**Commercial Supply Price**"), and in such quantities as MorphoSys shall order pursuant to and in accordance with the Supply Agreement. The Supply Agreement shall provide that, if, during the Term, MorphoSys can demonstrate in writing that a Third Party contract manufacturer has offered in writing to manufacture and supply the Product, on terms and conditions substantially similar to those set forth in the Supply Agreement and at a supply price which is equal to or lower than the level of the Commercial Supply Price, then MorphoSys may notify Emergent thereof and the Parties will discuss in good faith a reduction of the Commercial Supply Price; *provided, however,* that if Emergent is not willing or not able to reduce the Commercial Supply Price to be equal to or lower than the price offered by the Third Party contract manufacturer, then MorphoSys may elect, by written notice to Emergent, to invoke the provisions of Section 7.11; *provided, further,* that MorphoSys shall bear [**] percent ([**]%) of the costs and expenses of effectuating the provisions of Section 7.11 and Emergent shall be reimbursed by MorphoSys for its direct internal costs and expenses (with respect to which Section 8.12 shall apply) and direct pre-approved Out-of Pocket Costs.

7.3.4 No Supply Agreement. If the Parties, in good faith negotiations, cannot agree on a Supply Agreement by the date that is [**] months prior to the expected First Commercial Sale of the Product as stipulated in the then applicable Development Plan, MorphoSys shall have the right to elect, by written notice to Emergent, that Section 7.11 shall apply; *provided, however*, that Emergent shall be reimbursed for its direct internal costs and expenses and direct pre-approved Out-of Pocket Costs and Section 8.12 shall apply for Emergent's internal costs.

7.4 Packaging and Labeling; Certain Other Manufacturing Activities. Emergent or its designated Third Party shall be responsible for all final product labeling and packaging (whether in commercial or clinical packaging presentation), including insertion of materials such as patient inserts, patient medication guides, professional inserts and any other written, printed or graphic materials accompanying the Product in the Territories considered to be part of the Finished Product, and its handling, storage, quality control, quality assurance, testing and related activities, of the Product in connection with the foregoing (collectively, "**Packaging and Labeling**"). The cost for Packaging and Labeling is accounted for in the Development Supply Price and will be accounted for in the Commercial Supply Price.

7.5 Quality Agreements. The Parties shall execute a (i) quality agreement for development supply of the Product within ninety (90) calendar days of the Effective Date and (ii) quality agreement for commercial supply of the Product within ninety (90) calendar days of execution of the Supply Agreement, which shall set forth the Parties' quality and compliance obligations with respect to Manufacture of the Finished Product (both quality agreements, the "**Quality Agreements**"). MorphoSys and Emergent agree to comply with the requirements and provisions set forth in the Quality Agreements.

7.6 Product Specification and Manufacturing Changes. Product Specification and Manufacturing changes, including those resulting from a request received by a Party from a Governmental Authority, or any changes that Emergent may make, shall be dealt with pursuant to the Quality Agreements; *provided*, that all applicable Regulatory Materials shall be prepared and filed by the Parties in accordance with the provisions of Article 5.

7.7 Retention. Unless the Parties agree otherwise, Emergent will maintain analytical samples of each Finished Product in storage for a time period based upon provisions set forth in the Quality Agreements, applicable Laws and requirements of Regulatory Authorities in the Territories.

7.8 Handling and Storing by MorphoSys. From and after the time Finished Product is delivered by Emergent hereunder, such Finished Product shall be handled, stored and shipped by MorphoSys in compliance with all applicable Laws including, GMPs; and not contain any material that would cause the Product to be adulterated or misbranded within the meaning of applicable Laws.

7.9 Shortage Risk Mediation, **Shortages**. At least [**] prior to expected First Commercial Sale of the Product in the Territories and thereafter during the Term, the Parties will discuss the validation of a second Manufacturing site for the Manufacture of Product at premises other than the primary Manufacturing site, the operation of which site will comply with GMP and have adequate capacity to meet the expected requirements for the Product. If the Parties agree to establish a second Manufacturing site, the costs of establishing such second Manufacturing site shall be borne [**]. Within six (6) months of the Effective Date, Emergent will prepare, and thereafter from time to time as necessary, update, including upon First Commercial Sale of the Product in the Territories, a risk mitigation plan to ensure continuous uninterrupted supply of Product and such risk mitigation plan shall be reasonably satisfactory to MorphoSys. Emergent shall use Commercially Reasonable Efforts to carry out and comply with such plan. In the event that the materials and/or Manufacturing capacity required to Manufacture and deliver the Finished Product to MorphoSys in a timely manner are in short supply, Emergent shall promptly notify MorphoSys of such shortage in writing and the Parties shall promptly meet to discuss the shortage. Emergent shall treat MorphoSys' demand equally to Emergent's own demands or demands of Emergent's other commercial partners and, allocate the portions of the available amounts of Finished Product and manufacturing capacity to the respective demand on a pro-rata basis; *provided*, that the foregoing supply on a pro-rata basis does not limit any other remedies MorphoSys may have due to a partial failure to supply under this Agreement or the Supply Agreement. Emergent shall promptly provide a written plan of action stating in reasonable detail the root cause of the shortage and proposed measures to remedy the shortage and the date such shortage is expected to end. Emergent shall use Commercially Reasonable Efforts to minimize the duration of any shortage; provided, that the foregoing efforts of Emergent do not limit any remedies MorphoSys may have due to a partial failure to supply under this Agreement or the Supply Agreement.

7.10 Failure to Supply; Serious Supply Risk. The Supply Agreement shall provide that, in the event of a Failure to Supply and in the event of a Serious Supply Risk, MorphoSys shall have the right to elect, by written notice to Emergent, that Section 7.11 shall apply.

7.10.1 Failure to Supply. As used herein, a "**Failure to Supply**" shall mean that Emergent is unable to supply, in full compliance with applicable Laws, the Product Specifications and the terms of the Supply Agreement, or Emergent has notified MorphoSys that Emergent anticipates that it will be unable to supply in such full compliance, at least [**] percent ([**]%) of the quantity of Product ordered for a period of [**] consecutive calendar days, other than to the extent caused by a Force Majeure Event or an act or omission of MorphoSys or any of its Affiliates, sublicensees or subcontractors.

7.10.2 Serious Supply Risk. As used herein, a "**Serious Supply Risk**" shall mean that, other than to the extent caused by a Force Majeure Event or an act or omission of MorphoSys or any of its Affiliates, sublicensees or subcontractors, (i) Emergent, within a period of [**] consecutive months, fails to supply under [**] or more purchase orders of MorphoSys in full compliance with applicable Laws, the Product Specifications and the terms of the Supply Agreement, on the delivery date at least [**] percent ([**]%) of the quantity of Product ordered under such purchase orders, or Emergent notifies MorphoSys that Emergent anticipates that such failure may occur, and (ii) either (a) Emergent is not able to demonstrate to MorphoSys that it has used Commercially Reasonable Efforts to, promptly after the first failure under this Section 7.10.2,

follow the risk mitigation as set out in Section 7.9, provide a written plan of action stating in reasonable detail the root cause of the shortage and propose measures to remedy the shortage, or (b) the aforementioned risk mitigation measures are not sufficiently successful such that Emergent, within a period of [**] consecutive months starting with the first failure under this Section 7.10.2 or respective notification, for a [**] time is unable to supply under a purchase order in full compliance with applicable Laws, the Product Specifications and the terms of the Supply Agreement, at least [**] percent ([**]%) of the quantity of Product under such purchase order, or Emergent notifies MorphoSys again that Emergent anticipates that such failure may occur.

7.11 Third Party Manufacturing. In the event that the JSC has elected under Section 7.2.2, or MorphoSys has elected by written notice to Emergent under Section 7.3.1, 7.3.3, 7.3.4 or 7.10, that this Section 7.11 shall apply ("**Manufacturing License Occurrence**"), then, in the case of Section 7.2.2, the Parties shall engage a Third Party contract manufacturer to assume, or in the case of Sections 7.3.1, 7.3.3, 7.3.4 or 7.10, MorphoSys shall have the right to assume or to engage a Third Party to assume, in each such case, the Manufacturing of Compound, Drug Substance, Vialed Product, Finished Product and Placebo. In the case of MorphoSys' election under Sections 7.3.1, 7.3.3, 7.3.4 or 7.10, (w) Emergent hereby grants to MorphoSys and MorphoSys hereby accepts a (with respect to the Product) co-exclusive (with Emergent and its Affiliates), royalty-free license (except as set forth below with respect to pass-through of applicable Third Party Manufacturing Payments and sublicensable to such Third Party contract manufacturer in accordance with Section 2.5.3) to the Emergent Manufacturing Technology and Emergent Platform Technology for MorphoSys or such Third Party contract manufacturer on behalf of MorphoSys to Manufacture the Compound, Drug Substance, Vialed Product, and Finished Product, anywhere in the world for Commercialization in the Field in the MorphoSys Territory, (x) MorphoSys shall be responsible for paying (a) [**] percent ([**]%) of any Third Party Manufacturing Payments other than in the form of royalties and (ß) [**] percent ([**]%) of Third Party Manufacturing Payments in the form of royalties on Net Sales in the MorphoSys Territory (i.e., each Party shall bear Third Party Manufacturing Payments in the form of royalties on sales in its respective Territory), in each case to Emergent (for forwarding by Emergent) and (y) any costs and expenses of Emergent and of MorphoSys and any Third Party (as transferee) contract manufacturer's fees or other charges for the activities contemplated by clauses (i) and (ii) below and for the achievement of the Manufacturing technology transfer as set forth in clause (z) below shall be borne (A) [**] percent ([**]%) by MorphoSys if MorphoSys elects that this Section 7.11 shall apply pursuant to Sections 7.3.1, 7.3.3 or 7.3.4, and (B) [**] percent ([**]%) by Emergent and [**] percent ([**]%) by MorphoSys, if MorphoSys elects that this Section 7.11 shall apply pursuant to Section 7.10, and (z) Emergent shall (i) provide copies of such Emergent Manufacturing Know-How (to the extent Controlled by Emergent) necessary for the Manufacture of Compound, Drug Substance, Vialed Product, and Finished Product and Placebo, and (ii) provide reasonable assistance and personnel (including answering all questions) to transfer the Manufacturing process, in each case in order to allow MorphoSys or the Third Party contract manufacturer designated by MorphoSys to replicate and implement the Manufacturing process and to take over the Manufacturing of the Compound, Drug Substance, Vialed Product, Finished Product, and Placebo and to validate and obtain approval of the Manufacturing facility of MorphoSys or such Third Party contract manufacturer designated by MorphoSys as an alternate source of supply of Compound, Drug Substance, Vialed Product, and Finished Product and Placebo. In the event Emergent wishes to resume Manufacturing under the Supply Agreement after a Failure to Supply or a Serious Supply Risk, Emergent will notify MorphoSys thereof and

the Parties shall discuss Emergent's future supply. Provided that Emergent can demonstrate to the reasonable satisfaction of MorphoSys that it will be able to meet forecasted demand for the Finished Product for the then current forecast to be established under the Supply Agreement, MorphoSys shall have the right to claim future Manufacture and supply by Emergent on an exclusive supply and exclusive purchase basis and further (a) in the event MorphoSys shall have entered into a Manufacturing agreement with a Third Party manufacturer for supply, Emergent shall fully indemnify MorphoSys for any costs, expenses or losses arising out of the transfer of the Manufacturing of the Finished Product back to Emergent as a result of the resumption of Emergent's Manufacturing hereunder, or in the event MorphoSys shall have set up the Manufacturing without entering in a Manufacturing agreement with a Third Party for supply, Emergent shall reimburse MorphoSys any direct costs and expenses and directly related Out-of-Pocket Costs, and (b) in the event Emergent's Failure to Supply or Serious Supply Risk is deemed a result of its inability to meet the requirements of the relevant Quality Agreement or Manufacture the Drug Substance and/or fill and finish of Finished Product, then Emergent shall demonstrate to MorphoSys' reasonable satisfaction that the conditions giving rise to the failure have been corrected. In the event of a Manufacturing License Occurrence, (1) where a Third Party contract manufacturer assumes Manufacturing of the Product, Emergent shall not be precluded from entering into a separate Manufacturing agreement with such Third Party contract manufacturer, and (2) where MorphoSys assumes the Manufacture of the Product, the Parties will, at Emergent's request, negotiate in good faith the terms and conditions under which MorphoSys shall Manufacture and supply Product to Emergent and in such case the license in Section 2.1.2 shall be expanded accordingly. In the event MorphoSys had borne [**] percent ([**]%) of all costs in accordance with clause (z)(A) above and Emergent enters into such a Manufacturing agreement with such Third Party contract manufacturer or with MorphoSys according to the foregoing sentence (X) within [**] months after the date that (I) MorphoSys had entered into such supply agreement with such Third Party contract manufacturer or (II) MorphoSys had commenced Manufacture of the Product, then Emergent shall reimburse MorphoSys [**] percent ([**]%) of such costs, or (Y) after [**] months but prior to the [**] anniversary of the date that (I) MorphoSys had entered into such supply agreement with such Third Party contract manufacturer or (II) MorphoSys had commenced Manufacture of the Product, then Emergent shall reimburse MorphoSys [**] percent ([**]%) of such costs; *provided,* that, for clarity, if Emergent enters into such a Manufacturing agreement with such Third Party contract manufacturer or with MorphoSys after the [**] anniversary of such applicable date, then Emergent shall not have any obligation to reimburse MorphoSys for any portion of such costs. In case MorphoSys takes over the Manufacturing of the Product under this Section 7.11 the methodology for calculation of the Development Supply Price for supply of Product for Development Activities are Development Costs Sections 7.2.2, first sentence, and 7.2.3, 7.2.5, 7.2.6 shall apply *mutatis mutandis.*

ARTICLE 8
Payments

8.1 Upfront License Fee. An upfront payment amount equal to Twenty Million Dollars ($20,000,000) (the "**Upfront Fee**") shall be due from MorphoSys to Emergent, payable within fifteen (15) calendar days of the Effective Date upon receipt of a respective invoice from Emergent, payable by wire transfer of immediately available funds into an account designated in writing by Emergent. Such Upfront Fee shall be nonrefundable and noncreditable against any other payments due hereunder.

8.2 Milestone Payments. MorphoSys shall pay to Emergent the milestone payments described in this Section 8.2 upon achievement (first occurrence) of the corresponding milestone event; *provided, however,* that a [**]. MorphoSys shall promptly notify Emergent in writing of, but in no event later than [**] calendar days after, the achievement, or in case of a MorphoSys sublicensee achieving such milestone no later than [**] calendar days after receipt of notice by such sublicensee, of each such milestone event (each, a "**Milestone Notification Notice**") achieved by it and Emergent shall provide a respective invoice to MorphoSys. MorphoSys shall pay the applicable milestone payment by wire transfer of immediately available funds into an account designated by Emergent within sixty (60) calendar days after receipt of such written undisputed invoice pursuant to Section 8.8; provided, however, that in no event shall a failure to deliver a Milestone Notification Notice relieve MorphoSys of its obligation to pay Emergent the milestone payments described in this Section 8.2. Each such payment is nonrefundable and noncreditable against any other payments due hereunder and is only payable on the first Product to achieve such milestone event. Each milestone payment shall only be due for the first Product to achieve the applicable milestone, on an Indication-by-Indication basis, irrespective of the number of Products that may subsequently achieve the applicable milestone event. For clarity, all milestone payments will be made once only.

Development Milestone Event for the first Product achieving any such Development Milestone Event	***Milestone Payment***
1. Dosing of the first patient in the first Phase I Clinical Trial in the first Indication for the Product	Five Million Dollars ($5,000,000)
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

Regulatory Milestone Event for the first Product achieving any such Regulatory Milestone Event	***Milestone Payment***
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

For clarity, for the fourth and subsequent Indications, no further development milestone payments shall be due under this Agreement. If milestone event 5 described in the preceding table under the heading "Development Milestone Event" is achieved before the achievement of milestone event 4 listed under such heading, then milestone event 4 shall be deemed automatically achieved, and the corresponding milestone payment shall be due and payable together with the payment of the milestone payment for the subsequent milestone event. If milestone event 7 described in the preceding table under the heading "Development Milestone Event" is achieved before the achievement of milestone event 6 listed under the such heading, then milestone event 6 shall be deemed automatically achieved, and the corresponding milestone payment shall be due and payable together with the payment of the milestone payment for the subsequent milestone event.

8.3 Royalty Payments to Emergent. As further consideration for the rights granted to MorphoSys under this Agreement, MorphoSys shall pay to Emergent payments ("**MorphoSys Royalty Payments**") (i) at a rate of [**] percent for Net Sales of the Product in the MorphoSys Territory for all uses other than for use as a diagnostic (the "**MorphoSys Therapeutic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term and (ii) at a rate to be negotiated in good faith by the Parties for Net Sales of the Product in the MorphoSys Territory for use as a diagnostic (the "**MorphoSys Diagnostic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term. No MorphoSys Royalty Payments shall become due until MorphoSys for the first time generates aggregate Net Sales of the Product in the MorphoSys Territory in excess of [**] Million Dollars ($[**]0,000,000) and no MorphoSys Royalty Payments are payable on the first [**] Million Dollars ($[**]0,000,000) of Net Sales of the Product in the MorphoSys Territory. For example, if there are [**] of Net Sales of the Product in the MorphoSys Territory for the first Calendar Year after First Commercial Sale, no MorphoSys Royalty Payments shall be due on the first [**] Million Dollars ($[**]0,000,000) of Net Sales and [**] of MorphoSys Royalty Payments shall be due on the next [**] of Net Sales in the MorphoSys Territory. During the Royalty Term, for clarity including any extension period under Section 1.117(i), MorphoSys Royalty Payments payable under this Section 8.3 shall be reduced by [**] percent ([**]%) of the amounts set forth in this Section 8.3 after the date on which such Product (including, the use, sale, offer for sale, importation, development or manufacturing thereof) is no longer Covered by a Valid Claim in such country. MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates apply only to the Net Sales in the MorphoSys Territory.

8.4 Royalty Payments and Reports. MorphoSys shall calculate all MorphoSys Royalty Payments payable to Emergent pursuant to Section 8.3 and report Net Sales in the MorphoSys Territory with respect to Net Sales in the MorphoSys Territory at the end of each Calendar Quarter, which amounts shall be converted to Dollars at such time in accordance with Section 8.7. MorphoSys shall pay to Emergent the MorphoSys Royalty Payment due for Net Sales in the MorphoSys Territory during a given Calendar Quarter within sixty (60) calendar days after the end of such Calendar Quarter. Each MorphoSys Royalty Payment due to Emergent shall be accompanied by (i) a statement of the gross amount invoiced on account of sales of the Product (a) in the MorphoSys Territory as a whole and (b) on a country-by-country basis during the applicable Calendar Quarter (including such amounts expressed in local currency and as converted to Dollars), (ii) an itemized calculation of Net Sales (a) in the MorphoSys Territory as a whole and (b) on a country-by-country basis, showing for both (a) and (b) deductions provided for in the definition of "Net Sales" during such Calendar Quarter and (iii) a calculation, on a country-by-country basis, of the amount of the MorphoSys Royalty Payment due on such Net Sales for such Calendar Quarter. Without limiting the generality of the foregoing, MorphoSys shall require its Affiliates and sublicensees and permitted distributors to account for its Net Sales and to provide such reports with respect thereto as if such sales were made by MorphoSys.

8.5 Third Party Royalties and Other Payments.

8.5.1 Certain Existing Obligations. Except as otherwise set forth in this Agreement, [**] for the payment of any royalties, sublicense revenues, milestones or other payments due to Third Parties under agreements between Emergent (or its Affiliates) and Third Parties existing as of the Effective Date covering the Development, Manufacturing or Commercialization of the Product hereunder.

8.5.2 Licenses to Third Party Patents.

(a) If MorphoSys determines that it is necessary or reasonably useful to obtain a license under any Patent of a Third Party relevant to the Development, the Manufacture or the Commercialization of the Product in the MorphoSys Territory ("**Third Party IP**"), it shall inform the IPC of such determination along with documentation supporting such determination. The IPC shall discuss the desirability of obtaining a license to or acquiring such Third Party IP, and, if it is determined by the Parties to obtain a license to or acquire such Third Party IP, discuss and recommend appropriate financial terms and conditions (including the scope of the license to be negotiated) for such license or acquisition agreement (such agreement, a "**Third Party IP Agreement**"). The IPC also may designate one Party, or that the Parties jointly, be responsible for handling negotiations of a Third Party IP Agreement, but, absent such determination by the Parties to obtain a license or acquire such Third Party IP, or absent a designation by the IPC which Party shall be responsible for handling the negotiations of a Third Party IP Agreement, MorphoSys shall have the right, at its sole discretion, to negotiate such Third Party IP Agreement for the MorphoSys Territory in accordance with Section 8.5.2(b). The negotiating Party shall have responsibility and authority for negotiating and executing such Third Party IP Agreement; *provided*, that, through their representatives on the IPC, the negotiating Party shall keep the other Party reasonably informed with respect to the negotiations and deal terms relating to such Third Party IP Agreement (including scope of the license and financial terms) and such negotiating Party shall consider in good faith any comments, recommendations or analysis provided by the other Party; *provided, further,* that the negotiating Party shall not agree to any terms or conditions relating to the other Party's Territory without the prior written consent of the other Party. Notwithstanding anything to the contrary in this Agreement, as contemplated by Sections 9.6.2(a) and 9.6.2(b), in connection with Emergent's due regard to alternative mitigation strategies, if MorphoSys, after discussions in the IPC, elects to not seek a Third Party IP Agreement, Emergent may negotiate and execute, as a Party to such Third Party IP Agreement, a Third Party IP Agreement for the MorphoSys Territory with respect to an Opposition Patent or an Invalidation/Re-Examination Patent; *provided*, that, Emergent shall pay to the Third Party any and all amounts for the MorphoSys Territory (including upfront payments, milestone payments, license fees, royalties or other payments) payable under such Third Party IP Agreement and MorphoSys shall reimburse Emergent [**] percent ([**]%) of such paid amounts upon Emergent sending an invoice to MorphoSys, which reimbursement amount (other than with respect to arm's length and good faith negotiated upfront payments, milestone payments and license fees payable under such Third Party IP Agreement) MorphoSys shall be entitled to deduct from the MorphoSys Royalty Payments.

(b) Any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable under a Third Party IP Agreement attributable to the MorphoSys Territory shall be borne by MorphoSys; *provided, however,* that (i) in the case where the Third Party IP Agreement relates to an Opposition Patent or the Parties through the IPC agree that it would be prudent to enter into the Third Party IP Agreement for the Development, Manufacture or Commercialization of the Product in the MorphoSys Territory, MorphoSys shall be entitled to deduct [**] percent ([**]%), and (ii) in any other case, [**] percent ([**]%), in each case of any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable to such Third Party (on account of the sale of, or in relation to the Development, Manufacture and Commercialization of, the Product in the MorphoSys Territory) from the MorphoSys Royalty Payments thereafter made by MorphoSys to Emergent hereunder; *provided, further,* that the MorphoSys Royalty Payments payable under

Section 8.3 shall not be reduced in any such event below [**] percent ([**]%) of the amounts set forth in Section 8.3. To the extent that, in any Calendar Quarter, MorphoSys was not able or, due to the aforementioned sentence, was not allowed to deduct the entire amount of the above percentages of any and all amounts payable to such Third Party in such Calendar Quarter, MorphoSys shall be entitled to carry forward such remaining amounts and deduct them from the MorphoSys Royalty Payments due in subsequent Calendar Quarters.

(c) For the avoidance of doubt the provisions of Section 8.5.2(a) and Section 8.5.2(b) apply *mutatis mutandis* to Third Party IP for the Emergent Territory; *provided*, *however*, that Emergent shall be only entitled to deduct [**] percent ([**]%) with respect to payments made for licenses covered by Section 8.5.2(b)(i).

(d) Should the same Third Party IP be necessary or reasonably useful to Develop, Manufacture or Commercialize the Product in both Territories, both Parties shall jointly negotiate the Third Party IP Agreement. Payments and amounts due under such Third Party IP Agreement shall be for the MorphoSys Territory as set forth in Section 8.5.2(b) and for the Emergent Territory as set forth in Section 8.5.2(c). If the Parties agree on the desirability of securing a license to such Third Party IP but are unable to agree on terms for the negotiation and conclusion of such Third Party IP Agreement after good faith discussion, each Party shall have the right to execute a Third Party IP Agreement with such Third Party for its respective Territory and to take deductions in accordance with Section 8.5.2(b)and (c), respectively.

8.6 Taxes and Withholding. Each Party shall comply with applicable Laws and regulations regarding filing and reporting for income tax purposes. All amounts payable under this Agreement are net of value-added tax ("**VAT**"). In the event that amounts due under this Agreement are subject to VAT, the invoice by the respective Party for the payment shall state the VAT applicable separately. If applicable Laws require withholding of income taxes or other taxes imposed upon payments, the paying Party shall assist the payee Party to obtain a withholding tax exemption certificate to be issued by the competent tax authority. The payee Party shall provide the paying Party with such withholding tax exemption certificate at least fifteen (15) calendar days prior to the payable date of any such payments. If the payee Party fails to do so, the paying Party shall be permitted to withhold the withholding tax amount at the rate set forth by law from such payments; *provided*, that the paying Party pays such amount to the competent tax authority. The paying Party shall submit appropriate proof of payment of the withholding taxes to the payee Party within a reasonable period of time and shall make reasonable efforts to assist the payee Party to recoup such taxes, if any, from the respective tax authorities.

8.7 Currency Conversion. All payments hereunder shall be made in U.S. Dollars. For the purpose of calculating any sums due under, or otherwise reimbursable pursuant to, this Agreement (including any costs as defined in this Agreement (e.g., Development Costs) and the calculation of Net Sales expressed in currencies other than U.S. Dollars), any amount expressed in a foreign currency shall be converted into U.S. Dollars using the average of the exchange rate of the European Central Bank (www.ecb.int) published for the applicable reporting period for the payment due.

8.8 General Payment Procedures. Any payment under this Article 8 other than royalties pursuant to Sections 8.3 and 8.13 is subject to a prior written undisputed invoice to be served to the Party owing the payment and complying with reasonable tax and accounting requirements of the Party owing the payment. The receiving Party shall invoice the paying Party for all amounts due to such receiving Party under this Agreement, and such payments shall be made within sixty (60) calendar days following the receipt by the paying Party of an undisputed invoice from the receiving Party specifying the amount due in accordance with this Agreement. In the event either Party disputes an invoice delivered under this Agreement, the receiving Party shall deliver written notice to the delivery Party of its dispute of such invoice within fifteen (15) calendar days after receipt of such invoice and the parties shall use good faith efforts to resolve such dispute as soon as practicable, including by providing supporting documentation reasonably requested by the receiving Party in connection therewith.

8.9 Late Payments. Any amount required to be paid by a Party hereunder which is not paid on the date due shall bear interest at a rate equal to the thirty (30) calendar day U.S. dollar LIBOR rate effective for the date that payment was first due as reported by The Wall Street Journal plus [**] percent ([**]%). Such interest shall be computed on the basis of a year of 360 calendar days for the actual number of calendar days payment is delinquent.

8.10 Development Costs; Reimbursement Procedure; Joint Regulatory Costs incurred.

8.10.1 Report of Development Costs. Within fifteen (15) calendar days following the end of each Calendar Quarter beginning with the Effective Date, each Party shall prepare and deliver to the other Party an estimated quarterly report detailing its Development Costs incurred during such period. Within forty-five (45) calendar days following the end of each Calendar Quarter beginning with the Effective Date, each Party shall prepare and deliver to the other Party a quarterly report detailing its Development Costs incurred during such period, including accurate records and books of accounts containing all data reasonably required for the calculation and verification of FTEs actually used by each Party in accordance with the Development Plan (and specifying whether such Development Costs were attributable to MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Activities, Emergent Territory Required Development Activities, Emergent Territory Discretionary Activities, Manufacturing Development Activities, Manufacturing or General Development Activities). Each Party shall submit any additional information, with a level of detail as reasonably requested by the other Party, related to the Development Costs included in its report within forty-five (45) calendar days of its receipt of such request.

8.10.2 Reconciliation Reports and Payments. Within forty-five (45) calendar days after the receipt of the report delivered by each Party for each Calendar Quarter or any portion of such Calendar Quarter for the first and last Calendar Quarters of the Term, Emergent shall prepare and deliver to MorphoSys a composite report that (i) summarizes the Development Costs incurred by each Party for such Calendar Quarter (broken down as stipulated in Section 8.10.1), (ii) applies the percentage of such costs which each Party is responsible for with respect to such Development Costs and (iii) computes the amount in Dollars due to Emergent or MorphoSys, as applicable, for such Calendar Quarter in order for the Parties to share the total Development Costs for such Calendar Quarter based on the principles set forth in Section 4.4 (each, a "**Reconciliation Development Payment**"). The Party to whom a Reconciliation Development Payment is due shall issue an invoice to the other Party for the Reconciliation Development Payment, and such

other Party shall pay the Reconciliation Development Payment within forty-five (45) calendar days after its receipt of the undisputed invoice. The Parties will cooperate in order to address issues regarding a disputed invoice. Each Party shall have the right to audit the records of the other Party with respect to any purported Development Costs and the demarcation of these costs from other related costs included in such reports, in accordance with Section 8.11; *provided*, that each Party may have an additional audit in case of a disputed invoice or justified doubts that such reports are fully accurate.

8.10.3 Report of Joint Regulatory Costs Incurred. To the extent either Party incurs any Joint Regulatory Costs in connection with the preparation of Regulatory Materials and obtaining Product Approvals (other than those costs related to matters described in Section 5.2.2(b) which shall be borne by Emergent), in accordance with the Development Plan, then within forty-five (45) calendar days following the end of such Calendar Quarter in which such Regulatory Costs were incurred, such Party shall prepare and deliver a report to the other Party detailing Regulatory Costs (other than those costs related to matters described in Section 5.2.2(b) which shall be borne by Emergent). The other Party shall have the right to audit the records of such Party incurring any such Joint Regulatory Costs included in such report in accordance with Section 8.11.

8.11 Records; Audits. Each Party and its Affiliates, sublicensees, permitted distributors and subcontractors shall keep full, true and accurate records and books of account containing all particulars that may be necessary for the purpose of confirming the accuracy of, and calculating, as applicable, all royalty payments (in particular MorphoSys Royalty Payments and Emergent Royalty Payments, respectively) and other amounts payable to the other Party hereunder (including records of Net Sales), and any other records reasonably required to be maintained with respect to each Party's obligations under this Agreement, and each Party shall maintain complete and accurate records in sufficient detail to permit the other Party to confirm the accuracy of all Development Costs, Regulatory Costs invoiced by one Party to the other Party pursuant to Section 8.10.3 (including their demarcation to cost related to Sole-Funded Activities, the Manufacture for supply of Product for Development Activities and Sole-Funded Activities) and any other amounts payable or otherwise reimbursable hereunder, in each case for a minimum period of four (4) years or such longer period as required by applicable Laws. Each Party shall have a right to request an audit of the other Party in order to confirm the accuracy of any of the foregoing (an "**Audit**")**;** *provided, however,* that each Party shall only have the right to request such Audit of the other Party one time during any given Calendar Year. Upon the written request by a Party (the "**Auditing Party**") to Audit the other Party (the "**Audited Party**"), the Auditing Party shall have the right to engage an independent, internationally recognized accounting firm to perform a review as is reasonably necessary to enable such accounting firm to calculate or otherwise confirm the accuracy of any of the foregoing for the Calendar Year(s) requested by the Auditing Party; *provided*, that (i) such accountants shall be given access to, and shall be permitted to examine and copy such books and records of the Audited Party upon fifteen (15) calendar days prior written notice to the Audited Party, and at all reasonable times on such calendar days, (ii) prior to any such examination taking place, such accountants shall enter into a confidentiality agreement with the Audited Party reasonably acceptable to the Audited Party in order to keep all information and data contained in such books and records strictly confidential and shall not disclose such information or copies of such books and records to any third person including the Auditing Party, but shall only use the same for the purpose of the reviews and/or calculations which they need to perform in order to determine any amounts being reviewed, and (iii) such accountants shall use reasonable

efforts to minimize any disruption to the Audited Party's business. The Audited Party shall make personnel reasonably available during regular business hours to answer queries on all such books and records required for the purpose of the Audit. The accountants shall deliver a copy of their findings to each of the Parties within fifteen (15) calendar days of the completion of the review, and, in the absence of fraud or manifest error, the findings of such accountant shall be final and binding on each of the Parties. Any underpayments by a Party, as well as interests for the underpayment according to Section 8.9, shall be paid to the other Party within fifteen (15) calendar days of notification of the results of such inspection. Any overpayments made by a Party shall be refunded by the other Party, together with interests for the overpayment according to Section 8.9, within fifteen (15) calendar days of notification of the results of such inspection. The cost of the accountants shall be the responsibility of the Auditing Party unless the accountants' calculation shows that the actual royalties payable, Net Sales, Development Costs, Regulatory Costs and/or any such other amount Audited hereunder to be different, by more than [**] percent ([**]%), than the amounts as previously calculated by the Audited Party.

8.12 FTE Costs. With respect to those costs under Article 4 and Article 5 or with respect to costs for which this Agreement expressly refers to this Section 8.12 which a Party is obligated to bear internally and then submit to the other Party for sharing, or reimbursement, as the case may be, each Party shall calculate its internal costs using an FTE rate of [**] Dollar $[**] per year. The FTE rate covers employee salary, employee specific benefits, travel costs and materials. After the [**] anniversary of the Effective Date, the FTE rates shall be subject to adjustments to reflect changes in the Producer Price Index for the Pharmaceutical Sector as reported by the U.S. Bureau of Labor Statistics for the previous twelve (12) months.

8.13 Emergent Royalty Payments to MorphoSys. As further consideration for contribution to the Development made by MorphoSys to Emergent and the licenses from MorphoSys to Emergent pursuant to Section 2.2, Emergent shall pay to MorphoSys payments ("**Emergent Royalty Payments**") (i) at the tiered rate below for Net Sales of the Product in the Emergent Territory for all medical uses other than for use as a diagnostic (the "**Emergent Therapeutic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term and (ii) at the rate to be negotiated in good faith by the Parties for Net Sales of the Product in the Emergent Territory for medical use as a diagnostic (the "**Emergent Diagnostic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term. No Emergent Royalty Payments shall become due until Emergent for the first time generates aggregate Net Sales of the Product in the Emergent Territory in excess of [**] Million Dollars ($[**]0,000,000) and no Emergent Royalty Payments are payable on the first [**] Million Dollars ($[**]0,000,000) of Net Sales of the Product in the Emergent Territory. For example, if there are [**] of Net Sales of the Product in the Emergent Territory for the first Calendar Year after First Commercial Sale, no Emergent Royalty Payments shall be due for the first [**] Million Dollars ($[**]0,000,000) of Net Sales, [**] of Emergent Royalty Payments shall be due on the next [**] of Net Sales of the Product in the Emergent Territory and [**] of Emergent Royalty Payments shall be due on the final [**] of Net Sales of the Product in the Emergent Territory. During the Royalty Term, for clarity including any extension period under Section 1.117(i), Emergent Royalty Payments payable under this Section 8.13 shall be reduced by [**] percent ([**]%) of the above amounts set forth in this Section 8.13 after the date on which such Product (including, the use, sale, offer for sale, importation, development or manufacturing thereof) is no longer Covered by a Valid Claim in such country.

Annual Net Sales in the Emergent Territory	**Emergent Therapeutic Royalty Rate**
For that portion of aggregate annual Net Sales less than [**] Dollars ($[**])	[**] percent ([**]%)
For that portion of aggregate annual Net Sales greater than [**] Dollars ($[**]) but less than [**] Dollars ($[**])	[**] percent ([**]%)

For that portion of aggregate annual Net Sales equal to or greater than [**] Dollars ($[**]) but less than [**] Dollars ($[**])	[**] percent ([**]%)
For that portion of aggregate annual Net Sales equal to or greater than [**] Dollars ($[**])	Twenty percent (20%)

Emergent Therapeutic Royalty Rates and Emergent Diagnostic Royalty Rates apply only to the Net Sales in the Emergent Territory. Sections 8.4, 8.5.2, 8.6, and 8.8 shall apply to Emergent with respect to the Emergent Royalty Payments *mutatis mutandis* except that all references to MorphoSys Royalty Payments shall be deemed to refer to the Emergent Royalty Payments and all references to the MorphoSys Territory shall be deemed to refer to the Emergent Territory and all references in the definition of Net Sales to MorphoSys shall be deemed to refer to Emergent.

ARTICLE 9
Intellectual Property Matters

9.1 Inventions and Related Intellectual Property Rights.

9.1.1 Emergent IP. Emergent Platform Inventions, Emergent Manufacturing Inventions and Emergent Sole-Funded Inventions shall be owned by Emergent and deemed to be Emergent Platform Know-How, Emergent Manufacturing Know-How and Emergent Know-How, respectively, and shall be subject to the licenses and rights granted to MorphoSys under this Agreement.

9.1.2 MorphoSys IP. Except to the extent comprising or including Emergent Platform Inventions or Emergent Manufacturing Inventions, MorphoSys Sole-Funded Inventions shall be owned by MorphoSys and deemed to be MorphoSys Applied Know-How and shall be subject to the licenses and rights granted to Emergent under this Agreement.

9.1.3 Joint Technology. Joint Inventions and Joint Know-How shall be jointly owned by the Parties, with each Party entitled to the free use and enjoyment of such Joint Inventions in its respective Territory, but subject to the terms and conditions of this Agreement, including the territorial limitations in the license grants under Section 2.1 and Section 2.2 and including the limitations provided in Section 2.3.1. Each Party shall own a fifty percent (50%) undivided interest in all such Joint Inventions and Joint Know-How, without accounting to or obtaining consent from the other Party, and is entitled to use and grant licenses to the Joint Inventions and Joint Know-How, within its respective Territory only and subject to the restrictions set forth in this Agreement, including Section 2.5.3 which shall apply *mutatis mutandis*. Notwithstanding anything to the contrary contained herein, Emergent Platform Inventions and Emergent Manufacturing Inventions, regardless of which Party generated such Invention, shall be deemed to be owned exclusively by Emergent and shall not be Joint Inventions or Joint Know-How, but shall be deemed to be Emergent Platform Technology or Emergent Manufacturing Technology as applicable, and shall be subject to all licenses and rights granted to MorphoSys under this Agreement.

9.1.4 Assignments. To the extent legally possible MorphoSys hereby assigns to Emergent all right, title and interest in and to the Emergent Platform Inventions and Emergent Manufacturing Inventions and MorphoSys shall execute and deliver such documents, and provide such assistance, as Emergent may reasonably request, in order to vest in Emergent all right, title and interest therein and thereto. To the extent such assignment is not legally possible, such inventions shall be subject to the license grant in Section 2.2.2.

9.1.5 Disclosure. Each Party shall promptly disclose to the other in writing, and shall cause its Affiliates, or licensees and sublicenses, and its and their employees, agents and contractors to so disclose, the development, making, conception or reduction to practice of any Joint Inventions, Product Inventions, Emergent Sole-Funded Invention, and MorphoSys Sole-Funded Invention.

9.1.6 Employees. Each Party will require all of its, and will cause its Affiliates to require all of their, employees to assign all Inventions that are developed, made or conceived by such employees to it or such Affiliate, respectively, for further assignment according to the ownership principles described in this Section 9.1, free and clear of all liens, encumbrances, charges, security interests, mortgages or other similar restrictions and shall ensure that such assignment complies with applicable local Laws, including making any required payments to the inventor of such Invention. Each Party will also use its Commercially Reasonable Efforts to require any agents, independent contractors, sublicensees or other Third Parties performing an activity pursuant to this Agreement to assign all Inventions that are developed, made or conceived by such agents, independent contractors or sublicensees to it, for further assignment according to the ownership principles described in Section 9.1, free and clear of all liens, encumbrances, charges, security interests, mortgages or other similar restrictions and shall use Commercially Reasonable Efforts to ensure that that such assignment complies with applicable local Laws, including making any required payments to the inventor of such Invention. Each Party shall be responsible for performing any actions and executing any documents necessary under applicable Laws, including but not limited to the German Act on Employee Inventions (ArbnErfG), to ensure that such Party becomes the owner of the applicable Inventions in accordance with this Agreement. Each Party shall bear its own costs relating to any payments that are due to its inventors under the ArbnErfG or other applicable employee invention Laws.

9.1.7 Amendment of Patent Schedules. Without limiting Emergent's warranty provided under Section 10.2.5, if, at any time after the Effective Date, either Party identifies an Emergent Patent, an Emergent Platform Patent or an Emergent Manufacturing Patent that existed as of the Effective Date but which was not previously included on Schedule 1.30, Schedule 1.34 or Schedule 1.28, as applicable, then such Patent shall be added to the applicable Schedule.

9.2 Patent Prosecution and Maintenance of Emergent Patents.

9.2.1 Emergent Patents in the MorphoSys Territory. As between the Parties, in the MorphoSys Territory, MorphoSys shall have the obligation to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the Emergent Patents.

9.2.2 Emergent Patents in the Emergent Territory. As between the Parties, in the Emergent Territory, Emergent shall have the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the Emergent Patents.

9.2.3 General Provisions. The Parties will keep each other informed with regard to the filing, prosecution and maintenance of Emergent Patents in the MorphoSys Territory and the Emergent Territory. The Parties will share and discuss all material aspects of patent prosecution, including (i) material communications to and from any patent authorities, and (ii) drafts of any material filings or responses to be made to such patent authorities, in each case regarding Emergent Patents. Such exchange of information shall be made sufficiently in advance in order to allow the other Party to review and comment thereon. The prosecuting Party shall consider in good faith the comments of the other Party with respect to strategies for filing and prosecuting the Emergent Patents. If the non-prosecuting Party fails to provide its comments reasonably in advance of the deadline for filing or otherwise responding to the patent authorities, the prosecuting Party shall be free to act without consideration of the non-prosecuting Party's comments. The Parties shall also strive to coordinate and align their activities under this Agreement in a professional and proactive manner. All intellectual property-related activities shall be reviewed and discussed by the Intellectual Property Committee. MorphoSys shall provide to Emergent all data, information and materials necessary for Emergent to meet its disclosure obligations to the USPTO under 37 CFR 1.56.

9.2.4 Costs. The costs of prosecution and maintenance of the Emergent Patents in the Territories shall be [**] before the entry of the national/regional phase, and thereafter the costs of prosecution and maintenance of the Emergent Patents in the MorphoSys Territory shall be borne by MorphoSys and the costs of prosecution and maintenance of the Emergent Patents in the Emergent Territory shall be borne by Emergent.

9.3 Patent Prosecution and Maintenance of Emergent Platform Patents and Emergent Manufacturing Patents.

9.3.1 Emergent Right. As between the Parties, in the MorphoSys Territory and the Emergent Territory, Emergent shall have the sole right to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the Emergent Platform Patents and the Emergent Manufacturing Patents. Through the IPC, Emergent shall keep MorphoSys informed with regard to the filing, prosecution and maintenance of Emergent Platform Patents and the Emergent Manufacturing Patents in the Territory by providing the IPC with, at least once every six (6) months, a summary report regarding the status of any Emergent Platform Patents and Emergent Manufacturing Patents and material actions taken with respect thereto. Emergent shall not be bound by, but shall consider in good faith, the comments of the IPC with respect to such Emergent summary report and with respect to strategies for filing and prosecuting the Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories.

9.3.2 Continuing Applications. The Parties, through the IPC, shall determine the appropriate actions to separately prosecute Emergent Patents from Emergent Platform Patents in the MorphoSys Territory and the Emergent Territory. MorphoSys shall bear one hundred percent (100%) of the costs of the filing, prosecution and maintenance of one or more continuation or divisional applications in the MorphoSys Territory that claim priority to an Emergent Platform Patent, provided that such continuation or divisional claims no subject matter beyond scope of the Emergent Patents. Emergent shall bear one hundred percent (100%) of the costs of the filing, prosecution and maintenance of one or more continuation or divisional applications in the Emergent Territory that claim priority to an Emergent Platform Patent. In the event that either Party inadvertently misses a final deadline to file any such continuation or divisional application, then the respective other Party may take the respective action to avoid or remedy such omission at the costs of the Party which missed the respective deadline. In furtherance thereof, for patent family [**], where possible, MorphoSys shall be allowed to file at least one (1) patent application with the patent offices in [**], and in further countries in the MorphoSys Territory if desired by MorphoSys, in an effort to obtain an issued Patent that specifically Covers the Compound. MorphoSys shall be responsible, in its own discretion, to perform the prosecution and maintenance of such patent applications and shall be responsible for all of the prosecution and maintenance costs. MorphoSys shall not, unless approved by Emergent, prosecute any claims which are broader in scope than to the Compound itself.

9.3.3 Abandonment. In the event that Emergent intends not to file or to no longer prosecute or maintain an Emergent Platform Patent or an Emergent Manufacturing Patent in any country belonging to the MorphoSys Territory, Emergent shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than four (4) weeks prior to the next deadline for any action that may be taken with respect to such Emergent Platform Patent or an Emergent Manufacturing Patent in the MorphoSys Territory), and MorphoSys shall thereupon have the option, at its sole discretion and cost, to file a continuation or divisional application that complies with the provisions of Section 9.3.2.

9.3.4 Costs. Except for the costs of prosecution and maintenance of any Patents mentioned in Section 9.3.2, which shall be borne by MorphoSys, the costs of prosecution and maintenance of Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories shall be borne by Emergent.

9.4 Patent Prosecution and Maintenance of MorphoSys Applied Patents.

9.4.1 MorphoSys Right. MorphoSys shall have the first right, but not the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the MorphoSys Applied Patents worldwide, at MorphoSys' cost. Through the IPC, MorphoSys shall keep Emergent informed with regard to the filing, prosecution and maintenance of MorphoSys Applied Patents in the Territories.

9.4.2 Emergent Right. In the event that MorphoSys intends not to prosecute or maintain a MorphoSys Applied Patent in any country in the world, MorphoSys shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than twenty-one (21) calendar days prior to the next deadline for any action that may be taken with respect to such MorphoSys Applied Patent), and Emergent shall thereupon have the option, in its sole discretion and at its sole cost, to assume the control and direction of the prosecution and maintenance of such MorphoSys Applied Patent in such country on MorphoSys' behalf.

9.4.3 Costs. The costs of prosecution and maintenance of the MorphoSys Applied Patents in the Territories shall be borne by MorphoSys.

9.5 Patent Prosecution and Maintenance of Joint Patents.

9.5.1 Initial Phase/Patent filing. The Parties shall jointly decide, through the IPC, on the optimal strategy for prosecution and maintenance of Joint Patents. Such decision shall include the content and the timing of a respective patent application, and the selection of the jurisdiction for filing of a provisional or initial patent application. Up to the stage of entry into the national/regional phases, the Parties will jointly discuss and agree on any action to be taken.

9.5.2 National/Regional Phases. Upon entry into the national/regional phases, Emergent shall have the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain Joint Patents in the Emergent Territory, and MorphoSys shall have the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain Joint Patents in the MorphoSys Territory. The Parties shall closely cooperate on all prosecutional matters. Section 9.2.3 shall apply *mutatis mutandis.*

9.5.3 Right to Take Over. In the event that either Party intends not to prepare, file, prosecute, or maintain a Joint Patent in any country or jurisdiction within its respective Territory, such Party shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than four (4) weeks prior to the next deadline for any action that may be taken with respect to such Joint Patent in the respective territory), and the other Party shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Joint Patent, provided there is no other Patent of the same patent family in the respective jurisdiction which covers the Product. Upon the continuing Party's written exercise of such option to the non-continuing Party, the continuing Party shall assume responsibility and full control for the preparation, filing, prosecution, and maintenance of any such Joint Patent, and the non-continuing Party shall bear the costs that accrue in connection therewith. The non-continuing Party shall assign to the continuing Party its interest in such Joint Patent and shall execute such documents and perform such acts, at the continuing Party's expense, as may be reasonably necessary to permit the continuing Party to file such patent application, and/or to prosecute and/or maintain such Joint Patent. For clarity, in the event that the continuing Party continues the prosecution or maintenance of any such Joint Patent pursuant to this Section 9.5.3, then such Patent shall no longer be considered a Joint Patent, and shall not be deemed licensed to the other Party under Section 2.1 or 2.2, as the case may be.

9.5.4 Costs. The costs of prosecution and maintenance of the Joint Patents in the Territories shall be [**] before the entry of the national/regional phase. Thereafter, the costs of prosecution and maintenance of the Joint Patents in the MorphoSys Territory shall be borne by MorphoSys and the costs of prosecution and maintenance of the Joint Patents in the Emergent Territory shall be borne by Emergent.

9.6 Defense and Enforcement of Patents.

9.6.1 Infringement of Third Party Patents. Subject to and without limiting the Parties' rights and the procedures set forth under Section 8.5.2 and Section 11.1 (vi), each of the Parties shall promptly, but in any event no later than ten (10) calendar days after receipt of notice thereof, notify the other Party in writing in the event of any claims by a Third Party of alleged patent infringement by MorphoSys or Emergent or any of their respective Affiliates or sublicensees with respect to the research, development, manufacture, use, sale, offer for sale or importation of a Product (each, an "**Infringement Claim**"). Subject to and without limiting the Parties' rights and the procedures set forth under Section 8.5.2, with respect to Infringement Claims in the Territories, the Parties shall attempt to negotiate in good faith a resolution with respect thereto. If the Parties cannot settle such Infringement Claim with the appropriate Third Parties within thirty (30) calendar days after the receipt of the notice pursuant to this Section 9.6.1, then the following shall apply:

(a) Subject to Sections 11.1 and Section 11.3, in the case of any such claim against MorphoSys alone or both MorphoSys and Emergent, in each case, with respect to the Product in the MorphoSys Territory, then MorphoSys shall be deemed to be the "**Controlling Party**" for purposes of such Infringement Claim. In the case of any claim against Emergent alone, or both MorphoSys and Emergent, in each case, with respect to the Product in the Emergent Territory, then Emergent shall be deemed to be the "**Controlling Party**" for purposes of such Infringement Claim. In the event of worldwide litigation (such that related cases and/or claims are being pursued both inside the MorphoSys Territory and the Emergent Territory), each Party shall reasonably assist the other in its role as the Controlling Party in its respective Territory.

(b) Subject to Section 11.1 and Section 11.3, the Controlling Party shall assume control of the defense of such Infringement Claim at its expense. The non-Controlling Party, upon reasonable request of the Controlling Party, agrees to join in any such litigation at the Controlling Party's expense, and in any event to reasonably cooperate with the Controlling Party at the Controlling Party's expense. The non-Controlling Party will have the right to consult with the Controlling Party concerning such Infringement Claim and to participate in and be represented by independent counsel in any litigation in which such non-Controlling Party is a party at its own expense. The Controlling Party shall have the exclusive right to settle any Infringement Claim without the consent of the non-Controlling Party, unless such settlement shall have a material adverse impact on the non-Controlling Party (in which case the consent of such non-Controlling Party shall be required and the consent of Emergent is required if such settlement is reasonably likely to have a material adverse impact on the Emergent Technology, the Emergent Platform Technology or the Emergent Manufacturing Technology). For purposes of this Section 9.6.1(b), any settlement that would involve the waiver of rights (including the rights to receive payments) or a payment obligation of such non-Controlling Party shall be deemed a material adverse impact and shall require the consent of such non-Controlling Party, such consent not to be unreasonably

withheld, conditioned or delayed. The Controlling Party shall provide the non-Controlling Party with copies of all material correspondence from the opposing party and from the court adjudicating the dispute and shall be provided with draft pleadings and motions prior to submission and any settlement offers and documentation in connection with such Infringement Claim.

(c) If a Party shall become engaged in or participate in any suit described in this Section 9.6.1, the other Party shall cooperate, and shall cause its and its Affiliates' employees to cooperate, with such Party in all reasonable respects in connection therewith, including giving testimony and producing documents lawfully requested, and using its reasonable efforts to make available to the other, at no cost to the other (other than reimbursement of actually incurred, reasonable out-of-pocket travel and lodging expenses), such employees who may be helpful with respect to such suit, investigation, claim or other proceeding.

(d) Any settlements paid to a Third Party pursuant to a suit, action or proceeding brought pursuant to Section 9.6.1 shall not be subject to a claim for indemnification by the settling Party pursuant to Section 11.1 or 11.2, except for settlements paid to a Third Party pursuant to a suit, action or proceeding that are subject to Emergent's indemnification obligation pursuant to Section 11.1(vi).

9.6.2 Potential Actions re Certain Identified Third Party Patents.

(a) **Opposition Proceeding**. In the event that any Third Party patent application in the EU that (a) (i) claims a bispecific binding domain molecule having a binding domain specific for PSMA and a binding domain specific for CD3, (ii) claims a bispecific binding domain molecule having a CD3 domain derived from the [**] antibody, or (iii) claims a binding domain molecule having a PSMA binding domain, and (for each of (i), (ii) and (iii)) (b) that claims benefit of a priority date earlier than April 20, 2012 grants as a European patent ("**Opposition Patent**") prior to the First Commercial Sale of the Product in the EU, Emergent shall consider in good faith, after consultation with a patent counsel mutually acceptable to the Parties with at least ten (10) years' experience in contentious patent matters, and with due regard to alternative mitigation strategies, the principled arguments and evidence, if any, that such Opposition Patent should be considered unpatentable under applicable Law and the objective of realizing the potential for Commercialization of Product, whether to initiate an opposition proceeding in the EU with respect to such Opposition Patent within the statutory time period for filing such action ("**Opposition Proceeding**"); *provided*, *however*, that nothing in this Agreement shall obligate Emergent to file any Opposition Proceeding. If the Parties agree that they should jointly file an Opposition Proceeding, they shall cooperate in good faith in determining the strategy in filing such Opposition Proceeding and MorphoSys shall pay [**] percent ([**]%) of the costs of such Opposition Proceeding and Emergent shall pay [**] percent ([**]%) of such costs. If Emergent decides to file an Opposition Proceeding on its own behalf, Emergent shall control such Opposition Proceeding and shall bear its own costs. In the event that MorphoSys decides to file an Opposition Proceeding on its own behalf, MorphoSys shall control such Opposition Proceeding and shall bear its own costs.

(b) **Invalidation and Re-Examination**. Further in the event of an Infringement Claim occurring under Section 9.6.1, with respect to any Third Party Patent in any of the Major Markets that (a) (i) claims a bispecific binding domain molecule having a binding domain specific for PSMA and a binding domain specific for CD3, (ii) claims a bispecific binding domain molecule having a CD3 domain derived from the [**]antibody, or (iii) claims a binding domain molecule having a PSMA binding domain, and (for each of (i), (ii) and (iii)) (b) that claims benefit of a priority date earlier than April 20, 2012 (an "**Invalidation/Re-Examination Patent**"), Emergent shall consider in good faith, after consultation with a patent counsel mutually acceptable to the Parties with at least ten (10) years' experience in contentious patent matters, and with due regard to alternative mitigation strategies, principled arguments and evidence, if any, that such Patent should be invalidated or re-examined, and with the objective of realizing the potential for Commercialization of Product, whether to initiate (A) an invalidation procedure in the Major Markets of the MorphoSys Territory with respect to such Invalidation/Re-Examination Patent ("**Invalidation Proceeding**") or, if applicable, (B) a re-examination procedure in the United States with respect to such Invalidation/Re-Examination Patent ("**Re-Examination Proceeding**"). In the event that Emergent so considers and determines to initiate an Invalidation Proceeding in any of the Major Markets of the MorphoSys Territory, (x) the Parties shall cooperate in good faith in determining the strategy in initiating such Invalidation Proceeding, (y) MorphoSys shall pay [**] percent ([**]%) of the costs of such Invalidation Proceeding and Emergent shall pay [**] percent ([**]%) of such costs, and (z) Emergent shall control such Invalidation Proceeding. In the event that Emergent so considers and determines to initiate a Re-Examination Proceeding in the United States, Emergent shall bear the costs of such Re-Examination Proceeding.

9.6.3 Prosecution of Infringers.

(a) **Notice**. If either Party (i) receives notice of any patent nullity actions, any declaratory judgment actions or any alleged or threatened infringement of patents or patent applications or misappropriation of intellectual property in the Territories comprising the (x) Joint Inventions, (y) Emergent Patents, Emergent Platform Patents, Emergent Sole-Funded Inventions, Emergent Platform Inventions, Emergent Know-How, Emergent Platform Know-How, or (z) MorphoSys Applied Patents, MorphoSys Sole-Funded Inventions or MorphoSys Applied Know-How, or (ii) learns that a Third Party is infringing or allegedly infringing any Patent within the Emergent Patents, Emergent Platform Patents or MorphoSys Applied Patents, in each case in the Territories, or if any Third Party claims that any such Patent is invalid or unenforceable, in each case with respect to the Territories, it will promptly notify the other Party thereof, provide copies of documents received and provide evidence of infringement or the claim of invalidity or unenforceability reasonably available to such Party.

(b) **Enforcement of Patents**.

(i) As between Emergent and MorphoSys, MorphoSys will have the first right (but not the obligation) to take the appropriate steps to enforce or defend any Patent within the Emergent Patents and Joint Patents against infringement by a Third Party that is conducting the sale, use, offer for sale or import of any pharmaceutical product in the MorphoSys Territory and nullity actions and opposition proceedings in the MorphoSys Territory, provided that MorphoSys provides copies of all material correspondence from the opposing party and from the court adjudicating the dispute and Emergent shall be provided with draft pleadings and motions prior to submission and any settlement offers and documentation in connection with such enforcement and shall have the right to suggest patent counsel, which suggestion shall be

considered by MorphoSys in good faith and MorphoSys shall bear the costs of such enforcement or defense, as applicable. Notwithstanding the foregoing and to the extent legally possible, Emergent will have the right, at its own expense, to be represented in any such action by counsel of its own choice. Emergent shall make any declaration and execute any document necessary for MorphoSys to take the steps set out in the first sentence of this clause (i).

(ii) If, pursuant to Section 9.6.3(b)(i), MorphoSys fails to institute or defend such litigation or otherwise take steps to remedy the infringement of an Emergent Patent or a Joint Patent within one hundred eighty (180) calendar days (or any shorter period required by applicable Law) of the date one Party has provided notice to the other Party pursuant to Section 9.6.3(a) of such infringement or claim, then Emergent will have the right (but not the obligation), at its own expense, to bring or defend any such suit, action or proceeding by counsel of its own choice. MorphoSys will have the right, at its own expense, to be represented in any such action by counsel of its own choice.

(iii) As between Emergent and MorphoSys, MorphoSys will have the first right (but not the obligation) to take the appropriate steps to enforce or defend any Patent within the MorphoSys Applied Patents against infringement by a Third Party that is conducting the sale, use, offer for sale or import of any pharmaceutical product in the Emergent Territory and nullity actions and opposition proceedings in the Emergent Territory. MorphoSys shall provide Emergent with copies of all correspondence from the opposing party and from the court adjudicating the dispute and draft pleadings and motions prior to submission and any settlement offers and documentation in connection with such enforcement and Emergent shall have the right to suggest patent counsel, which suggestion shall be considered by MorphoSys in good faith. MorphoSys may take these steps including the initiation, prosecution and control of any suit, proceeding or other legal action by counsel of its own choice subject to compliance with the previous sentence, except that the Parties shall jointly select counsel if Emergent is joined as a party to such action pursuant to Section 9.6.3(c)(i), and MorphoSys shall bear the costs of such enforcement or defense, as applicable. Notwithstanding the foregoing, Emergent will have the right, at its own expense, to be represented in any such action by counsel of its own choice. Emergent shall make any declaration and execute any document necessary for MorphoSys to take the steps set out in the first sentence of this clause (iii).

(iv) If MorphoSys fails to institute litigation pursuant to Section 9.6.3(b)(iii) or otherwise steps to remedy the infringement of a MorphoSys Applied Patent within one hundred eighty (180) calendar days (or any shorter period required by applicable Law) of the date one Party has provided notice to the other Party pursuant to Section 9.6.3(a) of such infringement or claim, then Emergent will have the right (but not the obligation), at its own expense, to bring any such suit, action or proceeding by counsel of its own choice, except that the Parties shall jointly select counsel if MorphoSys is joined as a party to such action pursuant to Section 9.6.3(c)(i), and MorphoSys will have the right, at its own expense, to be represented in any such action by counsel of its own choice.

(v) Except for patent applications filed in accordance with Section 9.3.2, MorphoSys shall not have any right to bring any suit, action or proceeding with respect to the infringement of an Emergent Manufacturing Patent or an Emergent Platform Patent in the MorphoSys Territory or a Emergent Patent or a Joint Patent in the Emergent Territory.

(c) **Cooperation; Damages**.

(i) If one Party brings any suit, action or proceeding under Section 9.6.3(b), the other Party agrees to be joined as party plaintiff if necessary to prosecute the suit, action or proceeding and to give the first Party reasonable authority to file and prosecute the suit, action or proceeding at the first Party's cost; *provided*, *however*, that neither Party will be required to transfer any right, title or interest in or to any property to the other Party or any other party to confer standing on a Party hereunder.

(ii) The Party not pursuing the suit, action or proceeding hereunder will provide reasonable assistance to the other Party, including by providing access to relevant documents and other evidence and making its employees available, subject to the other Party's reimbursement of any Out-of-Pocket Costs incurred by the non-enforcing or defending Party in providing such assistance.

(iii) MorphoSys shall not, without the prior written consent of Emergent (which shall not be unreasonably withheld, conditioned or delayed), enter into any stipulation, compromise or settlement relating to any claim, suit or action that it brought under Section 9.6.3 involving an Emergent Patent that admits the invalidity or unenforceability of such Emergent Patent or requires Emergent to pay any sum of money, or otherwise adversely affects the rights of Emergent with respect to such Patents, the Product or Emergent's rights hereunder (including the rights to receive payments).

(iv) Emergent shall not, without the prior written consent of MorphoSys (which shall not be unreasonably withheld, conditioned or delayed), enter into any stipulation, compromise or settlement relating to any claim, suit or action that it brought under Section 9.6.3 involving an MorphoSys Applied Patent that admits the invalidity or unenforceability of such MorphoSys Applied Patent or requires MorphoSys to pay any sum of money, or otherwise adversely affects the rights of MorphoSys with respect to such Patents, the Product or MorphoSys' rights hereunder (including the rights to receive payments).

(v) Any settlements, damages or other monetary awards (a "**Recovery**") recovered pursuant to a suit, action or proceeding brought pursuant to Section 9.6.3 will be allocated first to the costs and expenses of the Party taking such action, and second, to the costs and expenses (if any) of the other Party, with any remaining amounts (if any) to be allocated as follows: (i) to the extent that such Recovery is a payment for lost sales of the Product in the Field in the MorphoSys Territory, any such Recovery shall be treated as Net Sales and be subject to the MorphoSys Royalty Payments to Emergent pursuant to sec. 8.3.1 and (ii) all remaining Recoveries shall be payable to the Party taking such action to the extent such remaining Recoveries relate solely to the Product in the Field in the MorphoSys Territory (and, for purposes of clarity, all remaining Recoveries related to the Product in the Emergent Territory shall be payable to Emergent).

(vi) Any settlements paid to a Third Party pursuant to a suit, action or proceeding brought pursuant to Section 9.6.3 shall not be subject to a claim for indemnification by the settling Party pursuant to Section 11.1 or 11.2, except for settlements paid to a Third Party pursuant to a suit, action or proceeding that are subject to Emergent's indemnification obligation pursuant to Section 11.1(vi).

(d) **Infringement and Defense**.

(i) For clarity, with respect to any and all infringement or defense of any Emergent Patent anywhere in the Emergent Territory, Emergent (or its designee) shall have the sole and exclusive right to bring an appropriate suit or other action against any Person engaged in such infringement or defense of any such Emergent Patents in its sole discretion and MorphoSys shall have no rights with respect thereto.

(ii) For clarity, with respect to any and all infringement or defense of any MorphoSys Applied Patent anywhere in the MorphoSys Territory, MorphoSys (or its designee) shall have the sole and exclusive right to bring an appropriate suit or other action against any Person engaged in such infringement or defense of any such MorphoSys Applied Patents in its sole discretion and Emergent shall have no rights with respect thereto.

9.7 Patent Term Extensions. As between MorphoSys and Emergent, MorphoSys, to the extent permitted by applicable Law, shall have the exclusive right, but not the obligation, to seek, in Emergent's name if so required, Patent Term Extensions (including any supplemental protection certificates and the like available under applicable Laws) in any country in the MorphoSys Territory in relation to the Emergent Patents and Joint Patents. Emergent shall cooperate and support MorphoSys in connection with all such activities. MorphoSys, its agents and attorneys will give due consideration to all suggestions and comments of Emergent regarding any such activities with the aim of using reasonable efforts to obtain all available Patent Term Extensions (including any supplemental protection certificates and the like available under applicable Laws), but, in the event of a disagreement between the Parties, MorphoSys will have the final decision making authority.

9.8 Patent Marking. MorphoSys shall mark the Product marketed and sold by MorphoSys (or its Affiliate or distributor) hereunder with appropriate patent numbers or indicia at Emergent's request at least to the extent required by applicable Laws.

9.9 Patent Challenge. Each Party will be permitted to terminate this Agreement upon written notice to the other Party, effective upon receipt, if the other Party or any of its Affiliates, directly or indirectly, (i) initiate or request an interference, post grant review, inter partes review or opposition proceeding or the like with respect to any Emergent Patent, Emergent Manufacturing Patent or Emergent Platform Patent, or MorphoSys Applied Patent, as the case may be, or (ii) (a) make, file or maintain any claim, demand, lawsuit or cause of action to challenge the validity or enforceability of any Emergent Patent, Emergent Platform Patent or Emergent Manufacturing Patent, or MorphoSys Applied Patent, as the case may be, or (b) subject to and without limiting MorphoSys' rights under Section 9.7, oppose any extension of, or the grant of any Patent term extension with respect to, any Emergent Patent, Emergent Platform Patent or Emergent Manufacturing Patent, or MorphoSys Applied Patent, as the case may be, (each of clause (i) or (ii), a "**Patent Challenge**").

ARTICLE 10
Representations, Warranties and Covenants

10.1 Mutual Representations and Warranties. Each Party hereby represents and warrants (as applicable) to the other Party as follows, as of the Effective Date:

10.1.1 Corporate Existence and Power. It is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder.

10.1.2 Authority and Binding Agreement. (i) It has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder, (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder, and (iii) this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms, except as enforcement may be affected by bankruptcy, insolvency or other similar laws and by general principles of equity.

10.1.3 No Conflicts. The execution, delivery and performance of this Agreement by it does not (i) conflict with any agreement, instrument or understanding, oral or written, to which it or any of its Affiliates is a party and by which it or any of its Affiliates may be bound or (ii) violate any Laws of any Governmental Authority having jurisdiction over it.

10.1.4 All Consents and Approvals Obtained. Except with respect to Regulatory Approvals for the Development, Manufacturing or Commercialization of the Product or as otherwise described in this Agreement, (i) all necessary consents, approvals and authorizations of, and (ii) all notices to, and filings by such Party with, all Governmental Authorities and other Persons required to be obtained or provided by such Party as of the Effective Date in connection with the execution, delivery and performance of this Agreement have been obtained and provided.

10.2 Additional Representations and Warranties of Emergent. Emergent hereby represents and warrants to MorphoSys that, as of the Effective Date, except as set forth on Schedule 10.2 and for purposes of this Agreement, "Knowledge" means, when referring to the Knowledge of Emergent, the actual knowledge of Emergent personnel with the following titles: (i) Chief Scientific Officer, (ii) Senior Vice President, Manufacturing Operations, (iii) Senior Vice President, Global Services Group and Chief Quality Officer, (iv) Executive Vice President Biosciences Division, (v) Chief Medical Officer, (vi) General Counsel, (vii) Chief IP Counsel, (vi) Chief Financial Officer, (viii) persons directly reporting to them with substantive involvement with the program for ES414 and (ix) members of the ES414 project team.

10.2.1 Neither Emergent nor any of its Affiliates has filed any Marketing Authorization Applications with a Governmental Authority in the Territories for the sale of the Product in the Territories.

10.2.2 Neither Emergent nor its Affiliates, nor, to the Knowledge of Emergent, its subcontractors, has received any notice in writing or otherwise has knowledge of any facts which have led Emergent to believe that any of the Regulatory Approvals relating to the Product are not currently in good standing with the FDA, the EMA or their foreign equivalents.

10.2.3 Neither Emergent nor its Affiliates, nor, to the Knowledge of Emergent, its subcontractors has received written notice of any proceedings pending before or threatened by any Regulatory Authority with respect to the Product or any facility where the Product is Manufactured.

10.2.4 To the Knowledge of Emergent, (i) the issued patents encompassed within the Emergent Patents, the Emergent Platform Patents and the Emergent Manufacturing Patents are valid and enforceable patents, and (ii) there are no facts which would render the patent applications encompassed within the Emergent Patents, the Emergent Platform Patents and the Emergent Manufacturing Patents, if and when issued, invalid or unenforceable. To the Knowledge of Emergent, no Third Party (a) is infringing any such Emergent Patents, Emergent Platform Patents or Emergent Manufacturing Patents or has misappropriated any Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology or (b) has challenged the ownership, scope, duration, validity, enforceability or priority of, or Emergent's right to use or license, any Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology.

10.2.5 To the Knowledge of Emergent: Schedule 1.30 contains a complete and correct list of all the Emergent Patents as of the Effective Date; Schedule 1.34 contains a complete and correct list of the Emergent Platform Patents as of the Effective Date; Schedule 1.28 contains a complete and correct list of the Emergent Manufacturing Patents as of the Effective Date, and the Patents identified in Schedule 1.30, Schedule 1.34 and Schedule 1.28 are all the Patents that are Controlled by Emergent or any of its Affiliates that are necessary for MorphoSys to Develop and Commercialize the Products in the MorphoSys Territory, in each case as currently envisioned by the Parties under the Initial Development Plan.

10.2.6 There are no claims, judgments or settlements against or owed by Emergent, nor any pending reissue, reexamination, interference, opposition or similar proceedings, with respect to Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology, and Emergent has not received notice as of the Effective Date of any threatened claims or litigation or any reissue, reexamination, interference, opposition or similar proceedings seeking to invalidate or otherwise challenge the Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology.

10.2.7 To the Knowledge of Emergent, and based on the current anticipated date of launch, use, sale, offer for sale, or importation by Emergent or MorphoSys (or their respective Affiliates), as applicable, of the Product (as the Product exists on the Effective Date, and excluding, for the avoidance of doubt, any additional technology that may be combined or incorporated therewith, or any future improvements or enhancements to the Product) in the Territories, the Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology (i) does not infringe any issued, valid and enforceable patent of any Third Party and (ii) does not misappropriate any Know-How of any Third Party.

10.2.8 In the course of the Development of the Product, to the Knowledge of Emergent, neither Emergent nor any of its Affiliates has used any employee that is debarred by the FDA under the Generic Drug Enforcement Act of 1992 (or by any analogous agency or under any analogous Law in the Territory).

10.2.9 Subject to the Third Party Manufacturing License Agreement and the [**] License, Emergent is the sole legal and beneficial owner of all the Emergent Technology, Emergent Manufacturing Technology and Emergent Platform Technology and, subject to the Credit Agreement (as hereinafter defined), free of any license, lien, encumbrance, charge, security interest, mortgage or other similar restriction, including any restrictions by any Governmental Authorities due to public funding, and no Third Party has any right, interest or claim in or to, and neither Emergent nor any of its Affiliates is party to any existing agreement granting any right, interest or claim in or to, any such Emergent Technology, Emergent Manufacturing Technology or Emergent Technology to any Third Party (including any academic organization, agency or governmental authority) that is inconsistent with any of the rights or licenses granted to MorphoSys herein. Further, all licenses granted to MorphoSys under this Agreement under the Emergent Technology, Emergent Manufacturing Technology and Emergent Platform Technology are in compliance with the Credit Agreement, and in particular all conditions as stipulated in Section 7.05 (g)(i), (ii) and (iii) are met. Any security rights granted under the Credit Agreement do not limit Emergent's ability to grant the licenses as set forth in Section 2.1 and nothing in the Credit Agreement inhibits MorphoSys using and exploiting the license as provided in this Agreement. "**Credit Agreement**" means that certain Credit Agreement, dated December 11, 2013, as amended, and all agreements concluded under such Credit Agreement, between Emergent Biosolutions Inc., Bank of America Merrill Lynch and PNC National Bank amongst others.

10.2.10 To the Knowledge of Emergent, Emergent and its Affiliates have complied with all applicable Laws in all material respects, including any disclosure requirements, in connection with the filing, prosecution and maintenance of the Emergent Patents, the Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories. All material renewal and maintenance fees due as of the Effective Date with respect to the prosecution and maintenance of the Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories have been paid.

10.2.11 As of the Effective Date, Emergent has disclosed to MorphoSys all reasonably relevant data and information regarding the Emergent Technology and the Compound and all such data and information is complete and accurate in all material aspects. Emergent has allowed, and will continue to allow, MorphoSys access to all material information in its possession or Control (i) containing the results of all preclinical testing and human clinical testing of the Compound and (ii) concerning side effects, injury, toxicity or sensitivity reaction and incidents or severity thereof with respect to the Compound.

10.2.12 To the Knowledge of Emergent, there are no safety or efficacy issues involving the Compound or the Development or Commercialization of the Products in the Field and in the MorphoSys Territory as set forth in the Initial Development Plan.

10.2.13 Any research and development, including Clinical Trials regarding the Compound were conducted and the Development Data resulting from such research and development have been generated by or on behalf of Emergent or its Affiliates, or to Knowledge of Emergent with respect to any subcontractors, in compliance in all material respects with all applicable Laws and GCP, GLP and, where applicable, GMP.

10.2.14 To the Knowledge of Emergent, the inventors named in the Emergent Patents, Emergent Platform Patents and Emergent Manufacturing Patents listed in Schedules Schedule 1.30, Schedule 1.34 and Schedule 1.28, respectively, that are owned by Emergent or any Affiliate are all of the true inventors for such Patents and have assigned, or are under a written obligation to assign, to Emergent all of their right, title and interest to such Emergent Platform Patents, Emergent Manufacturing Patents and the Emergent Manufacturing Patents and the inventions described therein.

10.2.15 To the Knowledge of Emergent, the Emergent Know-How, the Emergent Platform Know-How and the Emergent Manufacturing Know-How have (i) not been licensed in conflict to any agreement, instrument or understanding to which Emergent is a Party, including the Credit Agreement, and (ii) not been disclosed to Third Parties other than under an obligation of confidentiality.

10.2.16 The Third Party Manufacturing License Agreement, the [**] License Agreement and the Credit Agreement are in full force and effect and, as far as Emergent is aware, neither Emergent nor any of its Affiliates is in default or material breach of any obligation under such agreements.

Emergent acknowledges that MorphoSys is relying, and is entitled to rely, on the foregoing representations and warranties.

10.3 Covenants of Emergent. Emergent hereby covenants to MorphoSys that, during the Term:

10.3.1 At the time of delivery of Finished Product for Development Activities or Sole-Funded Activities, such Finished Product will have been Manufactured in accordance with GMP standards and applicable Laws and the agreed Product Specifications.

10.3.2 Emergent and its Affiliates have and will maintain any material consents, licenses, permits and authorizations required by Regulatory Authorities to Manufacture Finished Product in accordance with applicable Laws and GMP.

10.3.3 If MorphoSys has the right under this Agreement for a Third Party to assume Manufacturing of Compound, Drug Substance, Vialed Product or Finished Product in the event of a Manufacturing License Occurrence, at MorphoSys' request Emergent shall present the name of such Third Party to Existing Manufacturing Licensor in order to request, as necessary, the consent of any such counterparties to the use of such Third Party manufacturer.

10.3.4 Emergent and its Affiliates will maintain the Third Party Manufacturing License Agreement, subject to Section 2.1.2, and the [**] License Agreement in full force and effect in all material respects in accordance with their respective terms.

10.4 Covenants of MorphoSys. MorphoSys hereby covenants to Emergent that, in the event of a Manufacturing License Occurrence at the time of delivery of Finished Product for Development Activities or Sole-Funded Activities, such Finished Product will have been Manufactured in accordance with GMP standards and applicable Laws and the Product Specifications.

10.5 Disclaimer. MorphoSys understands that the Product is the subject of ongoing clinical research and development and that Emergent cannot ensure the usefulness of the Product or that the Product will receive Regulatory Approvals.

10.6 No Other Representations or Warranties. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, ARE MADE OR GIVEN BY OR ON BEHALF OF A PARTY. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

ARTICLE 11
Indemnification

11.1 Indemnification by Emergent. Emergent hereby agrees to save, indemnify, defend and hold MorphoSys, its Affiliates, its sublicensees, and their respective directors, officers, agents and employees harmless from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") arising in connection with any and all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations or injunctions by a Third Party (each a "**Third Party Claim**") resulting or otherwise arising from (i) any breach by Emergent of any of its representations, warranties, covenants or obligations pursuant to this Agreement, (ii) the negligence or willful misconduct by Emergent or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensee in performing any obligations under this Agreement, (iii) any matter related to research and development of the Compound prior to the Effective Date in the Territories, (iv) the Development or Manufacturing, Packaging and Labeling of the Product in the Territories hereunder and the Commercialization of the Product in the Emergent Territory (including, for clarity, product liability Losses resulting therefrom) by Emergent or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensees, (v) any Sole-Funded Activities conducted by Emergent, or (vi) any claim of patent infringement brought by a Third Party on the basis of a patent that (A)(1) claims a bispecific binding domain molecule having a binding domain specific for PSMA and a binding domain specific for CD3; or (2) claims a bispecific binding domain molecule having a CD3 domain derived from the [**] antibody, and (for each of (1) and (2)) (B) claims benefit of a priority date earlier than April 20, 2012; in each case except to the extent that such Losses are subject to indemnification by MorphoSys pursuant to Section 11.2.

11.2 Indemnification by MorphoSys. MorphoSys hereby agrees to save, indemnify, defend and hold Emergent, its Affiliates, its sublicensees and their respective directors, agents and employees harmless from and against any and all Losses arising in connection with any and all Third Party Claims resulting or otherwise arising from (i) any breach by MorphoSys of any of its representations, warranties, covenants or obligations pursuant to this Agreement, (ii) the negligence or willful misconduct by MorphoSys or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensees in performing any obligations under this Agreement, (iii) the Development or Manufacturing (in the event of Manufacturing License Occurrence), Packaging and Labeling (only to the extent actually done by or on behalf of MorphoSys) in the Territories hereunder or Commercialization of the Product in the MorphoSys Territory (including, for clarity, any product liability Losses resulting therefrom) by MorphoSys or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensees, (iv) any Sole-Funded Activities conducted by MorphoSys, or (v) the exercise by MorphoSys of its final decision making authority pursuant to Section 3.5.2(a) with respect to a matter in a manner inconsistent with the position taken by Emergent's Chief Executive Officer with respect to such matter, *provided* that Emergent's Chief Executive Officer, within the dispute procedure set forth in Section 3.5.2, in good faith has expressly objected to a decision because the related Development Activity either violates applicable Laws or raises concerns regarding patient safety; in each case except to the extent that such Losses are subject to indemnification by Emergent pursuant to Section 11.1.

11.3 Indemnification Procedures.

11.3.1 Notice of Claim. All indemnification claims in respect of any indemnitee seeking indemnity under Sections 11.1 or 11.2, as applicable (collectively, the "**Indemnitees**" and each an "**Indemnitee**") will be made solely by the corresponding Party (the "**Indemnified Party**"). The Indemnified Party will give the indemnifying Party (the "**Indemnifying Party**") prompt written notice (an "**Indemnification Claim Notice**") of any Losses and any legal proceeding initiated by a Third Party against the Indemnified Party as to which the Indemnified Party intends to make a request for indemnification under Sections 11.1 or 11.2, as applicable, but in no event will the Indemnifying Party be liable for any Losses that result from any delay in providing such notice which materially prejudices the defense of such proceeding. Each Indemnification Claim Notice shall contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). Together with the Indemnification Claim Notice, the Indemnified Party will furnish promptly to the Indemnifying Party copies of all notices and documents (including court papers) received by any Indemnitee in connection with the Third Party Claim.

11.3.2 Control of Defense. The Indemnifying Party, at its option, may assume the defense of any Third Party Claim subject to indemnification as provided for in Sections 11.1 or 11.2, as applicable, by giving written notice to the Indemnified Party within thirty (30) calendar days after the Indemnifying Party's receipt of an Indemnification Claim Notice. Upon assuming the defense of a Third Party Claim, the Indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel it selects, and such Indemnifying Party shall thereafter continue to defend such Third Party Claim in good faith. Should the Indemnifying Party assume the defense of a Third Party Claim (and continue to defend such Third Party Claim in good faith), the Indemnifying Party will not be liable to the Indemnified Party or any other Indemnitee

for any legal expenses subsequently incurred by such Indemnified Party or other Indemnitee in connection with the analysis, defense or settlement of the Third Party Claim, unless the Indemnifying Party has failed to assume the defense and employ counsel in accordance with this Section 11.3 or in case the matter is subject to indemnification under Section 11.1(vi).

11.3.3 Right to Participate in Defense. Without limiting Section 11.3.2, any Indemnitee will be entitled to participate in the defense of a Third Party Claim for which it has sought indemnification hereunder and to employ counsel of its choice for such purpose; provided, however, that such employment will be at the Indemnitee's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense (or continue to defend such Third Party Claim in good faith) and employ counsel in accordance with this Section 11.3, in which case the Indemnified Party will be allowed to control the defense, or (iii) any matter that is subject to indemnification under Section 11.1 (vi), in which case the reasonable cost of such employment of counsel shall be at the Indemnifying Party's expense.

11.3.4 Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Third Party Claim and that will not result in the Indemnitee becoming subject to injunctive or other relief or otherwise adversely affect the business of the Indemnitee in any material manner, and as to which the Indemnifying Party will have acknowledged in writing the obligation to indemnify the Indemnitee hereunder, the Indemnifying Party will have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its reasonable discretion, deems appropriate; *provided, however*, that such terms shall include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, and will transfer to the Indemnified Party all amounts which such Indemnified Party is liable to pay prior to the time of the entry of judgment. With respect to all other Losses in connection with Third Party Claims, where the Indemnifying Party has assumed the defense of such Third Party Claim in accordance with Section 11.3.2, the Indemnifying Party will have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, provided it obtains the prior written consent of the Indemnified Party (which consent will be at the Indemnified Party's reasonable discretion). The Indemnifying Party that has assumed the defense of (and continues to defend) such Third Party Claim in accordance with Section 11.3.2 will not be liable for any settlement or other disposition of a Loss by an Indemnitee that is reached without the written consent of such Indemnifying Party. Regardless of whether the Indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnitee will admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without first offering to the Indemnifying Party the opportunity to assume the defense of such Third Party Claim in accordance with Section 11.3.2.

11.3.5 Cooperation. If the Indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party will, and will cause each other Indemnitee to, cooperate in the defense or prosecution thereof and will furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection with such Third Party Claim. Such cooperation will include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are

reasonably relevant to such Third Party Claim, and making Indemnitees and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party will reimburse the Indemnified Party for all its reasonable out-of-pocket expenses incurred in connection with such cooperation.

11.3.6 Expenses of the Indemnified Party. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Third Party Claim will be reimbursed on a calendar quarter basis by the Indemnifying Party, without prejudice to the Indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

11.4 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, OR INDIRECT DAMAGES UNDER OR IN CONNECTION WITH THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 11.4 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER SECTION 11.1 OR 11.2, OR DAMAGES AVAILABLE FOR A PARTY'S BREACH OF CONFIDENTIALITY OBLIGATIONS UNDER ARTICLE 12 OR FOR A PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD.

11.5 Insurance. Each Party shall have and maintain such type and amounts of liability insurance as is normal and customary in the pharmaceutical industry generally for parties similarly situated and shall upon request provide the other Party with a copy of its policies of such insurance, along with any amendments thereto. It is understood that such insurance shall not be construed to create a limit of either Party's liability with respect to its indemnification obligations under this Article 11. Each Party shall provide the other Party with written notice at least thirty (30) calendar days prior to the cancellation, nonrenewal or material change in such insurance or self-insurance which materially adversely affects the rights of the other Party hereunder. Upon request, each Party will promptly provide the other Party with certificates of insurance evidencing such coverages. The certificates shall specify the dates such coverage expires. In furtherance of the foregoing, the Parties shall share in accordance with Section 4.4.1(a) the cost of (i) Emergent's insurance policy for the Phase I/II Clinical Trial, *provided* that MorphoSys is named as an additional insured in such insurance policy and (ii) an insurance policy obtained by either Party following discussion and agreement by the Parties for other Development Activities under the Development Plan (with respect to which policy the other Party shall be named as an additional insured); *provided* that if neither Party is able to obtain an insurance policy for such Development Activities, under which the other Party may be named as an additional insured, then each Party may obtain its own insurance policy at its own cost.

ARTICLE 12
Confidentiality

12.1 Confidential Information. As used in this Agreement, the term "**Confidential Information**" means all information, whether it be in written form, visually or orally, including all production schedules, lines of products, volumes of business, processes, new product developments, product designs, formulae, technical information, laboratory data, clinical data, patent information, know-how, trade secrets, financial and strategic information, marketing and promotional information and data, and other material relating to any products, projects or processes of one Party (the "**Disclosing Party**"), that is provided to, or otherwise obtained by, the other Party (the "**Receiving Party**") in connection with this Agreement (including information exchanged prior to the date hereof in connection with the transactions set forth in this Agreement, including any information disclosed by either Party pursuant to the Mutual Disclosure Agreement between the Parties dated August 28, 2013, as amended on May 1, 2014). Notwithstanding the foregoing sentence, Confidential Information shall not include any information or materials that:

(a) were already known to the Receiving Party (other than under an obligation of confidentiality) at the time of disclosure by the Disclosing Party, to the extent such Receiving Party has documentary evidence to that effect;

(b) were generally available to the public or otherwise part of the public domain at the time of disclosure thereof to the Receiving Party;

(c) became generally available to the public or otherwise part of the public domain after disclosure or development thereof, as the case may be, and other than through any act or omission of a Party in breach of such Party's confidentiality obligations under this Agreement;

(d) were disclosed to a Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others; or

(e) were independently discovered or developed by or on behalf of the Receiving Party without the use of the Confidential Information belonging to the other Party, to the extent such Receiving Party has documentary evidence to that effect.

12.2 Confidentiality Obligations. Each of MorphoSys and Emergent shall keep all Confidential Information received from or on behalf of the other Party with the same degree of care with which it maintains the confidentiality of its own Confidential Information, but in all cases no less than a reasonable degree of care. Neither Party shall use such Confidential Information for any purpose other than in performance of this Agreement or disclose the same to any other Person other than to such of its and its Affiliates' directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors who have a need to know such Confidential Information to implement the terms of this Agreement or enforce its rights under this Agreement and who are bound by confidentiality obligations not less strict than those contained herein; *provided, however,* that a Receiving Party shall advise any of its and its Affiliates' directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors who receives such Confidential Information of the confidential nature thereof and of the obligations contained in this Agreement relating thereto, and the Receiving Party shall ensure (including, in the case of a Third Party, by means of a written agreement with such Third Party having terms at least as protective as those contained in this Article 12) that all such directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors comply with such obligations. It is understood that receipt of Confidential Information under this Agreement will not limit the Receiving Party from assigning its employees to any particular job or task in any way it may choose, subject to the terms and conditions of this Agreement.

12.3 Extended Protection Confidential Information. Emergent Platform Know-How, Emergent Platform Inventions, Emergent Manufacturing Know How and Emergent Manufacturing Inventions shall be considered the Confidential Information of Emergent (the "**Extended Protection Confidential Information**"). MorphoSys acknowledges that the Extended Protection Confidential Information is to be treated with a higher level of confidentiality and that in addition to the obligations set forth in this Article 12 the Extended Protection Confidential Information shall be subject to the additional obligations set forth in this Section 12.3. MorphoSys shall use Commercially Reasonable Efforts to limit the number of persons that have access to the Extended Protection Confidential Information. MorphoSys shall inform all recipients of the Extended Protection Confidential Information of the confidential nature of the Extended Protection Confidential Information and of the confidentiality undertakings of MorphoSys contained herein. MorphoSys covenants that it shall maintain security practices (which include appropriate administrative, physical and technical safeguards, including underlying operating system and network security controls) designed to meet generally accepted industry practice (meaning those reasonably expected of a biotechnology company where the biotechnology company is in possession of highly sensitive information) and are designed to ensure the security, confidentiality and integrity of the Extended Protection Confidential Information which may include (i) restriction of use and copying of Extended Protection Confidential Information on a "need-to-know" basis and only at authorized locations or (ii) regular monitoring of password procedures.

12.4 Return of Confidential Information. Upon termination of this Agreement, the Receiving Party shall return or destroy all documents, tapes or other media containing Confidential Information of the Disclosing Party that remain in the possession of the Receiving Party or its directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors, except that the Receiving Party may keep one (1) copy of the Confidential Information in the legal department files of the Receiving Party, solely for archival purposes. Such archival copy shall be deemed to be the property of the Disclosing Party, and shall continue to be subject to the provisions of this Article 12. The provisions of this Section 12.3 shall not apply to copies of electronically exchanged Confidential Information made as a matter of routine information technology backup, provided, that it is not otherwise accessible to Receiving Party other than its information technology representatives responsible for maintaining the Receiving Party's electronic backup systems, and to Confidential Information or copies thereof which must be stored according to provisions of mandatory applicable Laws.

12.5 Permitted Disclosure and Use. Notwithstanding Section 12.2: (i) either Party may disclose Confidential Information belonging to the other Party only to the extent such disclosure is reasonably necessary to: (a) comply with or enforce any of its obligations or rights under this Agreement: or comply with applicable Laws; and (ii) either Party may disclose Confidential Information belonging to the other Party related to a Product only to the extent such disclosure is reasonably necessary to obtain or maintain Regulatory Approvals of a Product to the extent such disclosure is made to a Governmental Authority. If a Party deems it necessary to disclose Confidential Information of the other Party pursuant to this Section 12.4, such Party shall

give reasonable advance written notice of such disclosure to the other Party to permit such other Party sufficient opportunity to object to such disclosure or to take measures to ensure confidential treatment of such information, including seeking a protective order or other appropriate remedy.

12.6 Notification. The Receiving Party shall notify the Disclosing Party promptly upon discovery of any unauthorized use or disclosure of the Disclosing Party's Confidential Information, and will cooperate with the Disclosing Party in any reasonably requested fashion to assist the Disclosing Party to regain possession of such Confidential Information and to prevent its further unauthorized use or disclosure.

12.7 Publicity; Filing of this Agreement.

12.7.1 Publicity. The press release to be issued in connection with the transactions is set forth on Schedule 12.7.1. Except as otherwise provided in this Section 12.7, each Party shall maintain the confidentiality of all provisions of this Agreement, and without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed, neither Party nor its respective Affiliates shall make any press release or other public announcement of or otherwise disclose the provisions of this Agreement to any Third Party, except for: (i) disclosure to those of its directors, officers, employees, accountants, attorneys, underwriters, lenders and other financing sources, (potential) strategic partners, advisors, agents and (potential) sublicensees whose duties reasonably require them to have access to this Agreement; provided that such directors, officers, employees, accountants, attorneys, underwriters, lenders and other financing sources, advisors, agents, (potential) strategic partners or (potential) sublicensees are required to maintain the confidentiality of this Agreement; (ii) disclosures required by New York Stock Exchange regulation, Frankfurt stock exchange regulation or any listing agreement with a national securities exchange, in which case the disclosing Party shall provide the nondisclosing Party with at least forty eight (48) hours' notice unless otherwise not practicable, but in any event no later than the time the disclosure required by such New York Stock Exchange regulation or Frankfurt stock exchange regulation or listing agreement is made; (iii) disclosures as may be required by Law, in which case the disclosing Party shall provide the nondisclosing Party with prompt advance notice of such disclosure and cooperate with the nondisclosing Party to seek a protective order or other appropriate remedy, including a request for confidential treatment in the case of a filing with the Securities and Exchange Commission; (iv) the report on Form 8-K, which may be filed by Emergent or an Affiliate of Emergent setting forth the press release referred to above, and/or this Agreement in redacted form as provided in Section 12.7.2; (v) disclosures that are consistent with or complementary to those described in clause (iv) but which do not contain any Confidential Information of the other Party; and (vi) other disclosures for which consent has previously been given. A Party may publicly disclose without regard to the preceding requirements of this Section 12.7 any information that was previously publicly disclosed pursuant to this Section 12.7. The Parties however acknowledge that for so-called "ad hoc" announcements that a Party is legally required to make under the German Securities Act, no prior notice is possible.

12.7.2 Redacted Agreement. The Parties acknowledge that, if legally required, either or both Parties may be obligated to file a copy of this Agreement with the SEC or other Governmental Authorities. Each Party shall be entitled to make such a required filing; provided that it initially files a redacted copy of this Agreement approved by both Parties ("**Redacted Agreement**") and requests confidential treatment of the terms redacted from this Agreement for a reasonable period of time. In the event of any such filing, each Party shall (i) permit the other party to review and comment upon such request for confidential treatment and any subsequent correspondence with respect thereto at least seven (7) calendar days in advance of its submission to the SEC or such other Governmental Authorities, (ii) reasonably consider and incorporate the other Party's comments thereon to the extent consistent with the then-current legal requirements governing redaction of information from material agreements that must be publicly filed, (iii) promptly deliver to the other Party any written correspondence received by it or its representatives from such Governmental Authority, if any, with respect to such confidential treatment request and promptly advise the other Party of any other communications between it or its representatives with such Governmental Authority with respect to such confidential treatment request, (iv) upon the written request of the other Party, request an appropriate extension of the term of the confidential treatment period, where available and (v) if such Governmental Authority requests any changes to the redactions set forth in the Redacted Agreement, use commercially reasonable efforts to support the redactions in the Redacted Agreement as originally filed (to the extent consistent with the then-current legal requirements governing redaction of information from material agreements that must be publicly filed) and, to the extent reasonably practicable, not agree to any changes to the Redacted Agreement without first discussing such changes with the other Party and taking the other Party's comments into consideration when deciding whether to agree to such changes. Each Party shall be responsible for its own legal and other external costs in connection with any such filing, registration or notification.

12.8 Publication. The Parties intend to publish or present the conduct and the outcomes of Clinical Trials and will use Commercially Reasonable Efforts to align such publication or presentation to the public. Each Party shall submit, through the JSC, for the other Party's approval, such approval not to be unreasonably withheld, conditioned or delayed, copies of each proposed academic, scientific, medical and other publication or presentation that contains or refers to the Emergent Technology, MorphoSys Applied Technology or otherwise relates to the Product or any research or Development Activities under this Agreement to the other Party at least thirty (30) calendar days in advance of submitting such proposed publication or presentation to a publisher or other Third Party. The other Party shall have the right to review and comment on each such proposed publication or presentation and the publishing Party shall consider any comments in good faith. The other Party shall have the right to remove any of its own Confidential Information prior to submission for publication or presentation by the publishing Party. The publishing Party shall redact or otherwise modify the proposed publication or presentation to remove any such Confidential Information of the other Party. In addition, in the event that the document includes data, information or material generated by the other Party's scientists, and professional standards for authorship would be consistent with including the other Party's scientists as co-authors of the document, the names of such scientists will be included as coauthors. MorphoSys shall not publish or present information that contains the Emergent Platform Technology or Emergent Manufacturing Technology, without the prior written consent of Emergent.

12.9 Use of Names. Except as otherwise set forth in this Agreement, neither Party shall use the name of the other Party in relation to this transaction in any public announcement, press release or other public document without the written consent of such other Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that subject to Section 12.7, either Party may use the name of the other Party in any document filed with any Regulatory Authority or Governmental Authority, including the FDA, EMA and the Securities and Exchange Commission and the German Federal Financial Supervisory Authority (BaFin).

12.10 Survival. The obligations and prohibitions contained in this Article 12 as they apply to Confidential Information shall survive the expiration or termination of this Agreement for a period of ten (10) years; *provided, that*, if the Confidential Information is of the nature that could reasonably be expected to qualify as a trade secret pursuant to 21 CFR § 20.61, including Confidential Information relating to the development and manufacture of Compounds and Products, quality control measures, production, sales, distribution and similar data and information, and compilations of data and results, the obligations contained in this Article 12 as they apply to Confidential Information shall survive as long as such Confidential Information qualifies as a trade secret pursuant to 21 CFR § 20.61.

ARTICLE 13
Term and Termination

13.1 Term. This Agreement shall become effective on the Effective Date and, unless earlier terminated pursuant to this Article 13, shall remain in effect, on a country-by-country basis, until the expiration of the Royalty Term in such country in the Territories (the "**Term**").

13.2 MorphoSys Termination for Convenience. Subject to Section 14.1, at any time after completion of the stage 1 dose escalation of the Phase I/II Clinical Trial set forth in the Initial Development Plan (the "**Phase I/II Clinical Trial Dose Escalation Phase**"), MorphoSys shall have the right to terminate this Agreement in its sole discretion by providing six (6) months' prior written notice to Emergent. The Phase I/II Clinical Trial Dose Escalation Phase is deemed to be "completed" upon dosing of [**] day cycles of the last patient in stage 1. In the event that MorphoSys grants a sublicense under the rights granted to it pursuant to Section 2.1 to Develop the Product for Commercialization, Commercialize or Manufacture of the Product for use or sale in United Kingdom, France, Germany, Italy, Spain, Japan or China, and Emergent did not expressly consent to such sublicensee (whether or not such consent was required pursuant to Section 2.5.3), then, unless such sublicense is terminable by Emergent upon termination of this Agreement, MorphoSys shall not have the right to terminate this Agreement pursuant to this Section 13.2 for the first [**] months after the effective date of the such sublicense (which effective date shall not be earlier than the execution date thereof).

13.3 Termination for Breach, **Bankruptcy and Patent Challenge**. Without prejudice to any other remedies available to it at law or in equity or under this Agreement,

13.3.1 Emergent may terminate this Agreement:

(a) in the event that MorphoSys shall have materially breached or defaulted in the performance of any of its obligations, MorphoSys shall have one hundred twenty (120) calendar days after written notice thereof was provided to MorphoSys by Emergent to cure such breach or default. Unless MorphoSys has cured such breach or default prior to the expiration of such one hundred twenty (120) calendar day period, such termination shall become effective upon receipt of the written notice of termination to be given within ten (10) calendar days of the end of such one hundred twenty (120) calendar day period;

(b) as a result of the filing for or institution of bankruptcy, reorganization, liquidation or receivership proceeding, or upon an assignment of a substantial portion of the assets for the benefit of creditors of MorphoSys; *provided*, that such termination shall be effective only if such proceeding is not dismissed within ninety (90) calendar days after the filing thereof; or

(c) in case of MorphoSys' Patent Challenge subject to Section 9.9;

provided, *however*, that Emergent shall only have such right to terminate this Agreement, upon written notice to MorphoSys, until the later of (i) completion of the Phase I/II Clinical Trial and (ii) Emergent's receipt of MorphoSys' payment of the next Phase III Clinical Trial development milestone contemplated to be achieved by the then current Development Plan (i.e., development milestone [**]); *provided*, that such milestone payment may be paid by MorphoSys prior to achievement of its corresponding Development Milestone Event; and further *provided*, that this payment shall be credited against the first subsequent Phase III Clinical Trial milestone payment obligation that is triggered (the "Latest Emergent Termination Date"). The Phase I/II Clinical Trial is deemed to be "completed" upon dosing of the last patient of the stage 2 in accordance with the relevant study protocol. Notwithstanding anything to the contrary in this Agreement, the Parties agree that, in cases of a material breach or default of the breaching Party, the termination rights granted in this Article 13 and remedies in Article 14 are an adequate remedy for the non-breaching Party; and

13.3.2 MorphoSys may terminate this Agreement:

(a) in the event that Emergent shall have materially breached or defaulted in the performance of any of its obligations, Emergent shall have one hundred twenty (120) calendar days after written notice thereof was provided to Emergent by MorphoSys to cure such breach or default. Unless Emergent has cured such breach or default prior to the expiration of such one hundred twenty (120) calendar day period, such termination shall become effective upon receipt of the written notice of termination to be given within ten (10) calendar days of the end of such one hundred twenty (120) calendar day period;

(b) as a result of the filing for or institution of bankruptcy, reorganization, liquidation or receivership proceeding, or upon an assignment of a substantial portion of the assets for the benefit of creditors of Emergent; *provided*, that such termination shall be effective only if such proceeding is not dismissed within ninety (90) calendar days after the filing thereof; or

(c) in case of Emergent's Patent Challenge subject to Section 9.9; *provided*, *however*, that MorphoSys shall only have such right to terminate this Agreement, upon written notice to Emergent, until completion of the Phase I/II Clinical Trial Dose Escalation Phase.

13.4 Covenant Not to Amend Development Plan After Notice of Termination is Delivered; Responsibilities for Development Costs Until Termination. MorphoSys shall no longer have the right to exercise its casting vote on the JSC in accordance with Sections 3.5.2(a) or 3.5.3 for any purpose, including to amend the Development Plan by adding additional Development Activities, after notice of termination is given by MorphoSys pursuant to Section

13.2 or by Emergent pursuant to Section 13.3, and all decisions of the JSC thereafter shall be taken by mutual agreement of the Parties. Without limiting either Party's obligations under Article 14, each Party shall be responsible for paying its share of Development Costs and Joint Regulatory Costs in accordance with Section 4.4.1 until the effective date of termination. Neither Party shall have any obligation to bear Development Costs for any Clinical Trial under the Development Plan that has not commenced as of the date written notice of termination was delivered in accordance with this Article 13.

ARTICLE 14
Effects of Termination and Other Remedies for Material Breach or Default, Bankruptcy, Patent Challenge or Termination for Convenience

14.1 Termination by MorphoSys for Convenience, **and Termination by Emergent for MorphoSys' Breach**, **Bankruptcy or Patent Challenge Prior to Latest Emergent Termination Date**. Without limiting any other legal or equitable remedies that a Party may have, if this Agreement is terminated (i) by MorphoSys in accordance with Section 13.2, or (ii) by Emergent in accordance with Section 13.3.1, then the following provisions shall apply:

14.1.1 Termination of Licenses granted to MorphoSys. For clarity, all rights and licenses granted to MorphoSys under this Agreement shall immediately terminate and be of no further force and effect and MorphoSys shall cease Developing and Commercializing the Product. Notwithstanding the foregoing, any sublicenses granted by MorphoSys will remain in full force and effect; provided that the sublicensee is not then in breach of its sublicense agreement and the sublicensee agrees to be bound to Emergent under the terms and conditions of the sublicense agreement and that Emergent shall not be bound to perform any duties or obligations set forth in any sublicenses that extend beyond the duties and obligations of Emergent set forth in this Agreement.

14.1.2 Continuation of Contribution. If this Agreement is terminated by MorphoSys in accordance with Section 13.2 or by Emergent in accordance with Section 13.3, MorphoSys shall continue to be responsible for its share of Development Costs and Joint Regulatory Costs in accordance with the allocation set forth in Section 4.4.1(a) and one hundred percent (100%) of MorphoSys Sole-Funded Activities until attainment of a previously specified point within any such Clinical Trial set forth in the Development Plan that has multiple stages and decision points for progression from one stage to the next or termination of such Clinical Trial, from which point in time MorphoSys shall no longer be responsible for its share of Development Costs in accordance with the allocation set forth in Section 4.4.1(a) with respect to such Development Activity, *provided*, *however*, that in no event shall MorphoSys be responsible for costs and expenses exceeding the costs and expenses occurring for such Clinical Trial in accordance with the Development Plan later than twelve (12) months after the effective date of the termination of this Agreement in accordance with the allocation set forth in Section 4.4.1(a) or, if longer, until and to the extent such Clinical Trial can be terminated in accordance with applicable Law. For clarity, notwithstanding its obligations in Article 12, Emergent shall be allowed, from receipt of the termination notice, to seek another license partner for the MorphoSys Territory as set forth further below. If, within one (1) year after such termination becomes effective, Emergent has entered into an agreement with a Third Party subject to which such Third Party receives a license to Develop and/or Commercialize the Product in the Field, under which good faith and arm's

length agreement such Third Party is obligated to pay to Emergent upfront fees and near-term (six (6) years but in any case until such Clinical Trial is completed (study report approved)) milestone payments and any additional license fees, funding or reimbursement, with such fees and milestone payments, any additional license fees, funding or reimbursement being in the aggregate at least [**] times the amount of Development Costs paid by MorphoSys under this Section 14.1.2, then, promptly following receipt by Emergent of, at least, such aggregate payments from such Third Party, Emergent will reimburse MorphoSys the amount of Development Costs paid by MorphoSys under this Section 14.1.2.

14.1.3 Assignments. If this Agreement is terminated in accordance with Section 13.2 or with Section 13.3, except to the extent of any sublicense, on a country by country basis which will remain in full force and effect pursuant to Section 14.1.1 and as necessary for the performance of such sublicense, Emergent shall have the right to request in writing within forty-five (45) calendar days after the later of the effective date of such termination or receipt of the applicable contract, to the extent reasonably necessary for Emergent to continue the Development, Manufacture and/or Commercialization of the Product in the MorphoSys Territory:

(a) to the extent permitted under the relevant contract, assign to Emergent all of MorphoSys' right, title and interest in and to any agreements (or portions thereof) between MorphoSys and Third Parties that relate to the Development or Commercialization of the Product;

(b) assign to Emergent all of MorphoSys' right, title and interest in and to any Promotional Materials and copyrights and trademarks (including the Product Marks in the MorphoSys Territory), including any goodwill associated therewith, and any registrations and design patents for the foregoing, and any Internet domain name registrations for such trademarks and slogans, all to the extent solely related to the Product; *provided, however,* that, in the event Emergent exercises such right to have assigned such Promotional Materials, MorphoSys shall grant a royalty-free right and license to any housemarks, trademarks, names and logos of MorphoSys contained therein for a period of six (6) months in order to use such Promotional Materials in connection with the Commercialization of the Product in the MorphoSys Territory;

(c) if termination occurs while Development Activities are ongoing, assign to Emergent, the management and continued performance of any Clinical Trials for the Product ongoing hereunder as of the effective date of such termination;

(d) transfer to Emergent all of MorphoSys' right, title and interest in and to any and all regulatory filings, Regulatory Approvals and other Regulatory Materials for the Product (to the extent such transfer is possible); *provided, however*, that such applications are provided on an "AS IS" basis. Emergent releases MorphoSys of all liabilities arising after the effective date of such transfer from the Development of the Product;

(e) transfer to Emergent all of MorphoSys' right, title and interest in and to any and all Development Data, promotional materials, marketing strategies and market research data relating to MorphoSys' Commercialization of the Product in the MorphoSys Territory and information resulting from MorphoSys' Commercialization of the Product in the MorphoSys Territory; and

(f) provide a copy of (i) the material tangible embodiments of the foregoing and (ii) any other material books, records, files and documents Controlled by MorphoSys solely to the extent related to the Product and which may be redacted to exclude Confidential Information of MorphoSys;

provided, however, that, to the extent any agreement or other asset described in this Section 14.1.3 is not assignable by MorphoSys, then such agreement or other asset will not be assigned, and, upon the request of Emergent, MorphoSys will take such steps as may be reasonably necessary to allow Emergent to obtain and to enjoy the benefits of such agreement or other asset.

Except to the extent of any sublicense, on a country by country basis which will remain in full force and effect pursuant to Section 14.1.1 and as necessary for the performance of such sublicense, (1) Emergent shall have the right to request that MorphoSys take any or all of the foregoing actions in whole or in part, or with respect to all or any portion of the assets set forth in the foregoing provisions, and (2) to the extent Emergent requests MorphoSys to transfer its right, title and interest in the items set forth in this Section 14.1.3 to Emergent, MorphoSys shall also cause its Affiliates and sublicensees (subject to Section 14.1.1) to transfer and assign to Emergent all of such Affiliates' and sublicensees' right, title and interest in and to the foregoing items set forth in this Section 14.1.3.

14.1.4 License Grant to Emergent. If this Agreement is terminated in accordance with Section 13.2 or with Section 13.3, MorphoSys hereby grants to Emergent an exclusive, irrevocable, perpetual, worldwide license or sublicense, as applicable, with the right to sublicense, under the MorphoSys Applied Technology to develop (including obtaining and maintaining Regulatory Approval), make, use, import, export, offer for sale and sell the Product in the Field in the MorphoSys Territory and in the Emergent Territory; *provided,* that Emergent shall pay any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable by MorphoSys to Third Party licensors of MorphoSys attributable to the exercise of such license with respect to the Product in the Field.

14.1.5 Royalties. As further consideration for the foregoing assignments and transfers and licenses or contributions, in case (A) this Agreement is terminated by Emergent in accordance with Section 13.3, for the Royalty Term *mutatis mutandis* but only until MorphoSys has recouped [**] percent ([**]%) of (i) the Development Costs allocated to it pursuant to Section 4.4.1(a) which were incurred in accordance with the Development Plan, (ii) the Development Costs borne by MorphoSys pursuant to Section 4.4.4(b) and not recouped by MorphoSys under this Agreement and (iii) the Development Costs which were borne by MorphoSys pursuant to Section 14.1.2, or (B) this Agreement is terminated by MorphoSys in accordance with Section 13.2 then, for the Royalty Term *mutatis mutandis,* Emergent shall pay to MorphoSys Royalty Payments for Net Sales of the Product in the Territories for all or any portion of the Calendar Year falling within the Royalty Term as follows: (i) if termination is effective before achievement of the earlier of (a) Development Milestone Event 2 (b) Development Milestone Event 3 or (c) Development Milestone Event 5, at a rate of twenty percent (20%) of the Emergent Royalty Payment as specified in Section 8.13, or (ii) if termination is effective after achievement of the earlier of (a) Development Milestone Event 2, (b) Development Milestone Event 3 or (c) Development Milestone Event 5, and before achievement of Regulatory Milestone Event 1, at a rate of [**] percent ([**]%) of the Emergent Royalty Payment as specified in Section 8.13, or (iii) if termination is effective after achievement of Regulatory Milestone Event 1 at a rate of [**] percent ([**]%) of the Emergent Royalty Payment as specified in Section 8.13.

14.1.6 Disclosure and Delivery. MorphoSys will promptly transfer to Emergent copies of any physical embodiment of any MorphoSys Applied Know-How, to the extent then used in connection with the Development or Commercialization of the Product; such transfer shall be effected by the delivery of material documents, to the extent such MorphoSys Applied Know-How is embodied in such documents, and to the extent that MorphoSys Applied Know-How is not fully embodied in such documents, MorphoSys shall make its employees and agents who have knowledge of such MorphoSys Applied Know-How in addition to that embodied in documents reasonably available to Emergent at Emergent's cost and expenses for interviews, demonstrations and training to effect such transfer in a manner sufficient to enable Emergent to practice such MorphoSys Applied Know-How.

14.1.7 Disposition of Inventory. If this Agreement is terminated by MorphoSys in accordance with Section 13.2, MorphoSys and its Affiliates will be entitled, during the period ending on the last calendar day of the sixth (6th) full month following the effective date of such termination, to sell any inventory of Product affected by such termination that remains on hand as of the effective date of the termination, so long as MorphoSys pays to Emergent the Royalty Payments and other amounts payable hereunder (including milestones) applicable to said subsequent sales, with respect to sales in the MorphoSys Territory, as applicable, in accordance with the terms and conditions set forth in this Agreement and otherwise complies with the terms set forth in this Agreement.

14.2 Remedies of Emergent for MorphoSys' Breach, **Bankruptcy or Patent Challenge after Latest Emergent Termination Date**. Without limiting any other legal or equitable remedies that Emergent may have, if, after Latest Emergent Termination Date:

(a) MorphoSys shall have materially breached or defaulted in the performance of any of its obligations under this Agreement and MorphoSys has not cured such breach or default prior to the expiration of such one hundred twenty (120) calendar day period after receipt of a written notice by Emergent thereof;

(b) MorphoSys undergoes filing for or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of its creditors; *provided*, that such proceeding is not dismissed within ninety (90) calendar days after the filing thereof; or

(c) in case of MorphoSys' Patent Challenge;

Emergent has the right to submit to MorphoSys a written notice which expressly refers to this Section 14.2 ("**Emergent Remedy Notice**"), such notice to be given within ninety (90) calendar days after Emergent receiving knowledge of the above events (a), (b) or (c), and Emergent shall be entitled to the following remedies:

(i) MorphoSys shall no longer have the casting vote on the JSC, including pursuant to Section 3.5.2(a) or Section 3.5.3, and the Parties will need to decide upon the matter in accordance with Sections 3.4 and 3.5.1, and if the Senior Officers are unable to resolve the issue within fifteen (15) calendar days after a dispute is first referred to them, by way of decision of the Chief Executive Officers subject to Section 3.5.2. If the Chief Executive Officers are unable to resolve the dispute by good faith negotiations within ten (10) calendar days after the dispute is referred to them, either Party may refer the matter for determination of the Expert in accordance with Section 3.6;

(ii) Emergent may, at its sole discretion, assume the responsibility for the performance of all or specific activities set forth in the Development Plan and, in case that a Manufacturing License Occurrence has occurred and MorphoSys is Manufacturing or having a Third Party contract manufacturer Manufacture the Product, the Manufacture of Product for supply of Development Activities and Emergent Sole-Funded Activities by way of technology transfer as set forth in Section 7.11((z); *provided*, that costs and expenses as set forth in Section 7.11 (x) and (y), shall be equally shared by each Party; *provided, however*, that neither Emergent nor the Expert can allocate new or additional responsibilities for the performance of activities to MorphoSys (but MorphoSys will continue to bear its share of Development Costs in accordance with Section 4.4.1(a));

(iii) MorphoSys' obligation to pay Emergent the MorphoSys Therapeutic Royalty Rates pursuant to Section 8.3 shall be increased from [**] percent ([**]%) to [**] percent ([**]%);

(iv) Emergent's obligation to pay MorphoSys the Emergent Therapeutic Royalty Rates pursuant to Section 8.13 shall be reduced by [**] percentage points for each royalty tier [**];

(v) MorphoSys shall continue to pay all milestone payments to Emergent in accordance with Section 8.2; and

(vi) in case MorphoSys materially breached or defaulted in the performance of any of its Commercialization obligations (for clarity, whether such breach of Commercialization obligations triggering Emergent's Remedy Notice or another (further) material breach), and MorphoSys has not cured such material breach or default prior to the expiration of ninety (90) calendar days after receipt of a written notice by Emergent thereof, MorphoSys shall pay to Emergent for each period of three (3) months (consecutive or not) in which MorphoSys is in such breach of Commercialization obligations an amount of [**] percent ([**]%) of Emergent's Development Costs allocated to it pursuant to Section 4.4.1(a) which were incurred in accordance with the Development Plan; *provided*, that MorphoSys shall only be obligated to make such payments until Emergent has recouped all such Development Costs by receipt of such payments pursuant to this Section 14.2 (vi) and of MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates already paid by MorphoSys to Emergent pursuant to Section 8.3 or this Section 14.2 (vi). For clarity, the obligation to make payments under this Section 14.2 (vi) shall not relieve MorphoSys of the obligation to pay MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates. Payments due and payable under this Section 14.2 (vi) for periods of three (3) months will be reduced by the amount of MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates paid by MorphoSys in this time period.

14.3 Termination by MorphoSys for Emergent's Breach, **Bankruptcy or Patent Challenge Prior to Completion of Phase I/II Clinical Trial Dose Escalation Phase**. Without limiting any other legal or equitable remedies that a Party may have, if this Agreement is terminated by MorphoSys in accordance with Section 13.3.2, then the provisions of Sections 14.1.1, 14.1.2, 14.1.3, 14.1.4, 14.1.5 (A), 14.1.6 and 14.1.7 shall apply mutatis mutandis.

14.4 Remedies of MorphoSys for Emergent's Breach, **Bankruptcy or Patent Challenge**. Without limiting any other legal or equitable remedies that MorphoSys may have, if

(a) Emergent shall have materially breached or defaulted in the performance of any of its obligations under this Agreement and Emergent has not cured any such breach or default prior to the expiration of such one hundred twenty (120) calendar day period after receipt of a written notice by MorphoSys thereof,

(b) Emergent undergoes filing for or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of its creditors; provided, that proceeding is not dismissed within ninety (90) calendar days after the filing thereof, or

(c) in case of Emergent's Patent Challenge MorphoSys has the right to submit to Emergent a written notice which expressly refers to this Section 14.3 ("MorphoSys Remedy Notice"), such notice to be given within ninety (90) calendar days after Emergent receiving knowledge of the above events (a), (b) or (c), MorphoSys shall be entitled to the following remedies:

(i) MorphoSys may, at its sole discretion, assume the responsibility for the performance of all or specific activities set forth in the Development Plan, including the Manufacturing Development Activities (but Emergent will continue to bear its share of Development Costs in accordance with Section 4.4.1(a)) and, without limiting any other remedies set out in Article 7, the Manufacture of Product for supply of Development Activities and MorphoSys Sole-Funded Activities by way of sublicensing (subject to Section 2.1.2 and Section 2.5.3(a)) and technology transfer as set forth in Section 7.11(w) and (z); *provided*, that costs and expenses as set forth in Section 7.11 (x) and (y) for the aforementioned technology transfer shall be equally shared by each Party. The Supply Agreement will set forth the circumstances of technology transfer to MorphoSys for Manufacture of commercial supply for the MorphoSys Territory;

(ii) MorphoSys shall no longer have an obligation to pay Emergent the MorphoSys Therapeutic Royalty Rates pursuant to Section 8.3;

(iii) MorphoSys shall only pay [**] percent ([**]%) of the milestone payments as regulated in Section 8.2; and

(iv) Emergent's obligation to pay MorphoSys the Emergent Therapeutic Royalty Rates pursuant to Section 8.13 shall be increased by [**] percentage points for each royalty tier; in case Emergent materially breached or defaulted in the performance of any of its Commercialization obligations, for clarity, such breach of the Commercialization obligations

triggering MorphoSys Remedy Notice or another (further) breach, and Emergent has not cured such breach or default prior to the expiration of ninety (90) calendar days after receipt of a written notice by MorphoSys thereof, Emergent shall pay to MorphoSys for each period of three (3) months (consecutive or not) in which Emergent is in such ongoing or a new breach of the Commercialization obligations an amount of [**] percent of MorphoSys' Development Costs allocated to it pursuant to Section 4.4.1(a) which were incurred in accordance with the Development Plan and the Development Cost borne by MorphoSys pursuant to Section 4.4.4(a), *provided that* Emergent shall only be obligated to make such payments as long as MorphoSys has recouped all such Development Costs by receipt of such payments pursuant to this Section 14.4(iv) and Emergent Therapeutic Royalty Rates already paid by MorphoSys to Emergent pursuant to Section 8.13. For clarity, the obligation to make payments under this Section 14.4 (iv) does not relieve Emergent to pay Emergent Therapeutic Royalty Rates and Emergent Diagnostic Royalty Rates. Payments due and payable under this Section 14.4 (iv) for periods of three (3) months will be reduced by the amount of Emergent Therapeutic Royalty Rates and Emergent Diagnostic Royalty Rates paid by Emergent in this time period.

14.5 Expiration of this Agreement. Upon expiration of this Agreement pursuant to Section 13.1 with respect to a given country in the MorphoSys Territory, MorphoSys will have a non-exclusive, fully paid, perpetual, royalty-free right and license under the licenses in Section 2.1 to Develop, Commercialize and to Manufacture the Product in the MorphoSys Territory and upon expiration of this Agreement pursuant to Section 13.1 with respect to a given country in the Emergent Territory, Emergent will have a nonexclusive, fully paid, perpetual, royalty-free right and license under the licenses in Section 2.2 to Develop, Commercialize and to Manufacture the Product in the Emergent Territory; *provided*, that the respective Party receiving such license shall pay any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable by the other party to Third Party licensors of such other Party attributable to the exercise of such license with respect to the Product in the Field in the respective Territory. Upon request by MorphoSys, Emergent will transfer to MorphoSys copies of any physical embodiment of any Emergent Manufacturing Know-How, to the extent then used in connection with the Manufacture of the Product, and to the extent that Emergent Manufacturing Know-How is not fully embodied in such documents, Emergent shall make its employees and agents who have knowledge of such Emergent Manufacturing Know-How in addition to that embodied in documents reasonably available to MorphoSys at MorphoSys' cost and expenses for interviews, demonstrations and training to effect such transfer in a manner sufficient to enable MorphoSys to practice such Emergent Manufacturing Know-How. Notwithstanding the foregoing, MorphoSys shall be responsible for bearing Third Party Manufacturing Payments payable under the Third Party Manufacturing Agreements.

14.6 Accrued Rights. Termination or expiration of this Agreement for any reason will be without prejudice to any rights that will have accrued to the benefit of a Party prior to the effective date of such termination. Such termination will not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement.

14.7 Survival. Notwithstanding anything to the contrary contained herein, the following provisions shall survive any expiration or termination of this Agreement: Articles: Article 1, Article 14, Article 15 and Article 16 and Sections: 4.5, 4.6.1, 4.9, 5.4, 7.7, 8.4 (for any Calendar Quarter in which there are payment obligations) 8.6, 8.7, 8.8, 8.9, 8.10 (for any Calendar Quarter in which there are payment obligations), 8.11, 9.1.1, 9.1.2, 9.1.3, 9.1.4, 11.1-11.4, 12.1-12.6 and 12.8-12.10, . Except as set forth in this Article 14 or otherwise expressly set forth herein, upon termination or expiration of this Agreement all other rights and obligations of the Parties shall cease.

14.8 Joint Patents. Upon termination of this Agreement for any reason, Emergent shall, at its sole cost and expense, have the sole right to prosecute, maintain, enforce and defend the Joint Technology.

1**4.9 Rights in Bankruptcy**. All rights and licenses granted under or pursuant to this Agreement by Emergent and MorphoSys are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of right to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code. The Parties agree that each Party, as licensee of certain rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party (such Party, the "**Bankrupt Party**") under the U.S. Bankruptcy Code, (a) the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property licensed to such other Party and all embodiments of such intellectual property, which, if not already in such other Party's possession, shall be promptly delivered to it (x) upon any such commencement of a bankruptcy proceeding upon such other Party's written request therefore, unless the Bankrupt Party elects to continue to perform all of its obligations under this Agreement or (y) if not delivered under clause (x), following the rejection of this Agreement by the Bankrupt Party upon written request therefore by the other Party and (b) the Bankrupt Party shall not unreasonably interfere with the other Party's rights to intellectual property and all embodiments of intellectual property, and shall assist and not unreasonably interfere with the other Party in obtaining intellectual property and all embodiments of intellectual property from another entity. The "embodiments" of intellectual property includes all tangible, intangible, electronic or other embodiments of rights and licenses hereunder, including all compounds and products embodying intellectual property, Products, filings with Regulatory Authorities and related rights and Emergent Know-How in the case that Emergent is the Bankrupt Party and MorphoSys Applied Know-How in the case MorphoSys is the Bankrupt Party.

ARTICLE 15
Dispute Resolution

15.1 Disputes. The Parties recognize that, from time to time during the Term, disputes may arise as to certain matters which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 15 to resolve any controversy or claim arising out of, relating to or in connection with any provision of this Agreement (other than a dispute to be resolved by an Expert which shall be addressed as set forth therein in Section 3.6).

15.2 Arising Between the Parties. With respect to all disputes arising between the Parties or their representatives and not arising from the JSC under Sections 3.4 and 3.5, including any alleged failure to perform, or breach, of this Agreement, or any issue relating to the interpretation or application of this Agreement, if the Parties are unable to resolve such dispute within thirty (30) calendar days after such dispute is first identified by either Party in writing to the other, the Parties shall refer such dispute to the Chief Executive Officers of each of the Parties, for attempted resolution by good-faith negotiations within thirty (30) calendar days after such notice is received.

15.3 Dispute Resolutions. If the Chief Executive Officers are not able to resolve such dispute referred to them under Section 15.2 within such thirty (30) calendar day period, then either Party shall have the right, but not the obligation, to submit such controversy or claim to non-binding mediation. If the Parties are unable to resolve such dispute within thirty (30) calendar days after such dispute is referred to non-binding mediation in accordance with this Section 15.3 or within thirty (30) calendar days after the dispute is referred to the Chief Executive Officers under Section 15.2, as the case may be, then either Party may refer the matter to expedited arbitration in accordance with Section 15.5 unless such any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any patent rights covering the manufacture, use or sale of any Product or of any trademark rights relating to any Product in which case it shall be resolved in accordance with Section 15.4.

15.4 Patent and Trademark Dispute Resolution. Any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any patent rights covering the manufacture, use or sale of any Product or of any trademark rights relating to any Product shall be submitted to a court or patent authority of competent jurisdiction in the Territories in which such patent or trademark rights were granted or arose.

15.5 Arbitration. Any dispute relating to the validity, performance, construction or interpretation of this Agreement, which cannot be resolved amicably between the Parties, shall be determined by arbitration in accordance with the Arbitration Rules of the American Arbitration Association (AAA). The decision of the arbitrators shall be final and binding upon the Parties and enforceable in any court of competent jurisdiction. Place of arbitration is Vienna, Austria. The number of arbitrators is three (3). The language of the arbitration proceeding is English. Judgment upon any award made by the arbitrators may be entered in any court having jurisdiction thereof.

15.6 Injunctive Relief. Nothing herein may prevent either Party from seeking a preliminary injunction or temporary restraining order, in any court of competent jurisdiction, so as to prevent any Confidential Information from being disclosed in violation of this Agreement.

ARTICLE 16
Miscellaneous

16.1 Entire Agreement; Amendment. This Agreement, including the Schedules hereto, sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes, as of the Effective Date, all prior agreements and understandings between the Parties with respect to the subject matter hereof, including the Confidential Disclosure Agreement between the Parties dated August 28, 2013 as amended on May 1, 2014 (which shall remain effective prior to the Effective Date). There are no

covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized representative of each Party.

16.2 Force Majeure. A Party shall be excused from the performance of its obligations under this Agreement to the extent that such performance is prevented by force majeure and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party makes reasonable efforts to remove the condition. For purposes of this Agreement, force majeure shall include conditions beyond the reasonable control of the Parties, including an act of God, war, civil commotion, terrorist act, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe. Notwithstanding the foregoing, a Party shall not be excused from making payments owed hereunder because of force majeure affecting such Party. When such circumstances arise, the Parties shall discuss what, if any, modification of the terms of this Agreement may be required in order to arrive at an equitable solution. Notwithstanding anything to the contrary in the foregoing, if a condition covered by this Section 16.2 results in a delay by Emergent in supplying Finished Product to MorphoSys in accordance with the terms of this Agreement, and such delay lasts for six (6) months or more, then the procedure set forth in Section 7.8 shall apply accordingly.

16.3 Notices. Any notice required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be addressed to the appropriate Party at the address specified below or such other address as may be specified by such Party in writing in accordance with this Section 16.3, and shall be deemed to have been given for all purposes (i) when delivered, if hand-delivered or sent by facsimile on a Business Day, (ii) on the next Business Day if sent by a reputable international overnight courier service, or (iii) five (5) Business Days after mailing, if mailed by first-class certified or registered airmail, postage prepaid, return receipt requested. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below:

If to Emergent:

Emergent Product Development Seattle, LLC
2401 4th Ave. Suite 1050
Seattle, Washington 98121
Attention: Site Head Fax: [**]

and to:

Emergent BioSolutions Inc.
2273 Research Blvd., Suite 400
Rockville, MD 20850
Attention: General Counsel
Fax: [**]

With a copy to:	Morgan, Lewis & Bockius LLP 502 Carnegie Center Princeton, New Jersey 08540 Attn: [**] Fax: [**]
If to MorphoSys:	MorphoSys AG Lena-Christ-Strasse 48 82152 Martinsried/Planegg Germany Attention: CEO Fax: [**]
With a copy to:	MorphoSys AG Lena-Christ-Strasse 48 82152 Martinsried/Planegg Germany Attention: General Counsel Fax: [**]

16.4 No Strict Construction; Interpretation. This Agreement has been prepared jointly and shall not be strictly construed against either Party. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision. The headings of each Article and Section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular Article or Section.

16.5 Assignment. Neither Party may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other Party, except that (i) Emergent may make such an assignment without MorphoSys' consent to (a) Affiliates (*provided, however* that (x) Emergent provides prior written information of any planned assignment to an Affiliate, (y) will remain jointly and severally liable with, and will guarantee in written form vis- à-vis MorphoSys the performance of, the relevant Affiliate under this Agreement, and (z) the relevant Affiliate assignee, will assume in writing vis-à-vis MorphoSys all of Emergent's obligations under this Agreement) and (b) a successor to substantially all of the business of Emergent to which this Agreement relates, whether in a merger, sale of stock, sale of assets or other transaction and (ii) MorphoSys may make such an assignment without Emergent's consent to (a) Affiliates (provided, however that (x) MorphoSys provides prior written information of any planned assignment to an Affiliate, (y) will remain jointly and severally liable with, and will guarantee in written form vis- à-vis Emergent the performance of, the relevant Affiliate under this Agreement, and the relevant Affiliate assignee, will assume in writing vis-à-vis Emergent all of MorphoSys' obligations under this Agreement) and (b) a successor to substantially all of the business of MorphoSys whether in a merger, sale of stock, sale of assets or other transaction; *provided however*, that Patents and Know-How of any such transferee or successor entity (if other than one of the Parties to this Agreement) and Patents and Know-How of any Affiliate of a Party that became an Affiliate as a result of a Change of Control of a Party shall not be included in the Patents and Know-How licensed hereunder or otherwise subject to this Agreement other than MorphoSys Applied Technology incorporated into the Product. Any permitted assignment shall be binding on the successors of the assigning Party. Any assignment or attempted assignment by either Party in violation of the terms of this Section 16.5 shall be null, void and of no legal effect.

16.6 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to perform all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

16.7 Severability. If any one or more of the provisions of this Agreement are held to be invalid or unenforceable by any court of competent jurisdiction from which no appeal can be or is taken, such provision or provisions shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good-faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

16.8 No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, except with respect to an express written and signed waiver relating to a particular matter for a particular period of time.

16.9 Independent Contractors. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give either Party the power or authority to act for, bind, or commit the other Party in any way. Nothing herein shall be construed to create the relationship of partners, principal and agent, or joint-venture partners between the Parties.

16.10 English Language; Governing Law. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement. This Agreement and all disputes arising out of or related to this Agreement or any breach hereof shall be governed by and construed under the substantive laws of the State of New York, without giving effect to any choice of law principles that would require the application of the laws of a different state.

16.11 Counterparts. This Agreement may be executed in two (2) counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[*No Further Text on This Page*]

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives as of the Effective Date.

MORPHOSYS AG

By: /s/ S.E. Moroney
Name: S.E. Moroney
Title: C.E.O.

By: /s/ M. Sproll
Name: M. Sproll
Title: CSO

EMERGENT PRODUCT DEVELOPMENT SEATTLE, **LLC**

By: /s/ Barry A. Labinger
Name: Barry A. Labinger
Title: Executive VP and President, Biosciences Division

(Signature Page to the License and Co-Development Agreement)

SCHEDULE 1.28

EMERGENT MANUFACTURING PATENTS

Country	Serial Number	Publication Number	Emergent Reference Number
[**]			
[**]	[**]		[**]

SCHEDULE 1.30

EMERGENT PATENTS

Country	Serial Number	Publication Number	Emergent Reference Number
[**]			
[**]	[**]		[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]		[**]
[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]
[**]	[**]		[**]
[**]	[**]	[**]	[**]
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[**]	[**]		[**]
[**]	[**]		[**]
[**]	[**]	[**]	[**]
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[**]	[**]		[**]
[**]	[**]		[**]
[**]	[**]	[**]	[**]
[**]	[**]		[**]

SCHEDULE 1.34

EMERGENT PLATFORM PATENTS

Country	Serial Number	Publication Number	Emergent Reference Number

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of two pages were omitted. [**]

SCHEDULE 1.92

PHASE I/II CLINICAL TRIAL
Synopsis of the Phase I/II Clinical Trial

Name of Sponsor Company:

Emergent Product Development Seattle LLC

Name of Investigational Product:

ES414

Name of Active Ingredient:

ES414

Title of Study:

A Phase 1 Study of ES414 in Patients with Metastatic Castration-Resistant Prostate Cancer (mCRPC)

Objective: for Stage 1:

Primary:

[**]

Secondary:

[**].

Objectives for Stage 2:

Primary:

[**]

Secondary:

[**]

Study Design:

The study will be conducted in 2 Stages. Stage 1 is a dose-escalation study to determine the [**] for Stage 2. Stage 2 is an [**].

[**]

Stage 1 – Dose Escalation: Dosing will start at [**].

Stage 2 – [**].

Number of Patients (planned):

Approximately [**] patients will be enrolled in Stage 1. [**] patients will be enrolled in Stage 2.

Selected Entry Criteria:

Inclusion Criteria:

[**]

Exclusion Criteria:

[**]

Investigational Product, **Dosage and Mode of Administration:**

ES414 will be [**].

Duration of Treatment:

Patients will be dosed until [**].

Reference Therapy, **Dosage and Mode of Administration:**

[**]

Assessments:

Safety

Safety will be assessed by [**].

Pharmacokinetics

The PK of ES414 will be examined [**].

Clinical Activity

The clinical activity endpoints include [**].

Statistical Methods:

Descriptive statistics will be [**].

SCHEDULE 4.3.2

INITIAL DEVELOPMENT PLAN

[**]

Note: the Initial Development Plan as of the Effective Date describes activities and timelines for clinical studies using an [**] of ES414 for ES414 in prostate cancer.

Estimated Development Costs for Initial Development Plan:

[Million USD, rounded]	2014	2015	2016	2017	2018-2025	Total
Annual Estimated Development Costs	[**]	[**]	[**]	[**]	[**]	432
MorphoSys Share of Development Costs (64%)	[**]	[**]	[**]	[**]	[**]	276
Emergent Share of Development Costs (36%)	[**]	[**]	[**]	[**]	[**]	156

Note: The cost summary above is calculated for Development and use of ES414 as an [**]. For clarity, Development Costs as listed above include [**].

Phase I/II Clinical Trial

Scope: Emergent shall conduct the Phase I/II Clinical Trial according to the clinical study protocol; protocol 401 of which the synopsis is set out in schedule 1.92, and any such future agreed amendments.

Clinical trial sites for Phase I/II Clinical Trial:

For stage 1 of the Phase I/II Clinical Trial clinical trial sites [**].

For stage 2 of the Phase I/II Clinical Trial, [**].

[**]

SCHEDULE 7.2.2

DEVELOPMENT SUPPLY PRICE (ES414 CLINICAL SUPPLY COSTS SUMMARY)

CONFIDENTIAL AND PROPRIETARY

	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
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[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
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CONFIDENTIAL AND PROPRIETARY

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	[**]			[**]	
	[**]		[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
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[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
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[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
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[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]

[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
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[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]	[**]
[**]	[**]		[**]	[**]	
[**]	[**]		[**]	[**]	
[**]					

SCHEDULE 10.2

DISCLOSURES

The information set forth in this Disclosure Schedule, which relates to the representations, warranties, covenants and agreements of the Agreement, is subject to the following qualifications:

This Disclosure Schedule is qualified in its entirety by reference to the specific provisions of the Agreement, and is not intended to constitute, and shall not be construed as constituting, representations, warranties, covenants or agreements of Emergent, except as and to the extent provided in the Agreement. Inclusion of information in this Disclosure Schedule shall not be construed as an admission of liability or fault with respect to the matters covered by such information.

The exceptions and disclosures set forth in the part or subpart of this Disclosure Schedule qualify the particular section or subsection in the Agreement in which such representation and warranty appears.

The headings contained in this Disclosure Schedule are for convenience of reference only, shall not be deemed to be a part of the Agreement and shall not be referred to in connection with the construction or interpretation of the Agreement.

Section 10.2.12

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of one page was omitted. [**]

Section 10.2.13 – All studies performed with ES414 which were not performed to GXP are listed below:

Location in Data Room	ES414	Fileroom	File type	GLP Status
3.1.1.1	[**]	[**]	[**]	[**]
3.1.2.1	[**]	[**]	[**]	[**]
3.1.3.1	[**]	[**]	[**]	[**]
3.1.3.2	[**]	[**]	[**]	[**]
3.1.3.3	[**]	[**]	[**]	[**]
3.1.4.1	[**]	[**]	[**]	[**]
3.1.4.2	[**]	[**]	[**]	[**]
3.1.5.1	[**]	[**]	[**]	[**]
3.1.6.1	[**]	[**]	[**]	[**]
3.2.1.1.1.1	[**]	[**]	[**]	[**]
3.2.1.1.1.2	[**]	[**]	[**]	[**]
3.2.1.1.2.1	[**]	[**]	[**]	[**]
3.2.1.1.2.2	[**]	[**]	[**]	[**]
3.2.1.1.3.1	[**]	[**]	[**]	[**]
3.2.1.1.3.2	[**]	[**]	[**]	[**]
3.2.1.2.1.1	[**]	[**]	[**]	[**]
3.2.1.2.1.2	[**]	[**]	[**]	[**]
3.2.1.2.2.1	[**]	[**]	[**]	[**]
3.2.1.3.1	[**]	[**]	[**]	[**]
3.2.2.1	[**]	[**]	[**]	[**]
3.2.2.2	[**]	[**]	[**]	[**]

Location in Data Room	ES414	Fileroom	File type	GLP Status
3.2.3.1	[**]	[**]	[**]	[**]
3.3.1.1	[**]	[**]	[**]	[**]
3.3.1.2	[**]	[**]	[**]	[**]
3.3.2.1	[**]	[**]	[**]	[**]
3.3.2.2	[**]	[**]	[**]	[**]
3.3.2.3	[**]	[**]	[**]	[**]
3.3.3.1.1	[**]	[**]	[**]	[**]
3.3.3.1.2	[**]	[**]	[**]	[**]
3.3.3.1.3	[**]	[**]	[**]	[**]
3.3.3.1.4	[**]	[**]	[**]	[**]
3.3.3.1.5	[**]	[**]	[**]	[**]
3.3.3.2	[**]	[**]	[**]	[**]
3.3.3.2.1	[**]	[**]	[**]	[**]
3.3.3.3.1	[**]	[**]	[**]	[**]
3.3.4.1.1	[**]	[**]	[**]	[**]
3.3.4.2.1	[**]	[**]	[**]	[**]
3.3.4.2.2	[**]	[**]	[**]	[**]
3.3.4.2.3	[**]	[**]	[**]	[**]
3.3.4.2.4	[**]	[**]	[**]	[**]
3.3.4.2.5	[**]	[**]	[**]	[**]
3.3.4.3.1	[**]	[**]	[**]	[**]
3.3.4.3.2	[**]	[**]	[**]	[**]
3.3.4.3.3	[**]	[**]	[**]	[**]
3.3.4.3.4	[**]	[**]	[**]	[**]

Location in Data Room	ES414	Fileroom	File type	GLP Status
3.3.4.3.5	[**]	[**]	[**]	[**]
3.3.4.3.6	[**]	[**]	[**]	[**]
3.3.5.1.1.1	[**]	[**]	[**]	[**]
3.3.5.1.1.2	[**]	[**]	[**]	
3.3.5.1.1.3	[**]	[**]	[**]	
3.3.5.1.1.4	[**]	[**]	[**]	
3.3.5.5.4.4	[**]	[**]	[**]	[**]
3.3.5.5.4.11	[**]	[**]	[**]	[**]
3.3.5.5.4.12	[**]	[**]	[**]	[**]
3.5.1	[**]	[**]	[**]	[**]
3.5.2	[**]	[**]	[**]	[**]
3.6.1	[**]	[**]	[**]	[**]
4.1.2.1	[**]	[**]	[**]	[**]
4.2.1.1.1	[**]	[**]	[**]	[**]
4.2.1.2.1	[**]	[**]	[**]	[**]
4.2.1.2.2	[**]	[**]	[**]	[**]
4.2.1.3.1.1	[**]	[**]	[**]	[**]
4.2.1.3.1.2	[**]	[**]	[**]	[**]
4.2.1.3.1.3	[**]	[**]	[**]	[**]
4.2.1.3.1.4	[**]	[**]	[**]	[**]
4.2.1.3.1.5	[**]	[**]	[**]	[**]
4.2.1.3.1.6	[**]	[**]	[**]	[**]
4.2.1.3.1.7	[**]	[**]	[**]	[**]

Location in Data Room	ES414	Fileroom	File type	GLP Status
4.2.1.3.2.1	[**]	[**]	[**]	[**]
4.2.1.3.2.2	[**]	[**]	[**]	[**]
4.2.1.4.1	[**]	[**]	[**]	[**]
4.2.1.4.2	[**]	[**]	[**]	[**]
4.2.1.4.3	[**]	[**]	[**]	[**]
4.2.1.4.4	[**]	[**]	[**]	[**]
4.2.2.1	[**]	[**]	[**]	[**]
4.2.3.1	[**]	[**]	[**]	[**]
4.2.4.2	[**]	[**]	[**]	[**]
4.2.5.1	[**]	[**]	[**]	[**]
4.3.2.2	[**]	[**]	[**]	[**]
4.4.1	[**]	[**]	[**]	[**]
4.4.2	[**]	[**]	[**]	[**]
4.4.3	[**]	[**]	[**]	[**]
4.4.8	[**]	[**]	[**]	[**]
4.4.10	[**]	[**]	[**]	[**]

SCHEDULE 12.7.1

PRESS RELEASE

[For the MorphoSys Press Release see the following page]

Media Release

Martinsried/Munich, Germany, and Rockville, MD, USA, 19 August 2014

MorphoSys and Emergent BioSolutions Sign License Agreement to Co-Develop and Commercialize Prostate Cancer Drug Candidate ES414

MorphoSys to Hold Public Conference Call (in English) on Wednesday, 20 August 2014, at 2:00pm CEST (1:00pm BST/8:00am EDT)

MorphoSys AG (FSE: MOR; Prime Standard Segment, TecDAX, OTC: MPSYY) and Emergent BioSolutions Inc. (NYSE: EBS) today announced an agreement for the joint development and commercialization of ES414. The compound, to be renamed MOR209/ES414, is an anti-PSMA/anti-CD3 bi-specific antibody targeting prostate cancer, which was developed by Emergent using its proprietary ADAPTIR™ (modular protein technology) platform. Preclinical *in vitro* and *in vivo* studies have shown that MOR209/ES414 redirects T-cell cytotoxicity towards prostate cancer cells expressing Prostate Specific Membrane Antigen (PSMA), an antigen commonly found on such cells.

Under the terms of the agreement, MorphoSys gains worldwide commercialization rights excluding the U.S. and Canada, where Emergent will retain rights. Emergent will receive an upfront payment of US$20 million and will be eligible to receive potential milestone payments of up to US$163 million. The milestone payments are linked to specific events, including successful development of MOR209/ES414 in several indications and securing approval in certain territories. MorphoSys and Emergent will jointly develop MOR209/ES414, with MorphoSys bearing 64% and Emergent 36% of the total costs. Emergent will manufacture and supply clinical material from its manufacturing facilities in Baltimore, Maryland. Emergent will receive low single digit royalties on product sales in MorphoSys's territory and MorphoSys will receive tiered royalties from mid-single digit up to 20% on product sales in Emergent's territory. Additional financial details were not disclosed.

Dr. Arndt Schottelius, Chief Development Officer of MorphoSys, added: "We are pleased to be working with Emergent BioSolutions. We believe MOR209/ES414 has the potential to be an important therapy for prostate cancer, where there is a pressing need for better treatments. The preclinical data suggest that the molecule has a number of potential advantages over other drug candidates in this indication. Our goal is to combine our capabilities with those of Emergent to enable the fastest possible development and commercialization of MOR209/ES414."

Barry Labinger, Executive Vice President and President Biosciences Division at Emergent BioSolutions, stated: "Emergent looks forward to collaborating with MorphoSys to potentially address important unmet needs amongst patients suffering from prostate cancer. Our companies bring complementary capabilities, compatible cultures and values, and a shared commitment to the highest quality development and commercialization of MOR209/ES414. We expect to begin clinical development within the next six months. We are encouraged by our partnership with MorphoSys and the continued interest of multiple parties in our ADAPTIR platform."

MorphoSys and Emergent plan to initiate a Phase 1 clinical trial evaluating MOR209/ES414 in patients with metastatic castration-resistant prostate cancer (mCRPC) within the next six months. The initial phase of the trial will be conducted in the U.S. and Australia, with Emergent as the sponsor.

(i) MorphoSys will hold a public conference call **tomorrow, 20 August 2014, at 02:00 p.m. CEST** (08:00 a.m. EDT, 01:00 p.m. BST), to present key information on the agreement with Emergent BioSolutions.

(ii) **Dial-in number for the Conference Call (listen-only):**

(iii) Germany: +49 (0) 89 2444 32975

(iv) For U.K. residents: +44 (0) 20 3003 2666

(v) For U.S. residents: +1 202 204 1514

(vi)

(vii) Please dial in 10 minutes before the beginning of the conference.

(viii) In addition, MorphoSys offers participants the opportunity to follow the presentation through a simultaneous slide presentation online at http://www.morphosys.com.

(ix) A live webcast, slides, webcast replay and transcript will be made available at http://www.morphosys.com.

(x) Approximately two hours after the press conference, a slide-synchronized audio replay of the conference will be available on http://www.morphosys.com.

About MOR209/ES414

MOR209/ES414 is a targeted immunotherapeutic protein, which activates host T cell immunity specifically against prostate cancer cells expressing Prostate Specific Membrane Antigen (PSMA), an antigen commonly overexpressed on prostate cancer cells. The MOR209/ES414 molecule was constructed using Emergent's ADAPTIR technology platform and selectively binds to the T cell receptor on cytotoxic T cells and PSMA on tumor cells. MOR209/ES414 contains two pairs of binding domains, each targeting a unique antigen, linked to opposite ends of an immunoglobulin Fc domain to extend the half-life and enable use of a purification process typical of lg-based molecules. In preclinical studies, MOR209/ES414 has been shown to redirect T cell cytotoxicity towards prostate cancer cells expressing PSMA.

About the ADAPTIR™ Platform

ADAPTIR bispecific proteins are modular, single chain polypeptides that comprise two separate binding domains, a hinge segment, and an effector domain (huFc). They have a differentiated structure from monoclonal antibodies and can generate a unique signaling response. Some ADAPTIR molecules, like MOR209/ES414, may mediate T cell cytotoxicity by redirecting T cells against tumor cells. In addition, monospecific ADAPTIR proteins may mediate complement dependent cytotoxicity and Fc dependent cytotoxicity, similar to monoclonal antibodies.

About Prostate Cancer

Prostate cancer is the most common cancer in men with approximately 230,000 new cases annually in the United States or 900,000 new cases annually worldwide. Screening, radiation, surgery and hormone ablation therapy have greatly improved the detection and treatment of early stage prostate cancer. However, the new therapies only improve life expectancy by a few months for patients with metastatic castration-resistant prostate cancer.

About MorphoSys

MorphoSys developed HuCAL, the most successful antibody library technology in the pharmaceutical industry. By successfully applying this and other patented technologies, MorphoSys has become a leader in the field of therapeutic antibodies, one of the fastest-growing drug classes in human healthcare.

Together with its pharmaceutical partners, MorphoSys has built a therapeutic pipeline of more than 80 human antibody drug candidates for the treatment of cancer, rheumatoid arthritis, and Alzheimer's disease, to name just a few. With its ongoing commitment to new antibody technology and drug development, MorphoSys is focused on making the healthcare products of tomorrow. MorphoSys is listed on the Frankfurt Stock Exchange under the symbol MOR. For regular updates about MorphoSys, visit http://www.morphosys.com.

About Emergent BioSolutions

Emergent BioSolutions is a global specialty biopharmaceutical company seeking to protect and enhance life by offering specialized products to healthcare providers and governments to address medical needs and emerging health threats. Additional information about us may be found at www.emergentbiosolutions.com. Follow us on twitter: @emergentbiosolu.

MorphoSys Safe Harbor Statement

This communication contains certain forward-looking statements concerning the MorphoSys group of companies. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve risks and uncertainties. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. MorphoSys does not intend to update any of these forward-looking statements as far as the wording of the relevant press release is concerned.

Emergent BioSolutions Safe Harbor Statement

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements in this press release include statements about the potential and therapeutic opportunity of the MOR209/ES414 molecule and potential milestone and royalty payments for development, regulatory approval and sales of the product candidate. These forward-looking statements are based on our current intentions, beliefs and expectations regarding future events. We cannot guarantee that any forward-looking statement will be accurate. Investors should realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could differ materially from our expectations. Investors are, therefore, cautioned not to place undue reliance on any forward-looking statement. Any forward-looking statement speaks only as of the date of this press release, and, except as required by law, we do not undertake to update any forward-looking statement to reflect new information, events or circumstances.

There are a number of important factors that could cause the company's actual results to differ materially from those indicated by such forward-looking statements, including the success of clinical trials for MOR209/ES414; the timing of and our ability to obtain and maintain regulatory approvals for MOR209/ES414; the rate and degree of market acceptance and clinical utility of MOR209/ES414 as a product; and our commercialization, marketing and manufacturing capabilities and strategy with respect to MOR209/ES414. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from our expectations in any forward-looking statement. Investors should consider this cautionary statement, as well as the risk factors identified in our periodic reports filed with the SEC, when evaluating our forward-looking statements.

For more information, please contact: MorphoSys AG
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Head of Corporate Communications & IR

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[For the Emergent Press Release see the following page]

Media Release:

Rockville, MD, USA and Martinsried/Munich, Germany, 19 August 2014

Emergent BioSolutions and MorphoSys Sign License Agreement to Co-Develop and Commercialize Prostate Cancer Drug Candidate ES414

Emergent BioSolutions Inc. (NYSE: EBS) and MorphoSys AG (FSE: MOR; Prime Standard Segment, TecDAX, OTC: MPSYY) today announced an agreement for the joint development and commercialization of Emergent's preclinical bi-specific antibody, ES414, targeting prostate cancer. Under the terms of the agreement, Emergent will receive an upfront payment of US$20 million and milestone payments of up to US$163 million. These milestone payments are linked to specific events, including successful development of ES414 in several indications and securing approval in certain territories. Emergent and MorphoSys will jointly develop ES414, with MorphoSys bearing 64% and Emergent 36% of the total costs. Emergent will retain commercialization rights in the U.S. and Canada, with a tiered royalty obligation to MorphoSys, from mid-single digit up to 20%. MorphoSys will gain worldwide commercialization rights excluding the U.S. and Canada, with a low single digit royalty obligation to Emergent. Emergent will manufacture and supply clinical material from its manufacturing facilities in Baltimore, Maryland. Additional financial details were not disclosed.

ES414, which will be renamed MOR209/ES414, was developed by Emergent using its proprietary ADAPTIR™ (modular protein technology) platform. Preclinical *in vitro* and *in vivo* studies have shown that ES414 redirects T-cell cytotoxicity towards prostate cancer cells expressing Prostate Specific Membrane Antigen (PSMA), an antigen commonly found on such cells.

Barry Labinger, Executive Vice President and President Biosciences Division at Emergent BioSolutions, stated: "Emergent looks forward to collaborating with MorphoSys to potentially address important unmet needs amongst patients suffering from prostate cancer. Our companies bring complementary capabilities, compatible cultures and values, and a shared commitment to the highest quality development and commercialization of ES414. We expect to begin clinical development within the next six months. Progress with ES414 will help validate our ADAPTIR platform, which we believe has broad potential to generate additional novel treatments for cancer and other important diseases. We are encouraged by our partnership with MorphoSys and the continued interest of multiple parties in our ADAPTIR platform."

Arndt Schottelius, Chief Development Officer of MorphoSys, added: "We are pleased to be working with Emergent BioSolutions. We believe ES414 has the potential to be an important therapy for prostate cancer, where there is a pressing need for better treatments. The preclinical data suggest that the molecule has a number of potential advantages over other drug candidates in this indication. Our goal is to combine our capabilities with those of Emergent to enable the fastest possible development and commercialization of ES414."

Emergent and MorphoSys plan to initiate a Phase 1 clinical trial evaluating ES414 in patients with metastatic castration-resistant prostate cancer (mCRPC) within the next six months. The initial phase of the trial will be conducted in the U.S. and Australia, with Emergent as the sponsor.

About ES414

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About the ADAPTIR™ Platform

ADAPTIR bispecific proteins are modular, single chain polypeptides that comprise two separate binding domains, a hinge segment, and an effector domain (huFc). They have a differentiated structure from monoclonal antibodies and can generate a unique signaling response. Some ADAPTIR molecules, like ES414, may mediate T-cell cytotoxicity by redirecting T cells against tumor cells. In addition, monospecific ADAPTIR proteins may mediate complement dependent cytotoxicity and Fc dependent cytotoxicity, similar to monoclonal antibodies.

About Prostate Cancer

Prostate cancer is the most common cancer in men with approximately 230,000 new cases annually in the United States or 900,000 new cases annually worldwide. Screening, radiation, surgery and hormone ablation therapy have greatly improved the detection and treatment of early stage prostate cancer. However, the new therapies only improve life expectancy by a few months for patients with metastatic castration-resistant prostate cancer.

About Emergent BioSolutions

Emergent BioSolutions is a global specialty biopharmaceutical company seeking to protect and enhance life by offering specialized products to healthcare providers and governments to address medical needs and emerging health threats. Additional information about us may be found at www.emergentbiosolutions.com. Follow us on twitter: @emergentbiosolu.

About MorphoSys

MorphoSys developed HuCAL, the most successful antibody library technology in the pharmaceutical industry. By successfully applying this and other patented technologies, MorphoSys has become a leader in the field of therapeutic antibodies, one of the fastest-growing drug classes in human healthcare.

Together with its pharmaceutical partners, MorphoSys has built a therapeutic pipeline of more than 80 human antibody drug candidates for the treatment of cancer, rheumatoid arthritis, and Alzheimer's disease, to name just a few. With its ongoing commitment to new antibody technology and drug development, MorphoSys is focused on making the healthcare products of tomorrow. MorphoSys is listed on the Frankfurt Stock Exchange under the symbol MOR. For regular updates about MorphoSys, visit http://www.morphosys.com.

Emergent BioSolutions Safe Harbor Statement

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There are a number of important factors that could cause the company's actual results to differ materially from those indicated by such forward-looking statements, including the success of clinical trials for ES414; the timing of and our ability to obtain and maintain regulatory approvals for ES414; the rate and degree of market acceptance and clinical utility of ES414 as a product; and our commercialization, marketing and manufacturing capabilities and strategy with respect to ES414. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from our expectations in any forward-looking statement. Investors should consider this cautionary statement, as well as the risk factors identified in our periodic reports filed with the SEC, when evaluating our forward-looking statements.

MorphoSys Safe Harbor Statement

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For more information, please contact:

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MorphoSys AG
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Communications & IR

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Exhibit 10.28

APTEVO THERAPEUTICS INC.
CONVERTED EQUITY AWARDS INCENTIVE PLAN

1. Purpose

This Converted Equity Awards Incentive Plan (the "Plan") of Aptevo Therapeutics Inc. (the "Company") was adopted by the Board of Directors of the Company (the "Board") and was approved by Emergent BioSolutions Inc. ("Emergent") as the sole stockholder of the Company prior to the distribution by Emergent of not less than 80% of the stock of the Company to Emergent's stockholders following which the Company will become a separate publicly traded company (the "Distribution"). The sole purpose of the Plan is to govern the terms of awards granted under the Emergent Fourth Amended and Restated 2006 Stock Incentive Plan (including any predecessor version of such plan) to current and former employees, directors and service providers of Emergent who become employees, officers, directors or other service providers of the Company in connection with the Distribution (the "Emergent Awards") which Emergent Awards are being assumed by the Company and converted into awards with respect to Company Common Stock (as defined below) pursuant to the terms of the Employee Matters Agreement entered into between Emergent and the Company in connection with the Distribution (such Agreement, the "Employee Matters Agreement" and such converted awards, the "Converted Awards"). Except where the context otherwise requires, the term "Company" shall include any of the Company's present or future parent or subsidiary corporations as defined in Sections 424(e) or (f) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code") and any other business venture (including, without limitation, joint venture or limited liability company) in which the Company has a controlling interest, as determined by the Board.

2. Eligibility

Only holders of Emergent Awards that become Converted Awards pursuant to the Employee Matters Agreement are eligible to receive options and restricted stock units (each, an "Award") under the Plan. Each person who receives an Award under the Plan is deemed a "Participant".

3. Administration and Delegation

(a) Administration by Board of Directors. The Plan will be administered by the Board. The Board shall have authority to grant Awards and to adopt, amend and repeal such administrative rules, guidelines and practices relating to the Plan as it shall deem advisable. The Board may construe and interpret the terms of the Plan and any Award agreements entered into under the Plan. The Board may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem expedient to carry the Plan into effect and it shall be the sole and final judge of such expediency. All decisions by the Board shall be made in the Board's sole discretion and shall be final and binding on all persons having or claiming any interest in the Plan or in any Award. No director or person acting pursuant to the authority delegated by the Board shall be liable for any action or determination relating to or under the Plan made in good faith.

(b) Appointment of Committees. To the extent permitted by applicable law, the Board may delegate any or all of its powers under the Plan to one or more committees or subcommittees of the Board (a "Committee"). All references in the Plan to the "Board" shall mean the Board or a Committee of the Board or the officers referred to in Section 3(c) to the extent that the Board's powers or authority under the Plan have been delegated to such Committee or officers.

(c) Delegation to Officers. Subject to any requirements of applicable law (including as applicable Sections 152 and 157(c) of the General Corporation Law of the State of Delaware), the Board may delegate to one or more officers of the Company the power to grant Awards (subject to any limitations under the Plan) to employees or officers of the Company and to exercise such other powers under the Plan as the Board may determine, provided that the Board shall fix the terms of Awards to be granted by such officers, the maximum number of shares subject to Awards that the officers may grant, and the time period in which such Awards may be granted; and provided further, that no officer shall be authorized to grant Awards to any "executive officer" of the Company (as defined by Rule 3b-7 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) or to any "officer" of the Company (as defined by Rule 16a-1(f) under the Exchange Act).

4. Stock Available for Awards.

An aggregate of up to [_____][1] shares of common stock, $0.001 par value per share, of the Company (the "Common Stock") are available for the grant of Converted Awards under the Plan. No Awards may be granted under the Plan in connection with or following the Distribution other than the Converted Awards.

If any Award expires or is terminated, surrendered or canceled without having been fully exercised or is forfeited in whole or in part (including as the result of shares of Common Stock subject to such Award being repurchased by the Company at the original issuance price pursuant to a contractual repurchase right), is settled in cash, or results in any shares of Common Stock not being issued, the unused shares of Common Stock covered by such Award shall not be available for the grant of future Awards under the Plan. Shares of Common Stock delivered (either by actual delivery, attestation or net exercise) to the Company by a Participant to (i) purchase shares of Common Stock upon the exercise of an Award or (ii) satisfy tax withholding obligations with respect to an Award (including shares retained from the Award creating the tax obligation) shall not be added back to the number of shares available for future grant of Awards. However, in the case of Incentive Stock Options (as hereinafter defined), the foregoing provisions shall be subject to any limitations under the Code. Shares of Common Stock issued under the Plan may consist in whole or in part of authorized but unissued shares or treasury shares. In no event shall shares of Common Stock repurchased by the Company on the open market using the proceeds from the exercise of an Award increase the number of shares available for future grant of Awards.

5. Stock Options

(a) General. Subject to the terms of the Employee Matters Agreement, the Board may grant options to purchase Common Stock (each, an "Option") and determine the number of shares of Common Stock to be covered by each Option, the exercise price of each Option and the conditions and limitations applicable to the exercise of each Option, including conditions relating to applicable federal or state securities laws, as it considers necessary or advisable. An Option that is not intended to be an Incentive Stock Option (as hereinafter defined) shall be designated a "Nonstatutory Stock Option".

(b) Incentive Stock Options. A Converted Award that is an Option that the Board intends to be an "incentive stock option" as defined in Section 422 of the Code (an "Incentive Stock Option") shall be subject to, and shall be construed consistently with, the requirements of Section 422 of the Code. The Company shall have no liability to a Participant, or any other party, if an Option (or any part thereof) that is intended to be an Incentive Stock Option is not an Incentive Stock Option or for any action taken by the Board, including without limitation the conversion of an Incentive Stock Option to a Nonstatutory Stock Option.

(c) Exercise Price. The Board shall establish the exercise price of each Option in accordance with the terms of the Employee Matters Agreement and shall specify such exercise price in the applicable option agreement or other communication to the Participant; provided, however, that the exercise price may be less than 100% of the Fair Market Value (as defined below) on the date the Option is granted in order to preserve the intrinsic value of the outstanding Emergent Award prior to the Distribution.

(d) Duration and Vesting of Options. Each Option shall be exercisable at such times and subject to such terms and conditions as the Board may specify in the applicable option agreement subject to the limitations of the Plan and the Employee Matters Agreement; provided, however, that no Converted Award that was, prior to the Distribution, an option granted by Emergent before March 6, 2012 will be granted for a term in excess of 10 years from the date the option was granted by Emergent and no Converted Award that was, prior to the Distribution, an option granted by Emergent on or after March 6, 2012 will be granted for a term in excess of 7 years from the date the option was granted by Emergent. Converted Awards that were, prior to the Distribution, options granted by Emergent on or after May 19,2016, shall not vest (i) prior to the first anniversary of the date of grant of the Emergent Award; (ii) as to more than one-third of the Award prior to the second anniversary of the date of grant of the Emergent Award; and (iii) as to more than two-thirds of the Award prior to the third anniversary of the date of grant of the Emergent Award; provided, that, the Board or the Committee, either at the time the Option is granted or at any time thereafter, may allow an Option to accelerate and become vested, in whole or in part, prior to the vesting date specified above, in the event of the death or disability of the Participant.

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1 This is the number of Aptevo shares underlying the converted awards.

(e) Exercise of Option. Options may be exercised by delivery to the Company of a written notice of exercise signed by the proper person or by any other form of notice (including electronic notice) approved by the Board together with payment in full as specified in Section 5(f) for the number of shares for which the Option is exercised. Subject to Section 8(e), shares of Common Stock subject to the Option will be delivered by the Company following exercise as soon as practicable.

(f) Payment Upon Exercise. Common Stock purchased upon the exercise of an Option granted under the Plan shall be paid for as follows:

(i) in cash or by check, payable to the order of the Company;

(ii) except as otherwise provided in the applicable option agreement, by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding; (iii) to the extent provided for in the applicable option agreement or approved by the Board, in its sole discretion, by delivery (either by actual delivery or attestation) of shares of Common Stock owned by the Participant valued at their fair market value as determined by (or in a manner approved by) the Board ("Fair Market Value"), provided (i) such method of payment is then permitted under applicable law, (ii) such Common Stock, if acquired directly from the Company, was owned by the Participant for such minimum period of time, if any, as may be established by the Board in its discretion and (iii) such Common Stock is not subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements;

(iv) to the extent permitted by applicable law and provided for in the applicable option agreement or approved by the Board, in its sole discretion, by (i) delivery of a promissory note of the Participant to the Company on terms determined by the Board, or (ii) payment of such other lawful consideration as the Board may determine; or

(v) by any combination of the above permitted forms of payment.

(g) Limitation on Repricing. Unless such action is approved by the Company's stockholders or is pursuant to Section 7 of the Plan: (i) outstanding Options granted under the Plan may not be amended to provide an exercise price per share that is lower than the then-current exercise price per share of such outstanding Option, (ii) the Board may also not cancel any outstanding option (whether or not granted under the Plan) and grant in substitution therefor new Awards under the Plan covering the same or a different number of shares of Common Stock and having an exercise price per share lower than the then-current exercise price per share of the cancelled option, (iii) the Board may not cancel in exchange for a cash payment any outstanding Option with an exercise price per share above the then-current Fair Market Value or (iv) the Board may not take any other action under the Plan that constitutes a "repricing" under the rules of the NASDAQ Global Market.

6. Restricted Stock Units

(a) General. Subject to the terms of the Employee Matters Agreement, the Board may grant Awards entitling the recipient to receive shares of Common Stock to be delivered at the time such shares of Common Stock vest ("Restricted Stock Units").

(b) Terms and Conditions for Restricted Stock Units. Subject to the terms of the Employee Matters Agreement, the Board shall determine the terms and conditions of each award of Restricted Stock Units, including the conditions for vesting and forfeiture and the issue price, provided that for Converted Awards that were, prior to the Distribution, awards of Restricted Stock Units granted by Emergent on or after May 19, 2016, the following minimum vesting provisions shall apply. Restricted Stock Unit awards granted to Participants shall not vest: (i) prior to the first anniversary of the date of grant of the Emergent Award; (ii) as to more than one-third of the Award prior to the second anniversary of the date of grant of the Emergent Award; and (iii) as to more than two-thirds of the Award prior to the third anniversary of the date of grant of the Emergent Award; provided further that the Board or Committee may, either at the time a Restricted Stock Unit award is made or at any time thereafter, waive the forfeiture of any shares of Common Stock or remove or modify the restrictions applicable to the Restricted Stock Unit award, in whole or in part, in the event of the death or disability of the Participant.

(c) Additional Provisions Relating to Restricted Stock Units

(i) Settlement. Upon the vesting of and/or lapsing of any other restrictions (i.e., settlement) with respect to each Restricted Stock Unit, the Participant shall be entitled to receive from the Company such number of shares of Common Stock or an amount of cash equal to the Fair Market Value of such number of shares of Common Stock, as provided in the applicable Award agreement. The Board may, in its discretion, provide that settlement of Restricted Stock Units shall be deferred, on a mandatory basis or at the election of the Participant.

(ii) Voting Rights. A Participant shall have no voting rights with respect to any Restricted Stock Units.

(iii) Dividend Equivalents. To the extent provided by the Board, in its sole discretion, a grant of Restricted Stock Units may provide Participants with the right to receive an amount equal to any dividends or other distributions declared and paid on an equal number of outstanding shares of Common Stock ("Dividend Equivalents"). Dividend Equivalents may be settled in cash and/or shares of Common Stock and shall be subject to the same restrictions on transfer and forfeitability as the Restricted Stock Units with respect to which paid, as determined by the Board in its sole discretion, subject in each case to such terms and conditions as the Board shall establish, in each case to be set forth in the applicable Award agreement.

7. Adjustments for Changes in Common Stock and Certain Other Events

(a) Changes in Capitalization. In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Common Stock other than an ordinary cash dividend, (i) the number and class of securities available under this Plan, (ii) the share- and per-share provisions and the exercise price of each Option and (iii) the number of shares subject to each outstanding Restricted Stock Unit award, shall be appropriately adjusted by the Company (or substituted Awards may be made, if applicable) to the extent determined by the Board. Without limiting the generality of the foregoing, in the event the Company effects a split of the Common Stock by means of a stock dividend and the exercise price of and the number of shares subject to any outstanding Options are adjusted as of the date of the distribution of the dividend (rather than as of the record date for such dividend), then optionees who exercise such Options between the record date and the distribution date for such stock dividend shall be entitled to receive, on the distribution date, the stock dividend with respect to the shares of Common Stock acquired upon such Option exercise, notwithstanding the fact that such shares were not outstanding as of the close of business on the record date for such stock dividend.

(b) Reorganization and Change in Control Events

(i) Definitions

(A) A "Reorganization Event" shall mean:

(1) any merger or consolidation of the Company with or into another entity as a result of which all of the Common Stock of the Company is converted into or exchanged for the right to receive cash, securities or other property or is cancelled;

(2) any exchange of all of the Common Stock of the Company for cash, securities or other property pursuant to a share exchange transaction; or

(3) any liquidation or dissolution of the Company.

(B) A "Change in Control Event" shall mean:

(1) the acquisition by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a "Person") of beneficial ownership of any capital stock of the Company if, after such acquisition, such Person beneficially owns (within the meaning of Rule 13d 3 promulgated under the Exchange Act) 50% or more of either (x) the aggregate number of shares of Common Stock then-outstanding (the "Outstanding Company Common Stock") or (y) the combined voting power of the then-outstanding securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (1), the following acquisitions shall not constitute a Change in Control Event: (A) any acquisition directly from the Company (excluding an acquisition pursuant to the exercise, conversion or exchange of any security exercisable for, convertible into or exchangeable for common stock or voting securities of the Company, unless the Person exercising, converting or exchanging such security acquired such security directly

from the Company or an underwriter or agent of the Company), (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (C) any acquisition by any corporation pursuant to a Business Combination (as defined below) which complies with clauses (x) and (y) of subsection (3) of this definition; or

(2) such time as the Continuing Directors (as defined below) do not constitute a majority of the Board (or, if applicable, the Board of Directors of a successor corporation to the Company), where the term "Continuing Director" means at any date a member of the Board (x) who was a member of the Board on the date of the initial adoption of this Plan by the Board or (y) who was nominated or elected subsequent to such date by at least a majority of the directors who were Continuing Directors at the time of such nomination or election or whose election to the Board was recommended or endorsed by at least a majority of the directors who were Continuing Directors at the time of such nomination or election; provided, however, that there shall be excluded from this clause (y) any individual whose initial assumption of office occurred as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents, by or on behalf of a person other than the Board; or (3) the consummation of a merger, consolidation, reorganization, recapitalization or share exchange involving the Company or a sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), unless, immediately following such Business Combination, each of the following two conditions is satisfied: (x) all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding securities entitled to vote generally in the election of directors, respectively, of the resulting or acquiring corporation in such Business Combination (which shall include, without limitation, a corporation which as a result of such transaction owns the Company or substantially all of the Company's assets either directly or through one or more subsidiaries) (such resulting or acquiring corporation is referred to herein as the "Acquiring Corporation") in substantially the same proportions as their ownership of the Outstanding Company Common Stock and Outstanding Company Voting Securities, respectively, immediately prior to such Business Combination and (y) no Person (excluding any employee benefit plan (or related trust) maintained or sponsored by the Company or by the Acquiring Corporation) beneficially owns, directly or indirectly, 50% or more of the then-outstanding shares of common stock of the Acquiring Corporation, or of the combined voting power of the then-outstanding securities of such corporation entitled to vote generally in the election of directors (except to the extent that such ownership existed prior to the Business Combination); or

(3) the liquidation or dissolution of the Company.

(C) "Good Reason" shall mean any significant diminution in the Participant's title, authority, or responsibilities from and after such Reorganization Event or Change in Control Event, as the case may be, or any reduction in the annual cash compensation payable to the Participant from and after such Reorganization Event or Change in Control Event, as the case may be, or the relocation of the place of business at which the Participant is principally located to a location that is greater than 50 miles from its location immediately prior to such Reorganization Event or Change in Control Event.

(D) "Cause" shall mean any (i) willful failure by the Participant, which failure is not cured within 30 days of written notice to the Participant from the Company, to perform his or her material responsibilities to the Company, (ii) willful misconduct by the Participant which affects the business reputation of the Company, (iii) material breach by the Participant of any employment, consulting, confidentiality, non-competition or non-solicitation agreement with the Company, (iv) conviction or plea of nolo contendere (no contest) by the Participant to a felony, or (v) commission by the Participant of any act involving fraud, theft or dishonesty with respect to the Company's business or affairs. The Participant shall be considered to have been discharged for "Cause" if the Company determines, within 30 days after the Participant's resignation, that discharge for Cause was warranted.

(ii) Effect on Options

(A) Reorganization Event. Upon the occurrence of a Reorganization Event (regardless of whether such event also constitutes a Change in Control Event), or the execution by the Company of any agreement with respect to a Reorganization Event (regardless of whether such event will result in a Change in Control Event), the Board shall provide that all outstanding Options shall be assumed, or equivalent options shall be substituted, by the acquiring or succeeding corporation (or an affiliate thereof); provided that if such Reorganization Event also constitutes a Change in Control Event, except to the extent specifically provided to the contrary in the instrument evidencing any Option

or any other agreement between a Participant and the Company such assumed or substituted options shall become immediately exercisable in full if, on or prior to the first anniversary of the date of the consummation of the Reorganization Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation or the Participant's service on the Board is terminated. For purposes hereof, an Option shall be considered to be assumed if, following consummation of the Reorganization Event, the Option confers the right to purchase, for each share of Common Stock subject to the Option immediately prior to the consummation of the Reorganization Event, the consideration (whether cash, securities or other property) received as a result of the Reorganization Event by holders of Common Stock for each share of Common Stock held immediately prior to the consummation of the Reorganization Event (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if the consideration received as a result of the Reorganization Event is not solely common stock of the acquiring or succeeding corporation (or an affiliate thereof), the Company may, with the consent of the acquiring or succeeding corporation, provide for the consideration to be received upon the exercise of Options to consist solely of common stock of the acquiring or succeeding corporation (or an affiliate thereof) equivalent in value (as determined by the Board) to the per share consideration received by holders of outstanding shares of Common Stock as a result of the Reorganization Event.

Notwithstanding the foregoing, if the acquiring or succeeding corporation (or an affiliate thereof) does not agree to assume, or substitute for, some or all of such Options, or in the event of a liquidation or dissolution of the Company, the Board shall, upon written notice to the Participants, provide with respect to any Options that are not to be assumed by an acquiring or succeeding corporation that all then unexercised Options will become exercisable in full as of a specified time prior to the Reorganization Event and will terminate immediately prior to the consummation of such Reorganization Event, except to the extent exercised by the Participants before the consummation of such Reorganization Event; provided, however, that in the event of a Reorganization Event under the terms of which holders of Common Stock will receive upon consummation thereof a cash payment for each share of Common Stock surrendered pursuant to such Reorganization Event (the "Acquisition Price"), then the Board may instead provide that all such outstanding Options shall terminate upon consummation of such Reorganization Event and that each Participant shall receive, in exchange therefor, a cash payment equal to the amount (if any) by which (A) the Acquisition Price multiplied by the number of shares of Common Stock subject to such outstanding Options (whether or not then exercisable), exceeds (B) the aggregate exercise price of such Options and any applicable tax withholdings.

(B) Change in Control Event that is not a Reorganization Event. Upon the occurrence of a Change in Control Event that does not also constitute a Reorganization Event, except to the extent specifically provided to the contrary in the instrument evidencing any Option or any other agreement between a Participant and the Company, then outstanding Options shall continue to become vested in accordance with the original vesting schedule set forth in such Option, provided, however, that each such Option shall be immediately exercisable in full if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

(iii) Effect on Restricted Stock Unit Awards

(A) Reorganization Event that is not a Change in Control Event. Upon the occurrence of a Reorganization Event that is not a Change in Control Event, the forfeiture and other rights of the Company under each outstanding Restricted Stock Unit award shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Common Stock was converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Common Stock subject to such Restricted Stock Unit award.

(B) Change in Control Event. Upon the occurrence of a Change in Control Event (regardless of whether such event also constitutes a Reorganization Event), except to the extent specifically provided to the contrary in the instrument evidencing any Restricted Stock Unit award or any other agreement between a Participant and the Company, each then outstanding Restricted Stock Unit award shall continue to become free from conditions or restrictions in accordance with the original schedule set forth in such Restricted Stock Unit award, provided, however, that each such Restricted Stock Unit award shall immediately become free from all conditions or restrictions if, on or prior to the first anniversary of the date of the consummation of the Change in Control Event, the Participant's employment

with the Company or the acquiring or succeeding corporation is terminated for Good Reason by the Participant or is terminated without Cause by the Company or the acquiring or succeeding corporation.

8. General Provisions Applicable to Awards

(a) Transferability of Awards. Awards shall not be sold, assigned, transferred, pledged or otherwise encumbered by the person to whom they are granted, either voluntarily or by operation of law, except by will or the laws of descent and distribution or, other than in the case of an Incentive Stock Option, pursuant to a qualified domestic relations order, and, during the life of the Participant, shall be exercisable only by the Participant, except as may be otherwise provided in an Award agreement; provided, however, that the gratuitous transfer of the Award by the Participant to or for the benefit of any immediate family member, domestic partner, family trust or other entity established for the benefit of the Participant and/or an immediate family member thereof if, with respect to such proposed transferee, the Company would be eligible to use a Registration Statement on Form S-8 for the registration of the sale of the Common Stock subject to such Award under the Securities Act of 1933; provided, further, that the Company shall not be required to recognize any such transfer until such time as the Participant and such authorized transferee shall, as a condition to such transfer, deliver to the Company a written instrument in form and substance satisfactory to the Company confirming that such transferee shall be bound by all of the terms and conditions of the Award; and, provided, further, that no option intended to be an incentive stock option shall be transferable unless the Board shall otherwise permit. References to a Participant, to the extent relevant in the context, shall include references to authorized transferees.

(b) Documentation. Each Award shall be evidenced in such form (written, electronic or otherwise) as the Board shall determine. Subject to the terms of the Employee Matters Agreement, each Award may contain terms and conditions in addition to those set forth in the Plan.

(c) Board Discretion. Except as otherwise provided by the Plan, each Award may be made alone or in addition or in relation to any other Award. The terms of each Award need not be identical, and the Board need not treat Participants uniformly.

(d) Termination of Status. Subject to the terms of the Employee Matters Agreement, the Board shall determine the effect on an Award of the disability, death, termination of employment, authorized leave of absence or other change in the employment or other status of a Participant and the extent to which, and the period during which, the Participant, or the Participant's legal representative, conservator, guardian or Designated Beneficiary, may exercise rights under the Award.

(e) Withholding. The Participant must satisfy all applicable federal, state, and local or other income and employment tax withholding obligations before the Company will deliver stock certificates or otherwise recognize ownership of Common Stock under an Award. The Company may decide to satisfy the withholding obligations through additional withholding on salary or wages. If the Company elects not to or cannot withhold from other compensation, the Participant must pay the Company the full amount, if any, required for withholding or have a broker tender to the Company cash equal to the withholding obligations. Payment of withholding obligations is due before the Company will issue any shares on exercise or release from forfeiture of an Award or, if the Company so requires, at the same time as is payment of the exercise price unless the Company determines otherwise. If provided for in an Award or approved by the Board in its sole discretion, a Participant may satisfy such tax obligations in whole or in part by delivery of shares of Common Stock, including shares retained from the Award creating the tax obligation, valued at their Fair Market Value; provided, however, except as otherwise provided by the Board, that the total tax withholding where stock is being used to satisfy such tax obligations cannot exceed the Company's minimum statutory withholding obligations (based on minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to such supplemental taxable income), except that, to the extent that the Company is able to retain shares of Common Stock having a Fair Market Value that exceeds the statutory minimum applicable withholding tax without financial accounting implications or the Company is withholding in a jurisdiction that does not have a statutory minimum withholding tax, the Company may retain such number of shares of Common Stock (up to the number of shares having a fair market value equal to the maximum individual statutory rate of tax (determined by (or in a manner approved by) the Company)) as the Company shall determine in its sole discretion to satisfy the tax liability associated with any Award. Shares surrendered to satisfy tax withholding requirements cannot be subject to any repurchase, forfeiture, unfulfilled vesting or other similar requirements.

(f) Amendment of Award. Except as otherwise provided in Section 5(g) with respect to repricings, Sections 5(d) and 6(b) with respect to minimum vesting of Awards or Section 9(d) with respect to actions requiring stockholder approval, the Board may amend, modify or terminate any outstanding Award, including but not limited to, substituting therefor another Award of the same or a different type, changing the date of exercise or realization, and converting an Incentive Stock Option to a Nonstatutory Stock Option, provided either (i) that the Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the Participant or (ii) that the change is permitted under Section 7 hereof; provided further, notwithstanding anything to the contrary herein, the Board shall have no authority to amend, modify or terminate any outstanding Award that has the same effect of actions expressly prohibited by Section 5(g) and requires approval by the Company's stockholders.

(g) Conditions on Delivery of Stock. The Company will not be obligated to deliver any shares of Common Stock pursuant to the Plan or to remove restrictions from shares previously delivered under the Plan until (i) all conditions of the Award have been met or removed to the satisfaction of the Company, (ii) in the opinion of the Company's counsel, all other legal matters in connection with the issuance and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations, and (iii) the Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

(h) Acceleration. Except as provided in Sections 5(d) and 7(b), the Board may at any time provide that any Award shall become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in full or in part, as the case may be.

9. Miscellaneous

(a) No Right To Employment or Other Status. No person shall have any claim or right to be granted an Award, and the grant of an Award shall not be construed as giving a Participant the right to continued employment or any other relationship with the Company. The Company expressly reserves the right at any time to dismiss or otherwise terminate its relationship with a Participant free from any liability or claim under the Plan, except as expressly provided in the applicable Award.

(b) No Rights As Stockholder. Subject to the provisions of the applicable Award, no Participant or Designated Beneficiary shall have any rights as a stockholder with respect to any shares of Common Stock to be distributed with respect to an Award until becoming the record holder of such shares.

(c) Effective Date and Term of Plan. The Plan shall become effective immediately prior to the Distribution. No Awards shall be granted prior to (i) the date on which the Plan was adopted by the Board or (ii) the date the Plan was approved by the Company's stockholders. The Plan shall expire on December 31, 2021, but Awards previously granted may extend beyond that date.

(d) Amendment of Plan. The Board may amend, suspend or terminate the Plan or any portion thereof at any time; provided, however, that, to the extent determined by the Board, no amendment requiring stockholder approval under any applicable legal, regulatory or listing requirement shall become effective until such stockholder approval is obtained; provided further, that stockholder approval shall be required for any amendment to the Plan that (i) materially increases the number of shares of Common Stock available for issuance under the Plan (other than an increase to reflect an adjustment described in Section 7) or (ii) materially expands the class of service providers eligible to participate in the Plan.

(e) Authorization of Sub-Plans. The Board may from time to time establish one or more sub-plans under the Plan for purposes of satisfying applicable blue sky, securities or tax laws of various jurisdictions. The Board shall establish such sub-plans by adopting supplements to this Plan containing (i) such limitations on the Board's discretion under the Plan as the Board deems necessary or desirable or (ii) such additional terms and conditions not otherwise inconsistent with the Plan as the Board shall deem necessary or desirable. All supplements adopted by the Board shall be deemed to be part of the Plan, but each supplement shall apply only to Participants within the affected jurisdiction and the Company shall not be required to provide copies of any supplement to Participants in any jurisdiction which is not the subject of such supplement.

(f) Provisions for Foreign Participants. The Board may modify Awards or Options granted to Participants who are foreign nationals or employed outside the United States or establish subplans or procedures under the Plan to recognize differences in laws, rules, regulations or customs of such foreign jurisdictions with respect to tax, securities, currency, employee benefit or other matters.

(g) Compliance with Code Section 409A. Except as provided in individual Award agreements initially or by amendment, if and to the extent (i) any portion of any payment, compensation or other benefit provided to a Participant pursuant to the Plan in connection with his or her employment termination constitutes "nonqualified deferred compensation" within the meaning of Section 409A of the Code and (ii) the Participant is a specified employee as defined in Section 409A(a)(2)(B)(i) of the Code, in each case as determined by the Company in accordance with its procedures, by which determinations the Participant (through accepting the Award) agrees that he or she is bound, such portion of the payment, compensation or other benefit shall not be paid before the day that is six months plus one day after the date of "separation from service" (as determined under Section 409A of the Code) (the "New Payment Date"), except as Section 409A of the Code may then permit. The aggregate of any payments that otherwise would have been paid to the Participant during the period between the date of separation from service and the New Payment Date shall be paid to the Participant in a lump sum on such New Payment Date, and any remaining payments will be paid on their original schedule.

The Company makes no representations or warranty and shall have no liability to the Participant or any other person if any provisions of or payments, compensation or other benefits under the Plan are determined to constitute nonqualified deferred compensation subject to Section 409A of the Code but do not to satisfy the conditions of that section.

(h) Governing Law. The provisions of the Plan and all Awards made hereunder shall be governed by and interpreted in accordance with the laws of the State of Delaware, excluding choice-of-law principles of the law of such state that would require the application of the laws of a jurisdiction other than such state.

Approved by the Board of Directors of Aptevo Therapeutics Inc
on [_____], subject to
stockholder approval.

EXHIBIT 21

LIST OF SUBSIDIARIES*

Name of Subsidiary	**Jurisdiction of Incorporation or Organization**
Domestic	
Aptevo BioTherapeutics LLC	Delaware
Aptevo Research and Development LLC	Delaware
International	
Aptevo Europe Limited	England & Wales

* Expected subsidiaries of the Registrant following the spin-off

Exhibit 99

●, 2016

Dear Emergent BioSolutions Inc. Stockholder:

In August 2015, we announced our plan to spin off our biosciences business and therefore separate into two publicly-traded companies with distinct strategic plans, growth strategies, and operational and development priorities. We are pleased to report that we are on track to meet our goal of completing this spin-off transaction in mid-2016.

The separation is expected to create two strong, “pure play” companies with focused strategies, and to better align resources to achieve strategic priorities and unlock significant value for both companies.

The new biosciences company, Aptevo Therapeutics Inc., will focus on providing novel oncology and hematology therapeutics to meaningfully improve patients’ lives. The core technology of the biosciences company will be its ADAPTIR platform applied to immuno-oncology. Emergent BioSolutions will continue to operate as a global specialty life sciences company focused on providing specialty products for civilian and military populations that address intentional and naturally emerging public health threats.

The spin-off will enable each company to:

- tailor its business strategies to best address opportunities within its target market;
- enhance its business focus and better align resources to achieve strategic priorities;
- pursue distinct capital structures and capital allocation strategies; and
- target investors attracted to its business profile.

The separation will provide current Emergent stockholders with ownership interests in both Emergent and Aptevo. The separation is intended to be tax-free to Emergent stockholders for U.S. federal income tax purposes.

The separation will be in the form of a pro rata distribution of all of the outstanding shares of Aptevo common stock to Emergent stockholders. Each Emergent stockholder will receive ● shares of Aptevo common stock for each share of Emergent common stock held on ●, 2016, the record date for the distribution. You do not need to take any action to receive the common stock of Aptevo to which you are entitled as an Emergent stockholder.

We encourage you to read the attached information statement, which is being provided to all holders of shares of Emergent common stock as of ●, 2016. The information statement describes the separation in detail and contains important business and financial information about Aptevo.

We believe the separation provides tremendous opportunities for our businesses and our stockholders, as we work to continue to build long-term stockholder value. We appreciate your continuing support of Emergent and look forward to your future support of both companies.

Sincerely,

Daniel J. Abdun-Nabi
President and Chief Executive Officer
Emergent BioSolutions Inc.

●, 2016

Dear Future Aptevo Therapeutics Inc. Stockholder:

We are pleased to welcome you as a future stockholder of our new company, Aptevo Therapeutics Inc., a biotechnology company focused on developing novel oncology and hematology therapeutics to meaningfully improve patients' lives.

Our management team is excited for Aptevo to establish itself as a high-growth, "pure play" biotechnology company in the highly attractive immuno-oncology field. Aptevo is well-positioned for the development of bispecific therapeutics, which are antibody-based molecules that are able to bind multiple targets of therapeutic interest, utilizing its innovative ADAPTIR™ (modular protein technology) platform. This allows Aptevo to take a novel approach to cancer immunotherapy.

Aptevo will soon operate independently as a research-based biotechnology company with a sustainable portfolio of commercial products, consisting of WinRho ® , HepaGam B®, VARIZIG® and IXINITY®. For our longer-term future, we will seek to continue to build a robust product pipeline, including progressing multiple bispecific therapeutics into pre-clinical and clinical development.

Aptevo's business model is fundamentally different from that of Emergent. The key driver of our success will be the development, commercialization and market penetration of new proprietary therapeutics—discovered or developed in our own laboratories or in collaboration with others. As a result of the separation, our stockholders will be able to evaluate the distinct merits, performance and future prospects of Aptevo.

We have applied to have Aptevo common stock authorized for listing on The NASDAQ Global Market under the symbol "APVO."

We invite you to learn more about Aptevo and our strategic initiatives by reading the attached information statement, which contains important business and financial information about Aptevo. We look forward to our future as a new publicly-traded company and thank you for your trust and support.

Sincerely,

Marvin L. White
Chief Executive Officer

Aptevo Therapeutics Inc.

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Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED JUNE 28, 2016

INFORMATION STATEMENT

Aptevo Therapeutics Inc.

This information statement is being furnished in connection with the distribution by Emergent BioSolutions Inc. to its stockholders of all of the outstanding shares of common stock of Aptevo Therapeutics Inc., which is currently a wholly-owned subsidiary of Emergent that will hold directly or indirectly certain of the assets and liabilities associated with Emergent's biosciences business. Upon completion of the distribution, Aptevo will become a separate and independent publicly-traded company. To implement the distribution, Emergent will distribute all of the shares of Aptevo common stock on a pro rata basis to Emergent stockholders in a manner that generally is intended to be tax-free for U.S. federal income tax purposes.

For each share of Emergent common stock held of record by you as of the close of business on ●, 2016, the record date for the distribution, you will receive ● shares of Aptevo common stock. You will receive cash in lieu of any fractional shares of Aptevo common stock that you would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your shares of Emergent common stock in the "regular-way" market after the record date and before the distribution date, you also will be selling your right to receive shares of Aptevo common stock in connection with the separation and distribution. Shares of Aptevo common stock are expected to be distributed by Emergent to you on ●, 2016. The date of distribution of the Aptevo common stock is referred to in this information statement as the "distribution date."

No vote of Emergent stockholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Emergent a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of Emergent common stock or take any other action to receive your shares of Aptevo common stock.

There is no current trading market for Aptevo common stock, although Aptevo expects that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and that "regular-way" trading of Aptevo common stock will begin on the first trading day following the completion of the distribution. Aptevo has applied to have its common stock authorized for listing on The NASDAQ Global Market under the symbol "APVO." Following the distribution, Emergent common stock will continue to trade on the New York Stock Exchange under the symbol "EBS."

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 21

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is ●, 2016.

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Presentation of Information

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Aptevo assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Aptevo," "we," "us," "our," "our company" and "the company" refer to Aptevo Therapeutics Inc., a Delaware corporation, and its combined subsidiaries as they will exist assuming the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Emergent" and "Emergent BioSolutions" refer to Emergent BioSolutions Inc., a Delaware corporation, and its consolidated subsidiaries.

This information statement describes the business to be transferred to Aptevo by Emergent in the separation as if the transferred business were Aptevo's business for all historical periods described. Unless the context otherwise requires, references in this information statement to Aptevo's historical assets, liabilities, products, businesses or activities are intended to refer to certain historical assets, liabilities, products, businesses or activities of the biosciences business of Emergent, as further described in this information statement, as the business was conducted as part of Emergent prior to completion of the separation.

"Distribution" or "distribution" refers to the distribution of all of Aptevo's issued and outstanding shares of common stock to Emergent stockholders as of the close of business on the record date for the distribution.

"Separation" or "separation" refers to the separation of the biosciences business from Emergent and the creation of an independent, publicly-traded company, Aptevo, holding the biosciences business through a distribution of shares of Aptevo common stock to Emergent stockholders as of the close of business on the record date.

Trademarks, Trade Names and Service Marks

Aptevo owns or is pursuing the rights to use the trademarks, service marks and trade names that it uses in conjunction with the operation of its business. Some of the trademarks that Aptevo owns or has rights to use that appear in this information statement include: APTEVO THERAPEUTICS™, APTEVO™, APTEVO BIOTHERAPEUTICS™, APTEVO RESEARCH AND DEVELOPMENT™, ADAPTIR™ (modular protein technology), HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], VARIZIG® [Varicella Zoster Immune Globulin (Human)], WinRho® SDF [Rho (D) Immune Globulin Intravenous (Human)] and IXINITY® [coagulation factor IX (recombinant)], which may be registered or trademarked in the United States and other jurisdictions. The preceding marks and any and all Aptevo Therapeutics Inc. brand, product, service and feature names, logos and slogans are trademarks or registered trademarks of Aptevo Therapeutics Inc. or its subsidiaries in the United States or other countries. Aptevo's rights to some of these trademarks may be limited to select markets. Solely for convenience, we only use the ™ or ® symbols the first time any trademark or trade name is mentioned. Each trademark, trade name or service mark of any other company appearing in this information statement is, to Aptevo's knowledge, owned by such other company.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Aptevo and why is Emergent separating Aptevo's business and distributing Aptevo's common stock?

Aptevo, which is currently a wholly-owned subsidiary of Emergent, was formed to hold certain assets of Emergent's biosciences business. The separation of Aptevo from Emergent and the distribution of Aptevo common stock are intended to provide you with equity investments in two separate and independent publicly-traded companies that will be able to focus on each of their respective

	businesses. Emergent and Aptevo expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section entitled "The Separation and Distribution—Reasons for the Separation."
Why am I receiving this document?	Emergent is delivering this document to you because you are a holder of record of shares of Emergent common stock. If you are a holder of record of shares of Emergent common stock as of the close of business on ●, 2016, you are entitled to receive ● shares of Aptevo common stock for each share of Emergent common stock that you held at the close of business on such date. This document will help you understand how the separation and distribution will affect your investment in Emergent and your investment in Aptevo after the separation.
How will the separation of Aptevo from Emergent work?	As part of the separation, and prior to the distribution, Emergent and its subsidiaries expect to complete an internal reorganization in order to transfer to Aptevo certain assets of the biosciences business that Aptevo will own following the separation. To accomplish the separation, Emergent will distribute all of the outstanding shares of Aptevo common stock to Emergent stockholders on a pro rata basis as a distribution.
Why is the separation of Aptevo structured as a distribution?	Emergent believes that a distribution of shares of Aptevo common stock to the Emergent stockholders in a manner that is generally intended to be tax-free for U.S. federal income tax purposes is an efficient way to separate its biosciences business in a manner that will create long-term value for Emergent, Aptevo and their respective stockholders.
What is the record date for the distribution?	The record date for the distribution will be ●, 2016.
When will the distribution occur?	It is expected that all of the shares of Aptevo common stock will be distributed by Emergent at ● on ●, 2016 to holders of record of shares of Emergent common stock at the close of business on ●, 2016, the record date for the distribution.
What do stockholders need to do to participate in the distribution?	**Stockholders of Emergent as of the record date will not be required to take any action to receive Aptevo common stock in the distribution, but you are urged to read this entire information statement carefully**. No stockholder approval of the distribution is required. **You are not being asked for a proxy**. You do not need to pay any consideration, exchange or surrender your existing shares of Emergent common stock or take any other action to receive your shares of Aptevo common stock. **Please do not send in your Emergent stock certificates**. The distribution will not affect the number of outstanding shares of Emergent common stock or any rights of Emergent stockholders, although it is expected to affect the market value of each outstanding share of Emergent common stock.
How will shares of Aptevo common stock be issued?	You will receive shares of Aptevo common stock through the same channels that you currently use to hold or trade shares of Emergent common stock, whether through a brokerage account, 401(k) plan or

other channel. Receipt of shares of Aptevo common stock will be documented for you in the same manner that you typically receive stockholder updates, such as monthly broker statements and 401(k) statements.

If you own shares of Emergent common stock as of the close of business on the record date, including shares owned in certificated form, Emergent, with the assistance of Broadridge Financial Solutions, Inc., the distribution agent for the distribution, which we refer to as the "distribution agent," will distribute shares of Aptevo common stock to you or to your brokerage firm on your behalf by way of direct registration in book-entry form or in certificated form. The distribution agent will mail you an account statement that reflects your shares of Aptevo common stock or your bank or brokerage firm will credit your account for the shares.

How many shares of Aptevo common stock will I receive in the distribution?

Emergent will distribute to you ● shares of Aptevo common stock for each share of Emergent common stock held by you of record as of the close of business on ●, 2016, the record date for the distribution. Based on approximately ● shares of Emergent common stock outstanding as of ●, 2016, a total of approximately ● shares of Aptevo common stock will be distributed. For additional information on the distribution, see "The Separation and Distribution."

Will Emergent distribute fractional shares of Aptevo common stock in the distribution?

No. Emergent will not distribute fractional shares of Aptevo common stock in the distribution. Fractional shares that Emergent stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The receipt of cash in lieu of fractional shares will be taxable for U.S. federal income tax purposes to the recipient. For additional information, see the section entitled "Material U.S. Federal Income Tax Consequences."

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by Emergent in its sole and absolute discretion) of a number of conditions, including, among others:

- the continued validity of a private letter ruling received by Emergent from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions;
- the receipt of a tax opinion from counsel to Emergent substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended, or the Code;

- the internal reorganization having been completed and the transfer of certain assets and liabilities of the biosciences business from Emergent to Aptevo having been completed in accordance with the separation agreement;
- no order, injunction, or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions being in effect;
- the actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws or blue sky laws and the rules and regulations thereunder having been taken or made, and, where applicable, having become effective or been accepted;
- all governmental approvals necessary to consummate the separation, the distribution and the transactions related thereto and to permit the operation of Aptevo's business after the distribution date having been obtained and being in full force and effect;
- the separation and the distribution not violating or resulting in a breach of applicable law or any material contract of Emergent or Aptevo or any of their respective subsidiaries;
- the approval for listing on The NASDAQ Global Market of the shares of Aptevo common stock to be delivered to the record holders in the distribution having been obtained, subject to official notice of issuance;
- the U.S. Securities and Exchange Commission declaring effective the registration statement on Form 10 of which this information statement is a part, which we refer to as the Form 10, with no order suspending the effectiveness of the Form 10 in effect and no proceedings for such purposes pending before or threatened by the SEC;
- this information statement and such other information concerning Aptevo, its business, operations and management, the distribution and such other matters as Emergent shall determine in its sole and absolute discretion and as may otherwise be required by law having been mailed to the holders of record of Emergent common stock on the record date;
- Emergent's board of directors authorizing and approving the distribution and not having withdrawn such authorization and approval;
- Emergent's board of directors approving the assets and liabilities included in the Aptevo balance sheet; and
- no other events or developments existing or having occurred that, in the judgment of Emergent's board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the transactions related thereto.

Emergent and Aptevo cannot assure you that any or all of these conditions will be met, or that the separation and distribution will be

	consummated even if all of the conditions are met. Emergent can decline at any time to complete the separation. For a complete discussion of all of the conditions to the distribution, see the section entitled "The Separation and Distribution—Conditions to the Distribution."
What is the expected date of completion of the separation?	The completion and timing of the separation are dependent upon a number of conditions. It is expected that the shares of Aptevo common stock will be distributed by Emergent on ●, 2016 to the holders of record of shares of Emergent common stock at the close of business on the record date. However, no assurance can be provided as to the timing of the separation or that all conditions to the separation will be met.
Can Emergent decide to cancel the distribution of Aptevo common stock even if all the conditions have been met?	Yes. Until the distribution has occurred, Emergent has the right to terminate the distribution, even if all of the conditions are satisfied.
What if I want to sell my Emergent common stock or my Aptevo common stock?	You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.
What is "regular-way" and "ex-distribution" trading of Emergent stock?	Beginning on or shortly before the record date and continuing up to and through the distribution date, it is expected that there will be two markets in shares of Emergent common stock: a "regular-way" market and an "ex-distribution" market. Shares of Emergent common stock that trade in the "regular-way" market will trade with an entitlement to shares of Aptevo common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to shares of Aptevo common stock distributed pursuant to the distribution. If you decide to sell any shares of Emergent common stock before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your shares of Emergent common stock with or without your entitlement to Aptevo common stock pursuant to the distribution.
Where will I be able to trade shares of Aptevo common stock?	Aptevo has applied for the listing of its common stock on The NASDAQ Global Market under the symbol "APVO." Aptevo anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or shortly before the record date and will continue up to and through the distribution date and that "regular-way" trading in Aptevo common stock will begin on the first trading day following the completion of the separation. If trading begins on a "when-issued" basis, you may purchase or sell Aptevo common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. Aptevo cannot predict the trading prices for its common stock before, on or after the distribution date.
What will happen to the listing of Emergent common stock?	Shares of Emergent common stock will continue to trade on the NYSE after the distribution.

Will the number of shares of Emergent common stock that I own change as a result of the distribution?

No. The number of shares of Emergent common stock that you own will not change as a result of the distribution.

Will the distribution affect the market price of my shares of Emergent stock?

Yes. As a result of the distribution, Emergent expects the trading price of shares of Emergent common stock immediately following the distribution to be lower than the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the biosciences business held by Aptevo. There can be no assurance that the combined aggregate market value of Emergent common stock and Aptevo common stock following the separation will be higher than or equal to the aggregate market value of Emergent common stock if the separation did not occur. This means, for example, that the combined trading prices of one share of Emergent common stock and ● shares of Aptevo common stock after the distribution may be equal to, greater than or less than the trading price of one share of Emergent common stock before the distribution.

What are the material U.S. federal income tax consequences of the distribution?

Assuming that the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes, no gain or loss should be recognized by, and no amount should be includible in the income of, an Emergent stockholder as a result of the distribution, except to the extent such stockholder receives cash in lieu of fractional shares. An Emergent stockholder will have an aggregate tax basis in the shares of Aptevo common stock received in the distribution and shares of Emergent common stock held immediately after the distribution equal to such stockholder's aggregate tax basis in the shares of Emergent common stock immediately before the distribution (allocated between the shares of Emergent common stock and Aptevo common stock in proportion to relative fair market values on the distribution date). For more information regarding the material U.S. federal income tax consequences of the distribution, see the section entitled "Material U.S. Federal Income Tax Consequences."

You should consult your tax advisor about the particular tax consequences of the distribution to you, including the consequences under state, local and non-U.S. tax laws.

What will Aptevo's relationship be with Emergent following the separation?

Following the separation and distribution, Aptevo and Emergent will operate separately, each as an independent public company. Aptevo will enter into a separation and distribution agreement with Emergent to effect the separation. In connection with the separation, Aptevo will also enter into various other agreements to provide a framework for its relationship with Emergent after the separation, including a non-negotiable promissory note, a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian distributor agreement, a trademark license agreement and a product license agreement. These agreements

	will provide for the allocation between Aptevo and Emergent of Emergent's assets, employees, liabilities and obligations (including investments, property and employee benefits, and tax-related assets and liabilities) attributable to periods prior to, at and after Aptevo's separation from Emergent and will govern certain relationships between Aptevo and Emergent after the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Party Transactions."
Following the spin-off, will Aptevo have cash on hand to fund its operating expenses and capital expenditures?	Prior to or upon the completion of the spin-off, Emergent will make a cash capital contribution of $45 million to Aptevo to fund Aptevo's operations. In addition, within six to 12 months following the distribution, it is expected that Emergent will transfer to Aptevo an additional $20 million in cash pursuant to a non-negotiable, unsecured promissory note that Emergent will issue to Aptevo prior to the distribution. This cash capital contribution, together with the cash Aptevo expects to receive under the promissory note, commercial product revenue and partnering revenue, is in an amount that Aptevo estimates will, based on its current plans and expectations, meet its cash needs for at least 12 months after the completion of the spin-off. Prior to or after such time, Aptevo expects that it will be able to access the equity or debt capital markets for additional funding. To enhance long-term financial flexibility, Aptevo is evaluating entering into a credit facility or other debt financing arrangement with one or more financial institutions that would be entered into in connection with the completion of the spin-off.
Who will manage Aptevo after the separation?	Aptevo will benefit from a management team with a background in the biotechnology industry. Led by Marvin L. White, who will be Aptevo's Chief Executive Officer after the separation, Aptevo's management team possesses significant knowledge and experience with our business and in our industry. Aptevo's executive management team also includes Jeffrey G. Lamothe and Scott C. Stromatt, who have held senior positions of responsibility at Emergent. Dr. Stromatt has served as Chief Medical Officer for the last six years at Emergent and will continue the clinical development programs for the ADAPTIR molecules that he has designed and directed. For more information regarding Aptevo's management, see "Management."
Are there risks associated with owning Aptevo common stock?	Yes. Ownership of Aptevo common stock is subject to both general and specific risks relating to Aptevo's business, the industry in which it operates, its ongoing contractual relationships with Emergent and its status as a separate, publicly-traded company. Ownership of Aptevo common stock is also subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 21. We encourage you to read that section carefully.

Does Aptevo plan to pay dividends?	No. Aptevo currently does not expect that it will pay any dividends. The declaration and payment of any dividends in the future by Aptevo will be subject to the sole discretion of its board of directors and will depend upon many factors. See "Dividend Policy."
Will Aptevo incur any indebtedness prior to or at the time of the distribution?	No. Aptevo will not incur any indebtedness prior to or at the time of the distribution. However, to enhance long-term financial flexibility, Aptevo is actively evaluating entering into a credit facility or other debt financing arrangement with one or more financial institutions that would be entered into in connection with the spin-off.
Who will be the distribution agent, transfer agent and registrar for the Aptevo common stock?	The distribution agent, transfer agent and registrar for the Aptevo common stock will be Broadridge Financial Solutions, Inc. For questions relating to the transfer or mechanics of the distribution, you should contact: Shareholder Services Broadridge Corporate Issuer Solutions, Inc. P.O. Box 1342 Brentwood, NY 11717 Tel: (800) 733-1121 shareholder@broadridge.com
Where can I find more information about Emergent and Aptevo?	If you have any questions relating to Emergent's business performance or, before the distribution, relating to Aptevo's business performance, you should contact: Emergent BioSolutions Inc. Investor Relations 400 Professional Drive, Suite 400 Gaithersburg, Maryland 20879 Tel: (240) 631-3280 investorrelations@ebsi.com After the distribution, if you have any questions relating to Aptevo's business performance, you should contact: Aptevo Therapeutics Inc. Investor Relations 2401 4th Ave., Suite 1050 Seattle, Washington 98121 Tel: (206) 838-0500 www.AptevoTherapeutics.com jlamothe@apvo.com

INFORMATION STATEMENT SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the separation or other information that may be important to you. To better understand the separation and Aptevo's business and financial position, you should carefully review this entire information statement. Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Aptevo assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Aptevo," "we," "us," "our," "our company" and "the company" refer to Aptevo Therapeutics Inc., a Delaware corporation, and its combined subsidiaries as they will exist assuming the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Emergent" and "Emergent BioSolutions" refer to Emergent BioSolutions Inc., a Delaware corporation, and its consolidated subsidiaries.

This information statement describes the business to be transferred to Aptevo by Emergent in the separation as if the transferred business were Aptevo's business for all historical periods described. Unless the context otherwise requires, references in this information statement to Aptevo's historical assets, liabilities, products, businesses or activities are intended to refer to certain historical assets, liabilities, products, businesses or activities of the biosciences business of Emergent, as further described in this information statement, as the business was conducted as part of Emergent prior to completion of the separation.

"Distribution" or "distribution" refers to the distribution of all of Aptevo's issued and outstanding shares of common stock to Emergent stockholders as of the close of business on the record date for the distribution.

"Separation" or "separation" refers to the separation of the biosciences business from Emergent and the creation of an independent, publicly-traded company, Aptevo, holding the biosciences business through a distribution of shares of Aptevo common stock to Emergent stockholders as of the close of business on the record date.

Our Company

Aptevo Therapeutics Inc. is a biotechnology company focused on novel oncology (cancer) and hematology (blood disease) therapeutics to meaningfully improve patients' lives. Our core technology is the ADAPTIR™ (modular protein technology) platform. We also have four revenue-generating products in the areas of hematology and infectious diseases, as well as various investigational stage product candidates in immuno-oncology. Aptevo, which is currently a wholly-owned subsidiary of Emergent BioSolutions Inc., was formed to own and operate certain assets from the biosciences business of Emergent in connection with the separation and distribution described in this information statement.

We were incorporated in the state of Delaware in February 2016. We have applied for the listing of Aptevo's common stock on the NASDAQ Global Market under the symbol "APVO." Our principal executive offices will be located at 2401 4th Ave., Suite 1050, Seattle, Washington 98121. Our telephone number following the separation will be (206) 838-0500. We will maintain an internet site at *www.AptevoTherapeutics.com*. Our website and the information contained on the website or connected to the website shall not be deemed to be incorporated into this information statement, and you should not rely on any such information in making an investment decision.

Our Products

Our investigational stage product candidates MOR209/ES414, ES210, ES425 and otlertuzumab are built on our novel ADAPTIR™ (modular protein technology) platform, which is designed to expand on the utility and

effectiveness of therapeutic antibodies.[1] The technology can produce monospecific and multispecific immunotherapeutic proteins that specifically bind to one or more targets, for example, bispecific therapeutic molecules, which may have structural advantages over monoclonal antibodies.[2]

The mechanisms of action for MOR209/ES414, ES210, ES425 and otlertuzumab include redirected T-cell cytotoxicity, or RTCC, by which a therapeutic molecule brings T-cells[3] into contact with tumor cells and trigger tumor killing, or targeted delivery of cytokines (or immune modulating protein) to diseased cells. The structural differences of ADAPTIR molecules over monoclonal antibodies allow for the development of new ADAPTIR immunotherapeutics that engage disease targets in a novel manner and produce a unique signaling response. We are skilled at product candidate generation, validation and subsequent pre-clinical and clinical development using the ADAPTIR platform. We have the ability to progress ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical development and process development capabilities and cGMP manufacturing oversight. We also have the ability to launch, market and commercialize these product candidates upon approval.

Our marketed products are:

- WinRho® SDF [Rh_0(D) Immune Globulin Intravenous (Human)], for treatment of autoimmune platelet disorder, also called immune thrombocytopenic purpura, or ITP,[4] and, separately, for the treatment of hemolytic disease of the newborn, or HDN;[5]
- HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], for prevention of hepatitis-B recurrence following liver transplantation in HBsAg-positive liver transplant patients, and for treatment following exposure to hepatitis-B;
- VARIZIG® [Varicella Zoster Immune Globulin (Human)], for treatment following exposure to varicella zoster virus, which causes chickenpox, in high-risk individuals; and
- IXINITY® [coagulation factor IX (recombinant)], indicated in adults and children 12 years of age and older with hemophilia B for control and prevention of bleeding episodes, and management of bleeding during operations.[6]

Our investigational stage product candidates include:

- MOR209/ES414, a bispecific immunotherapeutic ADAPTIR protein, currently in Phase 1, targeting prostate specific membrane antigen, or PSMA, an enzyme that is expressed on the surface of prostate

1 An antibody is a blood protein produced in response to and counteracting a specific antigen, which is a bacteria, virus or other foreign substance that induces an immune response in the body.

2 Monoclonal antibodies are identical antibodies from clones or copies of a unique parent cell that can bind only to one target. A bispecific protein therapeutic can bind to two different targets. Some bispecific protein therapeutics have similar structures to antibodies and are known as “bispecific antibodies.” The function of a bispecific requires two distinct binding domains to perform a unique mechanism that cannot be accomplished by a traditional monospecific antibody.

3 T-cells are a type of white blood cell. T-cells are part of the immune system and develop from stem cells in the bone marrow. They help protect the body from infection and are believed to help fight cancer.

4 ITP is a disease in which platelets are destroyed by a patient’s own immune system.

5 HDN is a disease in which the mother’s immune system attacks the newborn’s red blood cells.

6 Factor IX is a protein produced naturally by the body that assists with blood clotting and wound healing. A deficiency in factor IX protein causes hemophilia B. Some patients with hemophilia B do not naturally produce enough factor IX and can easily be injured. Recombinant factor IX therapeutic provides a benefit to patients by increasing the concentration of factor IX in their blood, which helps the blood form clots to prevent uncontrolled bleeding.

cancer cells. It is being developed under our collaboration with MorphoSys AG for metastatic castration-resistant prostate cancer, which is advanced prostate cancer that has spread to other organs and no longer responds to hormone blocking therapies;

- ES210, a bispecific ADAPTIR protein therapeutic that is currently in pre-clinical development for inflammatory bowel disease and other autoimmune and inflammatory diseases;
- otlertuzumab, a monospecific ADAPTIR protein therapeutic that is currently in Phase 2 clinical development for chronic lymphocytic leukemia, or CLL;
- 5E3 mAb, a monoclonal antibody therapeutic that is currently in pre-clinical development for Alzheimer's disease;
- ES425, a bispecific immunotherapeutic ADAPTIR protein that targets ROR1 (receptor tyrosine kinase-like orphan receptor 1, a protein expressed on solid tumors, leukemias, and lymphomas),[7] which is currently in pre-clinical development for a variety of hematologic malignancies and solid tumors; and
- Other protein therapeutic product candidates primarily targeting immuno-oncology.

Our Strategies

We seek to grow our business by, among other things:

Advancing our ADAPTIR platform, initially focusing upon immuno-oncology, to develop novel treatments. We intend to focus on product development using ADAPTIR, our modular protein platform technology. We intend to develop the MOR209/ES414 program in collaboration with MorphoSys AG, with the goal of commercializing the product in North America. We plan to select and create bispecific ADAPTIR therapeutics that redirect T-cell cytotoxicity, or RTCC, for early development, potentially with other collaborative partners, to further validate the potential of the ADAPTIR platform and expand the pipeline. As part of the selection process, we intend to strongly favor candidates that we believe have the potential to demonstrate proof of concept early in development. We expect to continue to develop the platform to address unmet medical needs, through directed cytokine delivery via bispecifics in areas including oncology, and multispecific molecules in oncology, autoimmune disease and other therapeutic areas. Our goal is to leverage this technology to seek targeted investment in bispecific ADAPTIR therapeutics.

Continuing to develop new products. We are committed to new product development. We have expertise in molecular biology, antibody engineering and the development of protein therapeutics, including cell line development, protein purification, process development and analytical characterization. We believe that these core areas of expertise enable the development of therapeutics based on the ADAPTIR platform technology from design, pre-clinical testing, and clinical development to preparation of a Biologics License Application, or BLA.

Establishing collaborative partnerships to broaden our pipeline and provide funding for research and development. We intend to continue to develop and grow our product portfolio through internal research and development as well as through collaborations potentially with other biopharmaceutical companies, academia and non-governmental organizations.

Successfully commercializing specialty products to create financial capacity for investment in our pipeline. We intend to continue to expand sales of IXINITY and maximize the financial contribution of our hyperimmune products WinRho, HepaGam B and VARIZIG for the purpose of funding our research and development efforts. We intend to make the investments required to further the launch of IXINITY and to optimize the revenue-generating capacity of our other products.

7 ROR1 is an antigen found on several solid tumors and hematologic, or blood-related malignancies.

Risks Related to Our Business, the Separation and our Common Stock

An investment in Aptevo common stock is subject to a number of risks, including risks related to Aptevo's business, risks related to the separation and risks related to Aptevo's common stock. The following list of risk factors is not exhaustive. Please read carefully the information described under "Risk Factors," beginning on page 21 of this information statement, for a more thorough description of these and other risks.

Risks Related to Aptevo's Business

- We have a history of losses and may not be profitable in the future.
- We will require significant additional funding and may be unable to raise capital when needed or on acceptable terms, which would harm our ability to grow our business, results of operations and financial condition.
- Our business depends on the continued success of our commercial product portfolio, consisting of WinRho SDF, HepaGam B, VARIZIG and IXINITY.
- Our ability to grow revenues and execute on our long-term strategy depends heavily on our ability to discover, develop, and obtain marketing approval for additional products or product candidates.
- We may not be successful in our efforts to use and further develop our ADAPTIR platform to expand our pipeline of product candidates.
- We face substantial competition, which may result in others developing or commercializing products before or more successfully than we do.
- Our Biologic Products may face risks of competition from biosimilar manufacturers.
- The commercial success of our products will depend upon the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community.
- Changes in health care systems and payor reimbursement policies could result in a decline in our potential sales and a reduction in our expected revenue from our products.
- Our revenues also depend on the availability outside the United States of adequate pricing and reimbursement from third-party payors for our current and future drug products, if any.
- If we are not able to convince hospitals and managed care organizations to include our products on their approved formulary lists, our revenues may not meet expectations and our business, results of operations and financial condition may be adversely affected.
- If we are unable to negotiate and maintain satisfactory arrangements with group purchasing organizations with respect to the purchase of our products, our sales, results of operations and financial condition could be adversely affected.
- We rely on third parties to distribute some of our products and those third parties may not perform.
- Following the separation, the loss of any of our sole source manufacturers, or delays or problems in the manufacture of our products or product candidates, could result in product shortages, leading to lost revenue, and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.
- Following the separation, Emergent will continue to own the manufacturing know-how necessary for the manufacture of WinRho SDF, HepaGam B and VARIZIG. If our rights to use this manufacturing know-how are terminated, we will not be able to manufacture these products, which would lead to lost revenue and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.

- Manufacturing biologic products, especially in large quantities, is complex and time consuming. Delays or problems in the manufacture of our products or product candidates could materially and adversely affect our business, financial condition, results of operations and growth prospects.
- If our third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's or foreign regulatory authorities' strict regulatory requirements, the FDA or their foreign counterparts will not approve their manufacturing facilities, which would result in significant delays in obtaining FDA or foreign marketing approvals for our product candidates.
- If Emergent or other third parties on whom we rely to manufacture and support the development and commercialization of our products do not fulfill their obligations or we are unable to establish or maintain such arrangements, the development and commercialization of our products may be terminated or delayed, and the costs of development and commercialization may increase.
- If we are unable to successfully develop our business infrastructure and operations, our ability to generate future product revenue will be adversely affected.
- We are subject to a number of risks and uncertainties associated with our international activities and operations and may not be successful in our efforts to expand internationally.
- Our long term success depends, in part, upon our ability to develop, receive regulatory approval for and commercialize our product candidates and, if we are not successful, our business and operating results may suffer.
- Generally, no product can receive FDA approval, marketing authorization from the European Commission or the competent authorities of the EU Member States, or approval from comparable regulatory agencies in foreign countries unless data generated in human clinical trials demonstrates both safety and efficacy for each target indication in accordance with such authority's standards.
- Regulatory approval for any approved product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, and we may incur significant liability if it is determined that we are promoting the "off-label" use of any of our products.
- Even after regulatory approval is received, if we, or third parties on whom we rely to manufacture or distribute our products or product candidates, fail to comply with regulatory requirements, or if we experience unanticipated problems with our approved products, they could be subject to restrictions, penalties or withdrawal from the market.
- If we fail to comply with federal and state healthcare laws, including fraud and abuse and health information privacy and security laws, we could face substantial penalties and our business, results of operations, financial condition and prospects could be adversely affected.
- If we fail to comply with our obligations under U.S. governmental pricing programs, we could be required to reimburse government programs for underpayments and could pay penalties, sanctions and fines.
- The failure to obtain or maintain regulatory approval in international jurisdictions could prevent us from marketing our products abroad and could limit the growth of our business.
- Our international operations increase our risk of exposure to potential claims of bribery and corruption.
- Our operations, including our use of hazardous materials, chemicals, bacteria and viruses, require us to comply with regulatory requirements and expose us to significant potential liabilities.
- The U.S. federal budget sequestration process may have a significant impact on our business.
- Our failure to comply with data protection laws and regulations could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.

- Public concern regarding the safety of drug products could result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs.
- Our business depends on our success in developing and commercializing our product candidates. If we are unable to commercialize these product candidates, or experience significant delays or unanticipated costs in doing so, our business would be materially and adversely affected.
- Clinical trials of product candidates are expensive and time-consuming, and their outcome is uncertain. We must invest substantial amounts of time and financial resources in these trials, which may not yield viable products.
- Serious adverse events, undesirable side effects or other unexpected properties of our product candidates may be identified that could delay, prevent or cause the withdrawal of regulatory approval, limit the commercial potential, or result in significant negative consequences following marketing approval.
- We depend on third parties to conduct our clinical and non-clinical trials. If these third parties do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our product candidates and, as a result, our business may suffer.
- We may fail to select or capitalize on the most scientifically, clinically or commercially promising or profitable product candidates.
- If our competitors are able to obtain orphan drug exclusivity for a product that is competitive with one or more of our product candidates and we cannot show that our product candidate is clinically superior, we may not be able to have competing products approved by the applicable regulatory authority for a significant period of time.
- If we do not obtain orphan drug exclusivity for our drug products, which do not have patent protection, our competitors may then sell the same drug to treat the same condition.
- If we are unable to protect our intellectual proprietary rights, our business could be harmed.
- International patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries we may have to expend substantial sums and management resources.
- Third parties may choose to file patent infringement claims against us; defending ourselves from such allegations would be costly, time-consuming, distracting to management and could materially affect our business.
- Our Aptevo trademarks may be opposed which could have a material and adverse effect on our business.
- If a third-party files a trademark infringement claim against us, defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction and damages, all of which could have a material and adverse effect on our business.
- We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.
- If we fail to comply with our obligations in our intellectual property licenses with third parties, we could lose license rights that are important to our business.
- If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.
- We may not be successful in establishing and maintaining collaborations that leverage our capabilities in pursuit of developing and commercializing our product candidates.

- We may seek debt financing, which may restrict the operation of our business and limit the cash available for investment in our business operations.
- We may not achieve profitability in future periods or on a consistent basis.
- Our results of operations and liquidity needs could be materially negatively affected by market fluctuations and economic downturns.
- Credit and financial market conditions may exacerbate certain risks affecting our business.
- The way that we account for our operational and business activities is based on estimates and assumptions that may differ from actual results.
- We face product liability exposure, which could cause us to incur substantial liabilities and negatively affect our business, financial condition and results of operations.
- We rely significantly on information technology systems and any failure, inadequacy, interruption or security lapse of that technology, including any cyber security incidents, could harm our ability to operate our business effectively or result in data leakage of proprietary and confidential business and employee information.
- Our success is dependent on our continued ability to attract, motivate and retain key personnel, and any failure to attract or retain key personnel may negatively affect our business.
- We are subject to periodic litigation, which could result in losses or unexpected expenditure of time and resources.

Risks Related to the Separation

- Until the separation occurs, Emergent has sole discretion to change the terms of the separation in ways which may be unfavorable to us.
- If the proposed separation is consummated, we may not realize some or all of the anticipated benefits due to a number of factors.
- We have no history operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly-traded company and may not be a reliable indicator of our future results.
- Emergent may fail to perform under various transaction agreements that will be executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.
- As we continue to build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.
- Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone publicly-traded company following the distribution.
- In connection with our separation from Emergent, Emergent will indemnify us for certain liabilities and we will indemnify Emergent for certain liabilities. If we are required to pay under these indemnities to Emergent, our financial results could be negatively impacted. The Emergent indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which Emergent will be allocated responsibility, and Emergent may not be able to satisfy its indemnification obligations in the future.
- If the distribution, together with certain related transactions, does not qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code, Emergent, Aptevo, and Emergent stockholders could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify Emergent for taxes and related expenses resulting from the failure of the transaction to so qualify.

- We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Emergent.
- We expect to incur both one-time and ongoing material costs and expenses as a result of our separation from Emergent, which could adversely affect our results of operations.
- The transfer or assignment to us of certain contracts and other assets requires the consent of a third party. If such consent is not given, we may not be entitled to the benefit of such contracts and other assets in the future.
- If the distribution occurs and you do not want to receive Aptevo common stock in the distribution, your sole recourse will be to divest yourself of your Emergent common stock prior to the record date.
- The combined post-separation value of a share of Emergent common stock and ● shares of Aptevo common stock may not equal or exceed the pre-distribution value of a share of Emergent common stock.
- We may not be able to engage in certain corporate transactions after the separation.
- After the separation, certain of our executive officers and/or directors may have actual or potential conflicts of interest because of their previous positions at Emergent.

Risks Related to Aptevo's Common Stock

- We cannot be certain that an active trading market for our common stock will develop or be sustained after the separation, and following the separation, our stock price may fluctuate significantly.
- The public announcement of data from clinical studies or news of any developments related to our product pipeline may cause significant volatility in our stock price. If the development of any of our key pipeline products is delayed or discontinued, our stock price could decline significantly.
- Your percentage of ownership in Aptevo may be diluted in the future.
- Fuad El-Hibri, the chairman of our Board of Directors, has significant influence over us through his substantial beneficial ownership of our common stock, including an ability to influence the election of the members of our Board of Directors, or delay or prevent a change of control of us.
- Provisions under Delaware law and in our restated certificate of incorporation and amended and restated by-laws may discourage acquisition proposals, delay a change in control or prevent transactions that stockholders may consider favorable.
- Our by-laws include an exclusive forum provision that could limit our stockholders' ability to obtain a judicial forum viewed by stockholders as more favorable for disputes with us or our directors, officers or other employees or certain stockholders.
- Because we currently do not expect to pay dividends following the distribution, investors will benefit from an investment in our common stock only if it appreciates in value.
- A significant portion of our shares may be sold into the market at any time. This could cause the market price of our common stock to drop significantly.

The Separation and Distribution

On August 6, 2015, Emergent announced its intention to separate its biosciences business. The separation will occur by means of a pro rata distribution to Emergent stockholders of 100% of the shares of common stock of Aptevo, which was formed to hold certain assets and liabilities of Emergent's biosciences business. In connection with this distribution, we expect that Emergent will complete an internal reorganization, which we

refer to as the "internal reorganization". As a result of the internal reorganization, Aptevo will become the parent company of those Emergent operations and will comprise those operations and the entities that will conduct the biosciences business as described in this information statement.

On ●, 2016, the Emergent board of directors approved the distribution of all of the issued and outstanding shares of Aptevo common stock on the basis of ● shares of Aptevo common stock for every share of Emergent common stock held as of the close of business on ●, 2016, the record date for the distribution.

Aptevo's Post-Separation Relationship with Emergent

Following the separation and distribution, Aptevo and Emergent will operate separately, each as an independent public company. Aptevo will enter into a separation and distribution agreement with Emergent to effect the separation. In connection with the separation, Aptevo will also enter into various other agreements to provide a framework for its relationship with Emergent after the separation, including a non-negotiable promissory note, a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian distributor agreement, a trademark license agreement and a product license agreement. These agreements will provide for the allocation between Aptevo and Emergent of Emergent's assets, employees, liabilities and obligations (including investments, property and employee benefits, and tax-related assets and liabilities) attributable to periods prior to, at and after Aptevo's separation from Emergent and will govern certain relationships between Aptevo and Emergent after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Party Transactions."

Reasons for the Separation

The Emergent board of directors believes that separating the biosciences business from the biodefense business of Emergent is in the best interests of Emergent and its stockholders for a number of reasons, including the following:

- *Allocation of Capital*. The Emergent board believes that the separation will permit each company to allocate its financial resources in a manner more tailored to its own commercial and strategic priorities and eliminate the competition for capital that has arisen between the two businesses.
- *Targeted Investment Opportunities*. The Emergent board believes that the separation will (1) allow each company to target investors attracted to its business profile, (2) allow investors to separately value each company based on its unique investment identity and (3) attract investors to each company that are not willing to invest in a combined entity but are willing to invest in a distinct "pure play" company.
- *Access to Capital and Acquisition Currency*. The Emergent board believes that the separation will create an independent equity currency for each of Emergent and Aptevo that will afford each company (1) direct, standalone access to the capital markets, (2) the opportunity to capitalize on its unique growth opportunities and (3) facilitate an ability to finance future acquisitions using its capital stock.
- *Management Focus and Operational Efficiency*. The Emergent board believes that the separation will permit the management of each company to tailor business strategies to best pursue targeted opportunities for long-term growth and profitability and enhance the business focus of each company and better align resources to achieve strategic priorities.
- *Competitive Equity Compensation*. The Emergent board believes that the separation will permit Aptevo to use equity compensation to attract and retain top talent in a manner and degree consistent with its operational priorities and growth prospects and more competitive with its industry peers, and that the separation will better align the value of equity compensation with the performance of the business for which the individual is employed, which is expected to make equity compensation more attractive to potential and existing employees.

The Emergent board of directors also considered a number of potentially negative factors in evaluating the separation, including the following:

- *Increased Administrative Costs*. As a current part of Emergent, Aptevo takes advantage of certain functions performed by Emergent, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Emergent will not perform certain of these functions for Aptevo, and, because of Aptevo's smaller scale as a standalone company, Aptevo's cost of performing such functions may be higher than the amounts reflected in Aptevo's historical financial statements, which may adversely affect Aptevo's results of operations.
- *Disruption Related to the Separation*. The actions required to separate Emergent's and Aptevo's respective businesses could disrupt Aptevo's operations.
- *Increased Impact of Certain Costs*. Certain costs and liabilities that were otherwise less significant to Emergent as a whole will be more significant for Aptevo as a standalone company due to Aptevo being smaller than Emergent.
- *Significant Separation Costs*. Emergent and Aptevo will incur costs in connection with the transition to being standalone public companies that may include accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Aptevo, costs related to establishing a new brand identity in the marketplace, tax costs and costs to separate information systems.
- *Risk of Failure to Achieve Anticipated Benefits of the Separation*. Aptevo may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (1) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing its business; and (2) following the separation, Aptevo may be more susceptible to market fluctuations and other adverse events than if Aptevo were still a part of Emergent because its business will be less diversified than Emergent's business prior to the completion of the separation.
- *Limitations on Strategic Transactions*. Under the terms of the tax matters agreement that Aptevo will enter into with Emergent, for a period of two years following the separation, Aptevo will be restricted from taking certain actions that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. During this period, these restrictions may limit Aptevo's ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of its business.
- *Loss of Scale*. As a current part of Emergent, Aptevo takes advantage of Emergent's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, Aptevo may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Emergent obtained prior to completion of the separation.
- *Loss of Joint Arrangements*. As a current part of Emergent, Aptevo takes advantage of Emergent's overall presence to procure more advantageous distribution arrangements. After the separation, as a standalone company, Aptevo may be unable to obtain similar arrangements to the same extent as Emergent did, or on terms as favorable as those Emergent obtained, prior to completion of the separation.
- *Uncertainty Regarding Stock Prices*. We cannot predict the effect of the separation on the trading prices of Aptevo or Emergent common stock or whether the combined market value of ● shares of Aptevo common stock and one share of Emergent common stock will be less than, equal to, or greater than the market value of one share of Emergent common stock prior to the distribution.

In determining to pursue the separation, the Emergent board of directors concluded that the potential benefits of the separation outweighed the potential negative factors. See the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Corporate Information

Aptevo Therapeutics Inc. was incorporated in Delaware in February 2016 for the purpose of holding certain assets and liabilities of Emergent's biosciences business in connection with the separation and distribution described in this information statement. Prior to the contribution of this business to Aptevo, which will occur over a period of several months prior to the distribution, Aptevo will have no operations. The address of Aptevo's principal executive offices will be 2401 4th Ave., Suite 1050, Seattle, Washington 98121. Aptevo's telephone number following the separation will be (206) 838-0500.

Aptevo will also maintain an internet site at *www.AptevoTherapeutics.com*. Aptevo's website and the information contained on the website or connected to the website shall not be deemed to be incorporated into this information statement, and you should not rely on any such information in making an investment decision.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of Emergent who will receive shares of Aptevo common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of Aptevo's securities. The information contained in this information statement is believed by Aptevo to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Emergent nor Aptevo will update the information except in the normal course of their respective disclosure obligations and practices.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following table sets forth summary historical financial information for the periods indicated below. The summary balance sheet data as of March 31, 2016 and the summary statement of operations data for the three months ended March 31, 2016 and 2015 have been derived from the unaudited condensed combined financial statements of the Biosciences Business of Emergent BioSolutions Inc., which are included elsewhere in the information statement. The summary balance sheet data as of December 31, 2015 and 2014 and the summary statement of operations data for the years ended December 31, 2015, 2014 and 2013 have been derived from the audited combined financial statements of the Biosciences Business of Emergent BioSolutions Inc., which are included elsewhere in the information statement.

The combined financial statements have been prepared on a "carve-out" basis for the purpose of presenting the Biosciences Business of Emergent BioSolutions Inc. financial position, results of operations and cash flows. Aptevo did not operate as a standalone entity in the past and accordingly the selected financial data presented herein is not necessarily indicative of Aptevo's future performance and does not reflect what Aptevo's performance would have been had Aptevo operated as an independent publicly-traded company during the periods presented.

The unaudited pro forma combined statement of operations for the three months ended March 31, 2016 and the year ended December 31, 2015 have been prepared as if the separation had occurred on January 1, 2015. The unaudited pro forma combined balance sheet as of March 31, 2016 has been prepared as if the separation had occurred on March 31, 2016. The pro forma adjustments are based on the best information available and assumptions that management believes are reasonable given the information available. The unaudited pro forma financial statements are for illustrative and informational purposes only and are not intended to represent, or be indicative of, what Aptevo's financial position or performance would have been had the separation occurred on the dates indicated, nor does it project the financial position or performance at any future date or period.

The summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the "Unaudited Pro Forma Combined Financial Information", and the audited and unaudited combined financial statements of the Biosciences Business of Emergent BioSolutions Inc., and corresponding notes included elsewhere in this information statement.

	Three Months Ended March 31,			Year Ended December 31,			
(in thousands)	Pro Forma 2016	2016	2015	Pro Forma 2015	2015	2014	2013
Statements of Operations Data:							
Revenues	$ 8,067	$ 8,067	$ 11,663	$ 33,601	$ 33,601	$ 45,631	$ 170
Loss from operations	(11,922)	(12,982)	(11,102)	(59,136)	(61,100)	(51,492)	(53,355)
Net loss	(11,829)	(12,890)	(11,022)	(57,418)	(59,317)	(51,115)	(53,337)
Balance Sheet Data:							
Cash and cash equivalents	$ 45,000	$ 3,072	N/A	N/A	$ 4,637	$ 3,593	$ —
Total assets	141,589	112,605	N/A	N/A	112,456	119,971	50,528
Total long-term liabilities	4,053	4,053	N/A	N/A	3,895	5,528	18
Total stockholders' equity	**[●]**	89,862	N/A	N/A	88,618	94,608	44,544

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Aptevo and Aptevo's common stock. Any of the following risks could materially and adversely affect Aptevo's results of operations, financial condition or financial prospects. The risk factors generally have been separated into three groups: risks related to Aptevo's business, risks related to the separation and risks related to Aptevo's common stock.

RISKS RELATED TO APTEVO'S BUSINESS

Operating Risks

We have a history of losses and may not be profitable in the future.

Our historical combined financial data was carved out from the financial information of Emergent and shows that had we been a standalone company, we would have had a history of losses, and we may be unable to achieve or sustain profitability going forward.

For the quarter ended March 31, 2016, we incurred a net loss of $12.9 million and had an accumulated deficit of $244.9 million as of March 31, 2016. For the years ended December 31, 2015, 2014 and 2013, we incurred a net loss of $59.3 million, $51.1 million and $53.3 million, respectively.

For the quarter ended March 31, 2016, net cash used in our operating activities was $14.1 million. For the years ended December 31, 2015, 2014 and 2013, net cash used in our operating activities was $48.8 million, $47.0 million and $51.4 million, respectively. If we cannot achieve or sustain profitability or generate positive cash from operating activities, our business operations may be adversely impacted and the trading value of our common stock may decline.

We will require significant additional funding and may be unable to raise capital when needed or on acceptable terms, which would harm our ability to grow our business, results of operations and financial condition.

In accordance with the separation agreement, Emergent has committed to provide us with a total of approximately $65 million in cash funding. Emergent will provide us with a cash contribution of $45 million prior to or upon the completion of the separation to be used to fund our operations. Within six to 12 months following the distribution, it is expected that Emergent will transfer to us an additional $20 million in cash pursuant to a non-negotiable, unsecured promissory note that Emergent will issue to us prior to the distribution. Emergent's ability to satisfy its obligations under the promissory note will be subject to, among other things, Emergent's capital availability and cash flow following the distribution. As a result, there can be no assurance that we will receive all or any portion of the $20 million contemplated by the promissory note. For further discussion of this funding arrangement, see "Certain Relationships and Related Party Transactions—Funding Arrangement." In addition to the anticipated cash transfers from Emergent in connection with the separation, in the future we will require significant additional funding to grow our business, including to develop additional products, support commercial marketing activities or otherwise provide additional financial flexibility. To enhance long-term financial flexibility, Aptevo is evaluating entering into a credit facility or other debt financing arrangement with one or more financial institutions that would be entered into in connection with the completion of the spin-off. There can be no assurance that any such credit facility or other debt financing arrangement will be obtained on favorable terms or at all.

Following the separation, we expect to have approximately $45 million of cash and cash equivalents. Our future capital requirements will depend on many factors, including, among others:

- the level, timing and cost of product sales;

- the collection of accounts receivable from customers;
- the extent to which we invest in products or technologies;
- the ability to secure partnerships and/or collaborations;
- capital improvements to new or existing facilities;
- the payment obligations under any future indebtedness;
- the scope, progress, results and costs of our development activities;
- the costs of commercialization activities, including product marketing, sales and distribution;
- the costs associated with the separation from Emergent and costs associated with performance under agreements to be entered into with Emergent; and
- the costs associated with replicating or outsourcing from other providers certain facilities, systems, operational and administrative infrastructure, including information technology infrastructure, and personnel, to which we will no longer have access after our separation from Emergent.

If our capital resources are insufficient to meet our future capital requirements, we will need to finance our cash needs through bank loans, public or private equity or debt offerings or collaboration and licensing arrangements. Public or bank debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, pursuing acquisition opportunities or declaring dividends. If we raise funds by issuing equity securities, our stockholders may experience dilution. If we raise funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies or product candidates or grant licenses on terms that may not be favorable to us.

Furthermore, to preserve the tax-free treatment to Emergent and its stockholders of the distribution, together with certain related transactions, we will be restricted, under the tax matters agreement that we will enter into with Emergent, from taking any action that prevents such transactions from being tax-free for U.S. federal income tax purposes, including restrictions on equity capital market transactions, as discussed in greater detail in the risk factor below entitled "*We may not be able to engage in certain corporate transactions after the separation*" and the section entitled "Certain Relationships and Related Party Transactions—Tax Matters Agreement."

Current economic conditions may make it difficult to obtain financing on attractive terms, or at all. If financing is unavailable or lost, our business, results of operations, financial condition and financial prospects would be adversely affected and we could be forced to delay, reduce the scope of or eliminate many of our planned activities.

Our business depends on the continued success of our commercial product portfolio, consisting of WinRho SDF, HepaGam B, VARIZIG and IXINITY.

Our ability to maintain and grow revenues depends significantly on the success of our marketed products, and critical factors in such success include the continued acceptance by the medical community and the future market demand and medical need for our marketed products. If we are unable to continue to maintain and grow revenues from product sales, our future operating results and financial condition could be adversely affected.

Our commercial portfolio consists of four revenue-generating products, consisting of WinRho SDF, HepaGam B, VARIZIG and IXINITY. We expect revenues from our product sales to continue to account for a significant portion of our revenue following the separation. The commercial success of our marketed products depends upon:

- the continued acceptance by regulators, physicians, patients and other key decision-makers of our products as safe, therapeutic and cost-effective options;

- our ability to further develop our products and obtain marketing approval for their use in additional patient populations and the clinical data we generate to support expansion of the product label;
- the ability of Emergent and our other third-party manufacturing partners to provide us with sufficient saleable quantities of our marketed products;
- the impact of competition from existing competitive products and from competitive products that may be approved in the future;
- the continued safety and efficacy of our marketed products;
- to what extent and in what amount government and third-party payors cover or reimburse for the costs of our marketed products; and
- our success and the success of our third-party distributors in selling and marketing our products, including in countries outside the United States.

The failure to maintain or increase revenue from sales of our products could have a material adverse effect on our business, financial condition, results of operations and growth prospects. We may choose to increase the price of our products, and these price adjustments may negatively affect our sales volumes. In addition, our product sales may fluctuate significantly from quarter to quarter, depending on the number of patients receiving treatment, the availability of supply to meet the demand for the product, the dosing requirements of treated patients and other factors. If sales of our commercial products were to decline, we could be required to make an allowance for excess or obsolete inventory, increase our provision for product returns, or we could incur other costs related to operating our business, each of which could negatively impact our results of operations and our financial condition.

Commercialization Risks

Our ability to grow revenues and execute on our long-term strategy depends heavily on our ability to discover, develop, and obtain marketing approval for additional products or product candidates.

In order for us to achieve our long-term business objectives, we will need to successfully discover and/or develop and commercialize additional products or product candidates. Although we have made, and expect to continue to make, significant investments in research and development, we have had only a limited number of our internally-discovered product candidates reach the clinical development stage. Drug discovery and development is a complex, time-consuming and expensive process that is fraught with risk and a high rate of failure. The failure by us to successfully discover and/or develop, obtain marketing approval for and commercialize additional products and product candidates would likely have a material adverse effect on our ability to grow revenues and improve our financial condition.

We may not be successful in our efforts to use and further develop our ADAPTIR platform to expand our pipeline of product candidates.

A key element of our strategy is to expand our product pipeline of immuno-therapeutics based on our ADAPTIR platform technology. We plan to select and create redirected T-cell cytotoxicity, or RTCC, candidates for early development, potentially with other collaborative partners. We expect to continue to develop the platform to address unmet medical needs through directed cytokine delivery via bispecifics in areas including oncology, and multispecific molecules in oncology, autoimmune disease and other therapeutic areas. Our goal is to leverage this technology to seek targeted investment in bispecific ADAPTIR therapeutics. Even if we are successful in continuing to build our pipeline, the potential product candidates that we identify may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize product candidates based on our

ADAPTIR platform technology, our ability to obtain product revenues in future periods may be adversely affected, which likely would result in harm to our financial position and our financial prospects and adversely affect our stock price.

We face substantial competition, which may result in others developing or commercializing products before or more successfully than we do.

The development and commercialization of new biotechnology products is highly competitive and subject to rapid technological advances. We may face future competition with respect to our products, our current product candidates and any product candidates we may seek to develop or commercialize in the future obtained from other companies and governments, universities and other non-profit research organizations. Our competitors may develop products that are safer, more effective, more convenient or less costly than any products that we may develop or market, or may obtain marketing approval for their products from the U.S. Food and Drug Administration, or the FDA, or equivalent foreign regulatory bodies more rapidly than we may obtain approval for our products. Our competitors may devote greater resources to market or sell their products, adapt more quickly to new technologies, scientific advances or patient preferences and needs, initiate or withstand substantial price competition more successfully than we can, or more effectively negotiate third-party licensing and collaborative arrangements. Many of our competitors are substantially larger than we are and have substantially greater research and development capabilities and experience, and greater manufacturing, marketing and financial resources, than we do. Smaller or earlier stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies.

We believe that our most significant competitors in the hematology/oncology, inflammation and transplantation markets include: AbbVie Inc., Affirmed N.V., Amgen Inc., Baxter International Inc., Bayer AG, Biogen Idec Inc., Boehringer Ingelheim GmbH, CSL Behring, a subsidiary of CSL Limited, Genentech Inc. (a subsidiary of F. Hoffmann-La Roche Ltd.), Gilead Sciences, Inc., GlaxoSmithKline plc, Grifols USA LLC, Johnson & Johnson, Macrogenics, Inc., Novartis International AG, Pfizer Inc., Takeda Pharmaceuticals U.S.A., Inc., Xencor, Inc. and Zymeworks Biopharmaceuticals, Inc. We compete, in the case of our approved and marketed products, and expect to compete, in the cases of our products in development, on the basis of product efficacy, safety, ease of administration, price and economic value compared to drugs used in current practice or currently being developed. If we are not successful in demonstrating these attributes, physicians and other key healthcare decision makers may choose other products over our products, switch from our products to new products or choose to use our products only in limited circumstances, which could adversely affect our business, financial condition and results of operations. See “Business—Competition” for a more detailed description of the competition for our other products and products in development.

Any reduction in demand for our products as a result of a competing product could adversely affect our results of operations and lead to loss of market share for our products. These competitive pressures could adversely affect our business and operating results.

In addition, many of our competitors are able to deploy more personnel to market and sell their products than we do. We currently have a relatively small number of sales representatives compared with the number of sales representatives of most other biotechnology companies with marketed products. Each of our sales representatives is responsible for a territory of significant size. The continued growth of our current products and the launch of any future products may require expansion of our sales force and sales support organization internationally, and we may need to commit significant additional funds, management and other resources to the growth of our sales organization. We may not be able to achieve any necessary growth in a timely or cost-effective manner or realize a positive return on our investment, and we may not have the financial resources to achieve the necessary growth in a timely manner or at all. We also have to compete with other biotechnology and life sciences companies to recruit, hire, train and retain sales and marketing personnel, and turnover in our sales force and marketing personnel could negatively affect sales of our products. If our specialty sales force and sales organization are not appropriately-sized to adequately promote any current or potential future products, the commercial potential of our current products and any future products may be diminished. We compete with a

significant number of pharmaceutical and life sciences companies with extensive sales, marketing and promotional experience in the hematology/oncology markets, and our failure to compete effectively in this area could negatively affect our sales of our commercial products.

Our products and product candidates may also compete in the future with new products currently under development by others. Any products that we develop are likely to be in a highly competitive market, and many of our competitors may succeed in developing products before we do or in developing products that may render our products obsolete or noncompetitive.

Our Biologic Products may face risks of competition from biosimilar manufacturers.

Competition for WinRho SDF, HepaGam B, VARIZIG and IXINITY, or our Biologic Products, may be affected by follow-on biologics, or biosimilars, in the United States and other jurisdictions. Biologics are medical products made from a variety of natural sources (human, animal or microorganism) intended to prevent, diagnose or treat diseases and medical conditions.

In the U.S., biosimilars are biologics that are highly similar to licensed reference biological products, notwithstanding minor differences in clinically inactive components, and for which there are no clinically meaningful differences between the biosimilar and the reference product in terms of safety, purity and potency. Regulatory and legislative activity in the United States and other countries may make it easier for our competitors to manufacture and sell biosimilars of our Biologic Products, which might affect our results of operations or commercial viability of our Biologic Products. Under the Biologics Price Competition and Innovation Act of 2010, the FDA cannot approve an application for a biosimilar until the 12-year exclusivity period for the reference product has expired. Thus, if a competitor were to seek regulatory approval for a biosimilar product citing IXINITY as the reference product, such approval could not be granted until April 2027.

Regulators in the European Union review biosimilar products using a similar regulatory process, although the European Medicines Agency, or EMA, has expressly excluded blood or plasma-derived products from the biosimilar process for a period of time. WinRho SDF, HepaGam B, VARIZIG and IXINITY have not received marketing authorization by the EMA. HepaGam B, VARIZIG and IXINITY are not sold in Europe. WinRho SDF is sold in Portugal, with insignificant revenues to date, but the approval is a country-specific approval. Even if WinRho SDF, HepaGam B or VARIZIG receive EMA marketing authorization, it will not be possible for a follow-on product to seek approval using the EMA biosimilar process due to the exclusion of blood or plasma-derived products from the process.

Similarly, if a competitor were to seek regulatory approval for a biosimilar product citing HepaGam B or VARIZIG as the reference product, such approval could not be granted until January 2018 and December 2024, respectively. A biosimilar application citing WinRho SDF as the reference product could be approved at any time. If a biosimilar version of one of our Biologic Products were approved, it could have a material adverse effect on the sales and gross profits of the affected Biologic Product and could adversely affect our business and operating results.

The commercial success of our products will depend upon the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community.

The success of our products, including our hyperimmune specialty products, will depend upon, among other things, their acceptance by physicians, patients, third-party payors and other members of the medical community as a therapeutic and cost-effective alternative to competing products and treatments. If any of our products do not achieve and maintain an adequate level of acceptance, we may not generate material revenues from sales of these products. The degree of market acceptance of our products will depend on a number of factors, including:

- our ability to provide acceptable evidence of safety and efficacy;

- the prevalence and severity of any side effects;
- availability, relative cost and relative efficacy of alternative and competing treatments;
- the ability to offer our products for sale at competitive prices;
- our ability to continuously supply the market without interruption;
- the relative convenience and ease of administration;
- the willingness of the target patient population to try new products and of physicians to prescribe these products;
- the strength of marketing and distribution support;
- publicity concerning our products or competing products and treatments; and
- the sufficiency of coverage or reimbursement by third parties.

If our products and product candidates do not gain or maintain market acceptance, or do not become widely accepted, by physicians, patients, third-party payors and other members of the medical community, our business, financial condition and operating results could be materially and adversely affected.

Changes in health care systems and payor reimbursement policies could result in a decline in our potential sales and a reduction in our expected revenue from our products.

The revenues and profitability of biotechnology companies like ours may be affected by the continuing efforts of government payors, including Medicare and Medicaid, and other third-party payors to contain or reduce the costs of health care through various means. For example, in certain foreign markets, the pricing or profitability of therapeutic and other pharmaceutical products is subject to governmental control. In the United States, there have been, and we expect that there will continue to be, a number of federal and state proposals to implement similar governmental control. Recent U.S. legislation, rules and regulations instituted significant changes to the U.S. healthcare system that could have a material adverse effect on our business, financial condition and results of operations. The trend toward managed health care in the United States, as well as the implementation of the Patient Protection and Affordable Care Act (as amended by the Health Care and Education Reconciliation Act), collectively referred to as the Affordable Care Act, and the concurrent growth of organizations such as managed care organizations, accountable care organizations and integrated delivery networks, may result in increased pricing pressures for pharmaceutical products, including any products that may be offered by us in the future. Cost-cutting measures that health care providers are instituting, and the implementation of health care reform, could adversely affect our ability to sell any drug products that are successfully developed by us. We cannot predict what effects, if any, this legislation might have on our company and our products as this legislation continues to be further implemented over the next few years, nor can we predict whether additional legislative or regulatory proposals may be adopted.

In the United States and internationally, sales of our products and our ability to generate revenues on such sales are dependent, in significant part, on the availability and level of reimbursement from third-party payors, including state and federal governments and private insurance plans. Insurers have implemented cost-cutting measures and other initiatives to enforce more stringent reimbursement standards and likely will continue to do so in the future. These measures include the establishment of more restrictive formularies and increases in the out-of-pocket obligations of patients for such products. Third-party payors are also increasingly challenging the prices charged for medical products and services. Third-party payors may limit access to biotechnology products through the use of prior authorizations and step therapy. Any reimbursement granted may not be maintained, or limits on reimbursement available from third parties, may reduce the demand for or negatively affect the price and potential profitability of those products. If these payors do not provide sufficient coverage and reimbursement for our marketed products or any future drug product we may market, these products may be too

costly for general use, and physicians may prescribe them less frequently. Our ability to successfully commercialize our products and product candidates and the demand for our products depends, in part, on the extent to which reimbursement and access is available from such third-party payors.

In addition, particularly in the United States and increasingly in other countries, we are required to provide discounts and pay rebates to state and federal governments and agencies in connection with purchases of our products that are reimbursed by such entities. Various provisions of the Affordable Care Act increased the levels of rebates and discounts that we have to provide in connection with sales of such products that are paid for, or reimbursed by, certain state and federal government agencies and programs. It is possible that future legislation in the United States and other jurisdictions could be enacted, which could potentially impact the reimbursement rates for our products and also could further impact the levels of discounts and rebates we are required to pay to state and federal government entities.

Certain government pricing programs, including Medicare Part B, the Medicaid rebate program, the 340B/PHS drug pricing program and Federal Supply Schedule, affect the revenues that we derive from WinRho SDF, HepaGam B, VARIZIG and IXINITY. Any future legislation or regulatory actions altering these programs or imposing new ones could have an adverse impact on our business. There have been, and we expect there will continue to be, a number of legislative and regulatory actions and proposals to control and reduce health care costs. These measures may, among other things: negatively impact the level of reimbursement for pharmaceutical products; require higher levels of cost-sharing by beneficiaries; change the discounts required to be provided to government payors and/or providers; extend government discounts to additional government programs and/or providers; or reduce the level of reimbursement for health care services and other non-drug items. Any such measures could indirectly affect demand for pharmaceutical products because they can cause payors and providers to apply heightened scrutiny and/or austerity actions to their entire operations, including pharmacy budgets.

Our revenues also depend on the availability outside the United States of adequate pricing and reimbursement from third-party payors for our current and future drug products, if any.

Outside the United States, certain countries, including a number of EU Member States, set prices and reimbursement for pharmaceutical products, or medicinal products as they are commonly referred to in the European Union, with limited participation from the marketing authorization holders. We cannot be sure that these prices and reimbursement will be acceptable to us or our collaborative partners. If the regulatory authorities in these foreign jurisdictions set prices or reimbursement that are not commercially attractive for us or our collaborative partners, our revenues from sales by us or our collaborative partners, and the potential profitability of our drug products, in those countries would be negatively affected. An increasing number of countries are taking initiatives to attempt to reduce large budget deficits by focusing cost-cutting efforts on pharmaceuticals for their state-run health care systems. These international price control efforts have impacted all regions of the world, but have been most drastic in the European Union.

If we are not able to convince hospitals and managed care organizations to include our products on their approved formulary lists, our revenues may not meet expectations and our business, results of operations and financial condition may be adversely affected.

Hospitals and managed care organizations establish formularies, which are lists of drugs approved for use in the hospital or under a managed care plan. If a drug is not included on the formulary, the ability of our engagement partners and engagement managers to promote and sell the drug may be limited or denied. If we fail to secure and maintain formulary inclusion for our products on favorable terms or are significantly delayed in doing so, we may have difficulty achieving market acceptance of our products and our business, results of operations and financial condition could be materially adversely affected.

If we are unable to negotiate and maintain satisfactory arrangements with group purchasing organizations with respect to the purchase of our products, our sales, results of operations and financial condition could be adversely affected.

Our ability to sell our products, including WinRho SDF, HepaGam B and IXINITY, to hospitals in the United States depends in part on our relationships with group purchasing organizations, or GPOs. Many existing and potential customers for our products become members of GPOs. GPOs negotiate pricing arrangements and contracts, sometimes on an exclusive basis, with medical supply manufacturers and distributors. These negotiated prices are then made available to a GPO's affiliated hospitals and other members. If we are not one of the providers selected by a GPO, affiliated hospitals and other members may be less likely to purchase our products, and if the GPO has negotiated a strict sole source, market share compliance or bundling contract for another manufacturer's products, we may be precluded from making sales to members of the GPO for the duration of the contractual arrangement. Our failure to renew contracts with GPOs may cause us to lose market share and could have a material adverse effect on our sales, financial condition and results of operations. We cannot assure you that we will be able to renew these contracts on the current or substantially similar terms. If we are unable to keep our relationships and develop new relationships with GPOs, our competitive position may suffer.

We rely on third parties to distribute some of our products and those third parties may not perform.

A portion of our revenues from product sales is derived from sales through exclusive distributors in Canada and international markets. For example, in Canada, only two distributors have rights to our WinRho SDF, HepaGam B and VARIZIG products. As a result, we rely on the sales and marketing strength of these distributors and the distribution channels through which they operate for a portion of our revenues. We may not be able to retain these distribution relationships indefinitely and these distributors may not adequately support the sales, marketing and distribution efforts of our products in these markets. If third parties do not successfully carry out their contractual duties in maximizing the commercial potential of our products, or if there is a delay or interruption in the distribution of our products, it could negatively impact our revenues from product sales.

Following the separation, the loss of any of our sole source manufacturers, or delays or problems in the manufacture of our products or product candidates, could result in product shortages, leading to lost revenue, and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.

We will not have manufacturing capabilities following the separation and do not plan to develop such capacity in the foreseeable future. We will depend on a limited number of sole source third-party manufacturers, including Emergent, for each of our products and product candidates. Accordingly, our ability to develop and deliver products in a timely and competitive manner will depend on our third-party manufacturers being able to continue to meet our ongoing commercial and clinical trial needs and perform their contractual obligations. We currently have a limited ability to control the manufacturing process or costs related to the manufacture of our products. Increases in the prices we pay our manufacturers, interruptions in the supply of raw materials or our products themselves or lapses in quality could adversely impact our margins, profitability, cash flows and prospects. We rely on our third-party manufacturers to maintain the facilities at which they manufacture our products or product candidates in compliance with all FDA and other applicable regulatory requirements. If these manufacturers fail to maintain compliance with FDA or other applicable regulatory requirements, they could be ordered to cease manufacturing, which could have a material adverse effect on our revenues and operating results.

If, for any reason, Emergent or our other manufacturers do not continue to supply us with our products or product candidates in a timely fashion and in compliance with applicable quality and regulatory requirements, or otherwise fail or refuse to comply with their obligations to us under our manufacturing arrangements, we may not have adequate remedies for any breach of contract, and their failure to supply us could result in a shortage of our products or product candidates, which could lead to lost revenue and otherwise adversely affect our business,

financial condition, results of operations and growth prospects. In addition, if any of our manufacturers fails or refuses to supply us for any reason, we may be forced to consider entering into additional manufacturing arrangements with other third-party manufacturers. In each case, we will incur significant costs and time in obtaining the regulatory approvals for these third-party facilities and in taking the necessary steps to prepare these third parties for the manufacture of our products. Because of contractual restraints and the lead-time necessary to obtain FDA approval of a new manufacturer, replacement of any of these manufacturers may be expensive and time consuming and may cause interruptions in our supply of these products to our customers, and we may be unable to obtain alternative manufacturing or supply on commercially reasonable terms on a timely basis or at all.

For example, CMC ICOS Biologics, Inc., or CMC, is the exclusive manufacturer of bulk drug substance for our IXINITY product. During 2015, we ordered nine manufacturing lots of bulk drug substance from CMC and only one of those lots was successfully manufactured and released in 2015. We continue to work with CMC to resolve the manufacturing delays, although to date in 2016 no lots of bulk drug substance have been successfully manufactured and released. Additionally, Patheon UK Limited, through an affiliate, is currently the sole source fill-finish service manufacturer for our IXINITY product. The release of drug product by Patheon may be impacted by several factors, including Patheon requiring approval from its affiliate's foreign regulatory authority of recent changes to its facility. If current efforts to proceed with the manufacturing and release of bulk drug substance and filled product are not successful, the resulting lack of supply of bulk drug substance or filled product could lead to a projected supply shortage of IXINITY requiring notification to the FDA. This inability to supply IXINITY would adversely affect its sales, market position and viability.

Following the separation, Emergent will continue to own the manufacturing know-how necessary for the manufacture of WinRho SDF, HepaGam B and VARIZIG. If our rights to use this manufacturing know-how are terminated, we will not be able to manufacture these products, which would lead to lost revenue and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.

Emergent will continue to own its human hyperimmune platform manufacturing know-how, which is necessary for the manufacture of WinRho SDF, HepaGam B and VARIZIG. At or prior to the separation, we expect to enter into a manufacturing services agreement with Emergent with respect to the manufacturing of these products. We also expect to enter into a product license agreement with Emergent pursuant to which Emergent will grant to Aptevo an exclusive royalty-free, worldwide license, under certain licensed intellectual property rights, to research, develop, make, have made, use, sell, offer to sell and import WinRho SDF, HepaGam B, and VARIZIG. Under the product license agreement, we will only be permitted to exercise rights with respect to Emergent's human hyperimmune platform manufacturing know-how through a third-party contract manufacturer, and then only if the manufacturer is bound to protect the manufacturing know-how and is either approved by Emergent (in Emergent's sole and absolute discretion) or there has been a manufacturing failure under the manufacturing services agreement.

Emergent will have the right to terminate the product license agreement upon breach by us of any of its terms, including our confidentiality obligations and other obligations, if such breach is not cured within a specified period of time or is uncurable. If the product license agreement is terminated, we will no longer be able to research, develop, make, have made, use, sell, offer to sell and import WinRho SDF, HepaGam B and VARIZIG, which would lead to lost revenue and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.

Manufacturing biologic products, especially in large quantities, is complex and time consuming. Delays or problems in the manufacture of our products or product candidates could materially and adversely affect our business, financial condition, results of operations and growth prospects.

WinRho SDF, HepaGam B, VARIZIG and IXINITY and all of our current product candidates are biologics. The products must be made consistently and in compliance with a clearly defined manufacturing process.

Problems may arise during manufacturing for a variety of reasons, including problems with raw materials, equipment malfunction or replacement and failure to follow specific protocols and procedures. In addition, slight deviations anywhere in the manufacturing process, including obtaining materials, maintaining master seed or cell banks and preventing genetic drift, seed or cell growth, fermentation and contamination including from, among other things, particulates, filtration, filling, labeling, packaging, storage and shipping, and quality control testing, may result in lot failures or manufacturing shut-down, delays in the release of lots, product recalls, spoilage or regulatory action.

If our third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's or foreign regulatory authorities' strict regulatory requirements, the FDA or their foreign counterparts will not approve their manufacturing facilities, which would result in significant delays in obtaining FDA or foreign marketing approvals for our product candidates.

Following the separation, we will rely on third parties to manufacture all clinical trial materials for our product candidates, and we will rely on third parties to manufacture commercial supplies, if any such product candidates are ultimately approved for commercial sale. Our product candidates, including MOR209/ES414, ES210, ES425, otlertuzumab and 5E3, will not be approved for marketing by the FDA or other foreign regulatory authorities unless the FDA or their foreign equivalents also approve the facilities used by our third-party manufacturers to produce them for commercialization. If our third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's or foreign regulatory authorities' strict regulatory requirements, the FDA or their foreign counterparts will not approve their manufacturing facilities, which would result in significant delays in obtaining FDA or foreign marketing approvals for our product candidates. In order to successfully develop and commercialize our product candidates in a timely manner, we and our third-party manufacturers must be able to develop and execute on manufacturing processes, and reach agreement on contract terms, for each candidate that will:

- be approved by the FDA and/or other regulatory authorities in the countries where such candidates are to be manufactured or sold;
- provide sufficient quantities of such candidate to meet our clinical trial needs and ultimate market demand; and
- provide such amounts at a cost that will allow us to potentially make an adequate profit.

We and our third-party manufacturers may not be able to meet these manufacturing process requirements for any of our current product candidates, including MOR209/ES414, ES210, ES425, otlertuzumab and 5E3, all of which have complex manufacturing processes, which make meeting these requirements even more challenging. If we are unable to develop manufacturing processes for our clinical product candidates that satisfy these requirements, we will not be able to supply sufficient quantities of test material to conduct our clinical trials in a timely or cost effective manner, and as a result, our development programs will be delayed, our financial performance will be adversely impacted and we will be unable to meet our long-term goals.

If Emergent or other third parties on whom we rely to manufacture and support the development and commercialization of our products do not fulfill their obligations or we are unable to establish or maintain such arrangements, the development and commercialization of our products may be terminated or delayed, and the costs of development and commercialization may increase.

Our development and commercialization strategy involves entering into arrangements with corporate and academic collaborators, contract research organizations, distributors, third-party manufacturers, licensors, licensees and others to conduct development work, manage or conduct our clinical trials, manufacture our products and market and sell our products outside of the United States. We do not have the expertise or the resources to conduct all of these activities for all products and product candidates on our own and, as a result, are particularly dependent on third parties in many areas.

We may not be able to maintain our existing arrangements with respect to the commercialization or manufacture of our products or establish and maintain arrangements to develop, manufacture and commercialize our products in development on terms that are acceptable to us. Any current or future arrangements for development and commercialization may not be successful. If we are not able to establish or maintain agreements relating to our products or our products in development, our results of operations would be materially and adversely affected.

Third parties may not perform their contractual obligations as expected. The amount and timing of resources that third parties devote to developing, manufacturing and commercializing our products are not within our control. Our collaborative partners may develop, manufacture or commercialize, either independently or with others, products and services that are similar to or competitive with the products that are the subject of the collaboration with us. Furthermore, our interests may differ from those of third parties that manufacture or commercialize our products. Our collaborative partners may reevaluate their priorities from time to time, including following mergers and consolidations, and change the focus of their development, manufacturing or commercialization efforts. Disagreements that may arise with these third parties could delay or lead to the termination of the development or commercialization of our product candidates, or result in litigation or arbitration, which would be time consuming and expensive.

If any third-party that manufactures or supports the development or commercialization of our products breaches or terminates its agreement with us, or fails to commit sufficient resources to our collaboration or conduct its activities in a timely manner, or fails to comply with regulatory requirements, such breach, termination or failure could:

- delay or otherwise adversely impact the manufacturing, development or commercialization of our products, our products in development or any additional products or product candidates that we may develop;
- require us to seek a new collaborator or undertake unforeseen additional responsibilities or devote unforeseen additional resources to the manufacturing, development or commercialization of our products; or
- result in the termination of the development or commercialization of our products.

If we are unable to successfully develop our business infrastructure and operations, our ability to generate future product revenue will be adversely affected.

Our ability to support the sales and marketing of our products in the United States and globally will depend on our ability to properly scale our internal organization and infrastructure to accommodate the development and, upon approval, commercialization of our products and products in development. To manage our existing and planned future growth and the increasing breadth and complexity of our activities, we need to properly invest in personnel, infrastructure, information management systems and other operational resources. Developing our business infrastructure and operations may be more difficult, more expensive or take longer than we anticipate. We may also need to revise our strategy for developing the proper infrastructure and operations periodically.

Future development of our business infrastructure and operations could strain our operational, human and financial resources. In order to manage the development of our business infrastructure and global operations, we must:

- continue to improve operating, administrative, and information systems;
- accurately predict future personnel and resource needs to meet contract commitments;
- track the progress of ongoing projects; and
- attract and retain qualified management, sales, professional, scientific and technical operating personnel.

If we do not take these actions and are not able to manage our business, then our operations may be less successful than anticipated.

We are subject to a number of risks and uncertainties associated with our international activities and operations and may not be successful in our efforts to expand internationally.

We currently have limited operations outside of the United States and Canada. However, we have manufacturing, collaboration, clinical trial and other relationships outside the United States, and our products are marketed internationally through collaborations. We may seek to grow our international operations significantly over the next several years. Our future results of operations will depend in part on our ability to grow and ultimately maintain our product sales in foreign markets, particularly in Europe. Our foreign operations subject us to additional risks and uncertainties, particularly because we have limited experience in marketing, servicing and distributing our products or otherwise operating our business outside of the United States and Canada. These risks and uncertainties include:

- the fact that we have limited experience operating our business internationally;
- unexpected adverse events related to our products or product candidates that occur in foreign markets that we have not experienced in the United States;
- political and economic determinations that adversely impact pricing or reimbursement policies;
- our customers' ability to obtain reimbursement for procedures using our products in foreign markets;
- compliance with complex and changing foreign legal, tax, accounting and regulatory requirements;
- cross border restrictions on the movement of cash funds and repatriation of earnings;
- language barriers and other difficulties in providing long-range customer support and service;
- longer accounts receivable collection times;
- trade restrictions and restrictions on direct investment by foreign entities;
- reduced protection of intellectual property rights in some foreign countries;
- the interpretation of contractual provisions governed by foreign laws in the event of a contract dispute;
- significant foreign currency fluctuations, which could result in increased or unpredictable operating expenses and reduced revenues;
- local, economic and political conditions, including geopolitical events, such as war and terrorism; and
- compliance with foreign or U.S. laws, rules and regulations, including data privacy requirements, labor relations laws, tax laws, anti-competition regulations, anti-bribery/anti-corruption laws, including but not limited to the FCPA and the Bribery Act in the UK, which could subject us to investigation or prosecution under such foreign or U.S. laws.

Our foreign operations could also be adversely affected by export license requirements, the imposition of governmental controls, political and economic instability, trade restrictions, changes in tariffs and difficulties in staffing and managing foreign operations. These and other risks associated with our international operations may materially adversely affect our business and results of operations.

Regulatory and Compliance Risks

Our long term success depends, in part, upon our ability to develop, receive regulatory approval for and commercialize our product candidates and, if we are not successful, our business and operating results may suffer.

Our product candidates and the activities associated with their development, including testing, manufacture, recordkeeping, storage and approval, are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in other countries. Generally, failure to obtain regulatory approval for a product candidate will prevent us from commercializing the product candidate. We

have limited resources for use in preparing, filing and supporting the applications necessary to gain regulatory approvals and expect to rely on third-party contract research organizations and consultants to assist us in this process.

The FDA, the European Commission, the EMA, the competent authorities of the EU Member States and other comparable regulatory agencies in foreign countries impose substantial and rigorous requirements for the development, production, marketing authorization and commercial introduction of drug products. These requirements include pre-clinical, laboratory and clinical testing procedures, sampling activities, clinical trials and other costly and time-consuming procedures. In addition, regulation is not static, and regulatory authorities, including the FDA, the European Commission, the EMA and the competent authorities of the EU Member States, evolve in their staff interpretations and practices and may impose more stringent or different requirements than currently in effect, which may adversely affect our planned and ongoing drug development and/or our sales and marketing efforts.

In the United States, to obtain approval from the FDA to market any of our future biologic products, we will be required to submit a biologics license application, or BLA, to the FDA. Ordinarily, the FDA requires a sponsor to support a BLA with substantial evidence of the product's safety, purity and potency in treating the targeted indication based on data derived from adequate and well-controlled clinical trials, including Phase III safety and efficacy trials conducted in patients with the disease or condition being targeted.

The process of obtaining these regulatory approvals is expensive, often takes many years if approval is obtained at all, and can vary substantially based upon the type, complexity and novelty of the product candidate involved. Changes in the regulatory approval process during the development period, changes in or the enactment of additional statutes or regulations, or changes in the regulatory review for a submitted product application may cause delays in the approval or rejection of an application. Moreover, recent events, including complications experienced by patients taking FDA-approved drugs, have raised questions about the safety of marketed drugs and may result in new legislation by the U.S. Congress or foreign legislatures and increased caution by the FDA and comparable foreign regulatory authorities in reviewing applications for marketing approval.

The FDA has substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient to support approval and require additional pre-clinical, clinical or other studies. In addition, varying interpretations of the data obtained from pre-clinical and clinical testing could delay, limit or prevent regulatory approval of a product candidate.

We have a pipeline of clinical and pre-clinical stage product candidates, including:

- MOR209/ES414, a bispecific immunotherapeutic ADAPTIR protein, currently in Phase 1, targeting prostate specific membrane antigen, or PSMA, an enzyme that is expressed on the surface of prostate cancer cells. It is being developed under our collaboration with MorphoSys AG for metastatic castration-resistant prostate cancer, which is advanced prostate cancer that has spread to other organs and no longer responds to hormone blocking therapies;
- ES210, a bispecific ADAPTIR protein therapeutic that is currently in pre-clinical development for inflammatory bowel disease and other autoimmune and inflammatory diseases;
- otlertuzumab, a monospecific ADAPTIR protein therapeutic that is currently in Phase 2 clinical development for chronic lymphocytic leukemia, or CLL;
- 5E3 mAb, a monoclonal antibody therapeutic that is currently in pre-clinical development for Alzheimer's disease;
- ES425, a bispecific immunotherapeutic ADAPTIR protein that targets ROR1 (receptor tyrosine kinase-like orphan receptor 1, a protein expressed on solid tumors, leukemias and lymphomas), which is currently in pre-clinical development for a variety of hematologic malignancies and solid tumors; and

- other protein therapeutic product candidates primarily targeting immuno-oncology.

Developing and obtaining regulatory approval for product candidates is a lengthy process, often taking a number of years, is uncertain and is expensive. All of the product candidates that we are developing, or may develop in the future, require research and development, pre-clinical studies, nonclinical testing and clinical trials prior to seeking regulatory approval and commencing commercial sales. In addition, we may need to address a number of technological challenges in order to complete development of our product candidates. As a result, the development of product candidates may take longer than anticipated or not be successful at all.

Generally, no product can receive FDA approval, marketing authorization from the European Commission or the competent authorities of the EU Member States, or approval from comparable regulatory agencies in foreign countries unless data generated in human clinical trials demonstrates both safety and efficacy for each target indication in accordance with such authority's standards.

The large majority of product candidates that begin human clinical trials fail to demonstrate the required safety and efficacy characteristics necessary for marketing approval. Failure to demonstrate the safety and efficacy of any of our product candidates for each target indication in clinical trials would prevent us from obtaining required approvals from regulatory authorities, which would prevent us from commercializing those product candidates. Negative or inconclusive results from the clinical trials or adverse medical events during the trials could lead to requirements that trials be repeated or extended, or that additional trials be conducted, any of which may not be clinically feasible or financially practicable, that the conduct of trials be suspended, or that a program be terminated.

Any regulatory approval we ultimately obtain may limit the indicated uses for the product or subject the product to restrictions or post-approval commitments that render the product commercially non-viable. Securing regulatory approval requires the submission of extensive non-clinical and clinical data, information about product manufacturing processes and inspection of facilities and supporting information to the regulatory authorities for each therapeutic indication to establish the product's safety and efficacy. If we are unable to submit the necessary data and information, for example, because the results of clinical trials are not favorable, or if the applicable regulatory authority delays reviewing or does not approve our applications, we will be unable to obtain regulatory approval.

Delays in obtaining or failure to obtain regulatory approvals may:

- delay or prevent the successful commercialization of any of the products or product candidates in the jurisdiction for which approval is sought;
- diminish our competitive advantage; and
- defer or decrease our receipt of revenue.

Certain of our products in development have experienced regulatory and/or clinical setbacks in the past. For example, in December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. Patients receiving weekly doses of MOR209/ES414 developed antibodies against the drug; this is called anti-drug antibodies, or ADA. ADA developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. These antibodies bind to the drug and reduce the concentration of active MOR209/ES414 in the blood and thus could potentially reduce its efficacy. However, we observed no safety issues related to the development of ADA. The cause of these antibodies is unclear but could be due to the weekly administration of the drug. Hence, the protocol has been amended to continuous intravenous infusion as a way to administer higher levels of drug and prevent the development of ADA. There is no guarantee that this change in administration will enable higher dosing and/or prevent the development of ADA. We plan to continue the current clinical trial under an amended protocol with

recruitment expected to start around mid-2016. As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured. Under the terms of the restructured agreement, MorphoSys' cost sharing in the years 2016 to 2018 was reduced and future milestone payments payable by MorphoSys to us were reduced to a total of up to US $74 million. As a result of the required change in dosing regimen for MOR209/ES414, the lead RTCC candidate, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial. The requirement for further adjustments to the dosing regimen or other parts of the program could delay our development timeline or delay or prevent our ability to receive regulatory approval for MOR209/ES414.

The procedures to obtain marketing approvals vary among countries and can involve additional clinical trials or other pre-filing requirements. The time required to obtain foreign regulatory approval may differ from that required to obtain FDA approval. The foreign regulatory approval process may include all the risks associated with obtaining FDA approval, or different or additional risks. Regulatory agencies may have varying interpretations of the same data, and approval by one regulatory authority does not ensure approval by regulatory authorities in other jurisdictions. Accordingly, approval by the FDA does not ensure approval by the regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by the FDA or regulatory authorities in other foreign countries. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products and products in development in any market on a timely basis, if at all.

Biotechnology company stock prices have declined significantly in certain instances where companies have failed to obtain FDA or foreign regulatory authority approval of a product candidate or if the timing of FDA or foreign regulatory authority approval is delayed. If the FDA's or any foreign regulatory authority's response to any application for approval is delayed or not favorable for any of our product candidates, our stock price could decline significantly.

Regulatory approval for any approved product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, and we may incur significant liability if it is determined that we are promoting the "off-label" use of any of our products.

Any regulatory approval is limited to those specific diseases and indications for which a product is deemed to be safe and effective by the FDA. For example, the FDA-approved label for IXINITY is not approved for use in patients younger than 12 years old. In addition to the FDA approval required for new formulations, any new indication for an approved product also requires FDA approval. If we are not able to obtain FDA approval for any desired future indications for our products and product candidates, our ability to effectively market and sell our products may be reduced and our business may be adversely affected.

While physicians may choose to prescribe drugs for uses that are not described in the product's labeling and for uses that differ from those tested in clinical studies and approved by the regulatory authorities, our ability to promote the products is limited to those indications that are specifically approved by the FDA. These "off-label" uses are common across medical specialties and may constitute an appropriate treatment for some patients in varied circumstances. Regulatory authorities in the United States generally do not regulate the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical companies on the subject of off-label use. If our promotional activities fail to comply with the FDA's regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, our failure to follow FDA rules and guidelines relating to promotion and advertising may cause the FDA to issue warning letters or untitled letters, suspend or withdraw an approved product from the market, require a recall or institute fines, which could result in the disgorgement of money, operating restrictions, injunctions or criminal prosecution, any of which could harm our business.

Notwithstanding the regulatory restrictions on off-label promotion, the FDA and other regulatory authorities allow companies to engage in truthful, non-misleading and non-promotional scientific exchange concerning their products. We engage in medical education activities and communicate with investigators and potential investigators regarding our clinical trials. If the FDA or another regulatory or enforcement authority determines that our communications regarding our marketed products are not in compliance with the relevant regulatory requirements and that we have improperly promoted off-label uses, we may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions.

Even after regulatory approval is received, if we, or third parties on whom we rely to manufacture or distribute our products or product candidates, fail to comply with regulatory requirements, or if we experience unanticipated problems with our approved products, they could be subject to restrictions, penalties or withdrawal from the market.

Any drug, biologic or medical device product for which we receive FDA approval, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continuing regulation by the FDA, including, among other things, record keeping requirements, reporting of adverse experiences, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, current good manufacturing practices, or cGMP, and restrictions on advertising and promotion. Adverse events that are reported after marketing approval can result in additional limitations being placed on the product's distribution or use and, potentially, withdrawal or suspension of the product from the market. In addition, various state laws require that companies that manufacture and/or distribute drug products within the state obtain and maintain a manufacturer or distributor license, as appropriate. Because of the breadth of these laws, it is possible that some of our business activities, or those of our third-party manufacturers and distributors, could be subject to challenge under one or more of such laws.

In addition, the FDA has post-approval authority to require post-approval clinical trials and/or safety labeling changes if warranted by the appearance of new safety information. In certain circumstances, the FDA may impose a Risk Evaluation and Mitigation Strategy, or REMS, after a product has been approved. Facilities involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections by the FDA for compliance with cGMP and other laws. The FDA also closely monitors advertising and promotional materials we may disseminate for our products for compliance with restrictions on off-label promotion and other laws. We may not promote our products for conditions of use that are not included in the approved package inserts for our products. Certain additional restrictions on advertising and promotion exist for products that have so-called "black box warnings" in their approved package inserts, such as WinRho SDF.

Failure by Emergent or our other third-party manufacturers to comply with regulatory requirements could adversely affect their ability to supply products or ingredients to us. All facilities and manufacturing techniques used for the manufacture of pharmaceutical products must be operated in conformity with the FDA's current cGMP requirements. The FDA enforces its cGMP and other requirements through periodic unannounced inspections of manufacturing facilities. If, in connection with any future inspection, the FDA finds that any of our third-party manufacturers is not in substantial compliance with cGMP requirements, or if the FDA is not satisfied with the corrective actions such manufacturer may take, the FDA may undertake certain enforcement actions, including product seizure or withdrawal of the product from the market, imposition of restrictions on the marketing or manufacturing of a product and suspension or withdrawal of regulatory approvals or refusal to approve pending applications or supplements.

Similar actions may be taken against us should we fail to comply with regulatory requirements, or later discover previously unknown problems with our products. Even if regulatory approval of a product is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. If we experience any of these post-approval events, our business, financial condition and operating results could be materially and adversely affected.

If we fail to comply with federal and state healthcare laws, including fraud and abuse and health information privacy and security laws, we could face substantial penalties and our business, results of operations, financial condition and prospects could be adversely affected.

As a biotechnology company, even though we do not provide healthcare services or receive payments directly from or bill directly to Medicare, Medicaid or other third-party payors for our products, certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights are and will be applicable to our business. We are subject to healthcare fraud and abuse and patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which constrains our marketing practices, educational programs, pricing policies and relationships with healthcare providers or other entities by prohibiting, among other things, soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, the purchase, prescribing or recommendation of an item or service reimbursable under federally funded healthcare programs, such as the Medicare and Medicaid programs;
- federal civil and criminal false claims and false statement laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other payors that are false or fraudulent or making any materially false statement in connection with the delivery or payment for healthcare benefits, items or services;
- Health Insurance Portability and Accountability Act of 1996, or HIPAA, which creates federal criminal and civil statutes that prohibit executing a scheme to defraud any healthcare benefit program; and Health Information Technology for Economic and Clinical Health, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;
- federal physician self-referral laws, such as the Stark law, which prohibit a physician from making a referral to a provider of certain health services with which the physician or the physician's family member has a financial interest, and prohibit submission of a claim for reimbursement pursuant to a prohibited referral;
- the Physician Payment Sunshine Act, which imposes disclosure requirements on pharmaceutical manufacturers of payments made to physicians, healthcare providers and institutions; and
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under the U.S. federal Anti-Kickback Statute, it is possible that some of our business activities could be subject to challenge under one or more of such laws. Moreover, recent health care reform legislation has strengthened these laws. For example, the Affordable Care Act, among other things, amends the intent requirement of the federal anti-kickback and criminal health care fraud statutes, so that a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the false claims statutes. Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid.

Recently, several pharmaceutical and other healthcare companies have been prosecuted under the federal false claims laws for allegedly inflating drug prices they report to pricing services, which in turn are used by the

government to set Medicare and Medicaid reimbursement rates, and for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. In addition, certain marketing practices, including off-label promotion, may also violate false claims laws. To the extent that any product we make is sold in a foreign country, we may be subject to similar foreign laws and regulations.

Further, there has been a recent trend in the increase of federal and state laws and regulations regarding financial arrangements with physicians. The Affordable Care Act imposes new requirements to report certain financial arrangements with physicians and others, including reporting any "transfer of value" made or distributed to prescribers and other healthcare providers and reporting any ownership or investment interests held by physicians and their immediate family members during each calendar year, subject to federal implementation and enforcement policies.

In addition, certain states mandate that we comply with a state code of conduct, adopt a company code of conduct under state criteria, disclose marketing payments made to physicians, and/or report compliance information to the state authorities. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply in multiple jurisdictions with different compliance and reporting requirements increase the possibility that a pharmaceutical company may violate one or more of the requirements. Any failure to comply with these reporting requirements could result in significant fines and penalties.

The risks of complying with these laws cannot be entirely eliminated. The risk of violation of such laws is also increased because many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Moreover, achieving and sustaining compliance with applicable federal and state privacy, security and fraud laws may prove costly. If our past or present operations, or those of our distributors are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in U.S. federal or state health care programs and the curtailment or restructuring of our operations, any of which could materially adversely affect our ability to operate our business and our financial results. Similarly, if healthcare providers, distributors or other entities with whom we do business are found to be out of compliance with applicable laws and regulations, they may be subject to sanctions, which could also have a negative impact on us.

If we fail to comply with our obligations under U.S. governmental pricing programs, we could be required to reimburse government programs for underpayments and could pay penalties, sanctions and fines.

The issuance of regulations and coverage expansion by various governmental agencies relating to the Medicaid rebate program will continue to increase our costs and the complexity of compliance and will be time-consuming. Changes to the definition of "average manufacturer price", or AMP, and the Medicaid rebate amount under the Affordable Care Act and Centers for Medicare & Medicaid Services', or CMS's, issuance of final regulations implementing those changes also has affected and could further affect our 340B "ceiling price" calculations. Because we participate in the Medicaid rebate program, we are required to report "average sales price," or ASP, information to CMS for certain categories of drugs that are paid for under Part B of the Medicare program, including WinRho SDF, HepaGam B, VARIZIG and IXINITY. Future statutory or regulatory changes or CMS binding guidance could affect the ASP calculations for our products and the resulting Medicare payment rate, and could negatively impact our results of operations.

Pricing and rebate calculations vary among products and programs, involve complex calculations and are often subject to interpretation by us, governmental or regulatory agencies and the courts. The Medicaid rebate amount is computed each quarter based on our submission to CMS of our current AMP and "best price" for the quarter. If we become aware that our reporting for a prior quarter was incorrect, or has changed as a result of

recalculation of the pricing data, we are obligated to resubmit the corrected data for a period not to exceed twelve quarters from the quarter in which the data originally were due. Any such revisions could have the impact of increasing or decreasing our rebate liability for prior quarters, depending on the direction of the revision. Such restatements and recalculations increase our costs for complying with the laws and regulations governing the Medicaid rebate program. Price recalculations also may affect the "ceiling price" at which we are required to offer our products to certain covered entities, such as safety-net providers, under the 340B/PHS drug pricing program.

In addition to retroactive rebate liability and the potential for 340B program refunds, if we are found to have made a misrepresentation in the reporting of ASP, we are subject to civil monetary penalties in an amount of up to $10,000 for each such price misrepresentation and for each day in which such price misrepresentation was applied. If we are found to have knowingly submitted false AMP or "best price" information to the government, we may be liable for civil monetary penalties in the amount of $100,000 per item of false information. Any refusal of a request for information or knowing provision of false information in connection with an AMP survey verification also would subject us to $100,000 in civil monetary penalties. In addition, our failure to submit monthly/quarterly AMP or "best price" information on a timely basis could result in a civil monetary penalty of $10,000 per day for each day the information is late beyond the due date. Such failure also could be grounds for CMS to terminate our Medicaid drug rebate agreement, pursuant to which we participate in the Medicaid program. In the event that CMS terminates our rebate agreement, no federal payments would be available under Medicaid or Medicare Part B for our covered outpatient drugs. Governmental agencies may also make changes in program interpretations, requirements or conditions of participation, some of which may have implications for amounts previously estimated or paid. We cannot assure you that our submissions will not be found by CMS to be incomplete or incorrect.

In order for our products to be reimbursed by the primary federal governmental programs, we report certain pricing data to the U.S. federal government. Compliance with reporting and other requirements of these federal programs is a pre-condition to: (i) the availability of federal funds to pay for our products under Medicaid and Medicare Part B; and (ii) procurement of our products by the Department of Veterans Affairs, or DVA, and by covered entities under the 340B/PHS program. The pricing data reported are used as the basis for establishing Federal Supply Schedule, or FSS, and 340B/PHS program contract pricing and payment and rebate rates under the Medicare Part B and Medicaid programs, respectively. Pharmaceutical companies have been prosecuted under federal and state false claims laws for submitting inaccurate and/or incomplete pricing information to the government that resulted in increased payments made by these programs. The rules governing the calculation of certain reported prices are highly complex. Although we maintain and follow strict procedures to ensure the maximum possible integrity for our federal pricing calculations, the process for making the required calculations involves some subjective judgments and the risk of errors always exists, which creates the potential for exposure under the false claims laws. If we become subject to investigations or other inquiries concerning our compliance with price reporting laws and regulations, and our methodologies for calculating federal prices are found to include flaws or to have been incorrectly applied, we could be required to pay or be subject to additional reimbursements, penalties, sanctions or fines, which could have a material adverse effect on our business, financial condition and results of operations.

To be eligible to have our products paid for with federal funds under the Medicaid and Medicare Part B programs as well as to be purchased by certain federal agencies and certain federal grantees, we also must participate in the DVA FSS pricing program. To participate, we are required to enter into an FSS contract with the DVA, under which we must make our innovator "covered drugs" available to the "Big Four" federal agencies—the DVA, the U.S. Department of Defense, or the DoD, the Public Health Service (including the Indian Health Service), and the Coast Guard—at pricing that is capped pursuant to a statutory federal ceiling price, or FCP, formula set forth in Section 603 of the Veterans Health Care Act of 1992, or VHCA. The FCP is based on a weighted average wholesaler price known as the Non-Federal Average Manufacturer Price, or Non-FAMP, which manufacturers are required to report on a quarterly and annual basis to the DVA. Pursuant to the VHCA, knowing provision of false information in connection with a Non-FAMP filing can subject us to

penalties of $100,000 for each item of false information. If we overcharge the government in connection with our FSS contract or Section 703 Agreement, whether due to a misstated FCP or otherwise, we are required to disclose the error and refund the difference to the government. The failure to make necessary disclosures and/or to identify contract overcharges can result in allegations against us under the False Claims Act and other laws and regulations. Unexpected refunds to the government, and responding to a government investigation or enforcement action, would be expensive and time-consuming, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

For further discussions regarding the most significant governmental reimbursement programs in the United States relevant to our products, see "Business—Regulation."

The failure to obtain or maintain regulatory approval in international jurisdictions could prevent us from marketing our products abroad and could limit the growth of our business.

We currently sell and intend to continue to sell our products outside the United States. To market our products in the European Union and many other foreign jurisdictions, we may need to obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. Approval by the FDA does not ensure approval by foreign regulatory authorities. The approval procedures in foreign jurisdictions can vary widely and can involve additional clinical trials and data review. We and our collaborative partners may not be able to obtain foreign regulatory approvals on a timely basis, if at all, and therefore we may be unable to commercialize our products internationally. The failure to obtain these approvals could harm our business.

Our international operations increase our risk of exposure to potential claims of bribery and corruption.

As we expand our commercialization activities outside of the United States, we are subject to an increased risk of inadvertently conducting activities in a manner that violates the FCPA, the U.K. Bribery Act, Canada's Corruption of Foreign Public Officials Act, or other similar foreign laws, which prohibit corporations and individuals from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. In the course of establishing and expanding our commercial operations and seeking regulatory approvals outside of the United States, we will need to establish and expand business relationships with various third parties and will interact more frequently with foreign officials, including regulatory authorities and physicians employed by state-run healthcare institutions who may be deemed to be foreign officials under the FCPA or similar foreign laws. If our business practices outside the United States are found to be in violation of the FCPA or similar foreign laws, we and our senior management may be subject to significant civil and criminal penalties, potential debarment from public procurement and reputational damage, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our operations, including our use of hazardous materials, chemicals, bacteria and viruses, require us to comply with regulatory requirements and expose us to significant potential liabilities.

Our operations involve the use of hazardous materials, including chemicals, and may produce dangerous waste products. Accordingly, we, along with the third parties that conduct clinical trials and manufacture our products and product candidates on our behalf, are subject to federal, state, local and foreign laws and regulations that govern the use, manufacture, distribution, storage, handling, exposure, disposal and recordkeeping with respect to these materials. We are also subject to a variety of environmental and occupational health and safety laws. Compliance with current or future laws and regulations can require significant costs and we could be subject to substantial fines and penalties in the event of noncompliance. In addition, the risk of contamination or injury from these materials cannot be completely eliminated. In such event, we could be held liable for substantial civil damages or costs associated with the cleanup of hazardous materials.

The U.S. federal budget sequestration process may have a significant impact on our business.

On August 2, 2011, the President signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering mandatory reductions in federal spending by as much as $1.1 trillion from 2013 through 2021, referred to as sequestration. The Bipartisan Budget Act of 2013 and subsequent legislation provide billions in sequester relief, but also extends the 2% reduction in Medicare payments, discussed below through fiscal year 2025. Sequestration-related spending reductions may have a significant adverse impact on our business.

Sequestration spending reductions may adversely affect the FDA. While user fees can be used in the review of certain regulatory filings, including NDAs, it is possible that sequestration spending reductions will result in additional backlogs in the approval process that could adversely affect the timing of FDA review of our regulatory filings for our products and product candidates. Sequestration also includes a 2% reduction in Medicare payments, which could also have a significant negative impact on our business. These reductions impact payments to hospitals, physicians, and Medicare managed care and prescription drug plans, under Medicare Parts A, B and D, and the Medicare Advantage program. The significant magnitude of the sequestration payment reductions places additional financial pressures on Medicare providers, including hospitals with high inpatient Medicare volume, which could force these providers to take new measures to address the shortfall in previously-expected reimbursements. It is possible that these measures could result in heightened scrutiny and/or reduced purchasing of branded pharmaceuticals and any future drug product we may market.

Our failure to comply with data protection laws and regulations could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.

EU Member States, Switzerland and other countries have adopted data protection laws and regulations, which impose significant compliance obligations. For example, the EU Data Protection Directive, as implemented into national laws by the EU Member States, imposes strict obligations and restrictions on the ability to collect, analyze and transfer personal data, including health data from clinical trials and adverse event reporting. Data protection authorities from the different EU Member States may interpret the EU Data Protection Directive and national laws differently, which adds to the complexity of processing personal data in the European Union, and guidance on implementation and compliance practices are often updated or otherwise revised. Our failure to comply with these laws could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results. If the currently proposed revised draft EU Data Protection Regulation is adopted in its current form it may also increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms ensuring compliance with the new EU data protection rules.

Public concern regarding the safety of drug products could result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs.

In light of widely publicized events concerning the safety risk of certain drug approved products, the FDA, members of Congress, the Government Accountability Office, medical professionals and the general public have raised concerns about potential drug safety issues. These events have resulted in the withdrawal of drug products and revisions to drug labeling that further limit use of the drug products and the establishment of risk management programs that may, for example, restrict distribution of drug products after approval. The Food and Drug Administration Amendments Act of 2007, or FDAAA, grants significant expanded authority to the FDA, much of which is aimed at improving the safety of drug products before and after approval. In particular, the FDAAA authorizes the FDA to, among other things, require post-approval studies and clinical trials, mandate changes to drug labeling to reflect new safety information and require risk evaluation and mitigation strategies for certain drugs, including certain currently approved drugs. The FDAAA also significantly expands the federal

government's clinical trial registry and results databank, which we expect will result in significantly increased government oversight of clinical trials. Under the FDAAA, companies that violate these and other provisions of the new law are subject to substantial civil monetary penalties, among other regulatory, civil and criminal penalties. The increased attention to drug safety issues may result in a more cautious approach by the FDA in its review of data from our clinical trials. Data from clinical trials may receive greater scrutiny, particularly with respect to safety, which may make the FDA or other regulatory authorities more likely to require additional pre-clinical studies or clinical trials. If the FDA requires us to provide additional clinical or pre-clinical data for any of our product candidates, the indications for which this product candidate was approved may be limited or there may be specific warnings or limitations on dosing, and our efforts to commercialize our product candidates may be otherwise adversely impacted.

Product Development Risks

Our business depends on our success in developing and commercializing our product candidates. If we are unable to commercialize these product candidates, or experience significant delays or unanticipated costs in doing so, our business would be materially and adversely affected.

We have invested significant effort and financial resources in the development of our therapeutics and product candidates. In addition to our product sales, our ability to generate revenue is dependent on a number of factors, including the success of our development programs, the interest of commercial entities and non-governmental organizations and others in funding the development of certain of our product candidates, the ability to attract and establish external development partnerships and the commercial viability of our developed product candidates. The commercial success of our product candidates will depend on many factors, including accomplishing the following in an economical manner:

- successful development and formulation that meets FDA requirements;
- successful completion of clinical or non-clinical development, including toxicology studies;
- receipt of marketing approvals from the FDA and equivalent foreign regulatory authorities;
- establishment of commercial manufacturing and product supply arrangements;
- training of a commercial sales force for the product, whether alone or in collaboration with others;
- successful registration and maintenance of relevant patent and/or other proprietary protection; and
- acceptance of the product by potential government customers, physicians, patients, healthcare payors and others in the medical community.

If we are delayed or prevented from developing or commercializing a product candidate in a profitable manner, or if doing so requires us to incur significant unanticipated costs, our growth could be materially and adversely affected.

Clinical trials of product candidates are expensive and time-consuming, and their outcome is uncertain. We must invest substantial amounts of time and financial resources in these trials, which may not yield viable products.

Before obtaining regulatory approval for the sale of our product candidates, we and our collaborative partners, where applicable, must conduct extensive pre-clinical studies and clinical trials to establish proof of concept and demonstrate the safety and efficacy of our product candidates. Pre-clinical and clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. Success in pre-clinical testing and early clinical trials does not ensure that later clinical trials will be successful, and interim results of a clinical trial do not necessarily predict final results. An unexpected result in one or more of our clinical trials can occur at any stage of testing.

We may experience unforeseen events or issues during, or as a result of, pre-clinical testing or clinical trials. These issues and events, which could delay or prevent our ability to receive regulatory approval for a product candidate, include, among others:

- lack of efficacy of product candidates during the trials;
- safety issues or inconclusive or incomplete testing, trial or study results;
- our inability or the inability of Emergent and our other third-party manufacturers to manufacture sufficient quantities of materials for use in trials;
- the unavailability or variability in the number and types of subjects for each study;
- government or regulatory restrictions or delays; and
- greater than anticipated costs of trials.

For example, in December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment.

As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, the co-development agreement with MorphoSys was restructured. As a result of the required change in dosing regimen for MOR209/ES414, the lead RTCC candidate, the termination provisions under the MorphoSys collaboration agreement were similarly amended in MorphoSys' favor. Specifically, MorphoSys, at its sole discretion, has a one-time, no notice termination right exercisable at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the current, re-started Phase 1 trial. Patients receiving weekly doses of MOR209/ES414 developed ADA. ADA developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. These antibodies bind to the drug and reduce the concentration of active MOR209/ES414 in the blood and thus could potentially reduce its efficacy. However, we observed no safety issues related to the development of ADA. The cause of these antibodies is unclear but could be due to the weekly administration of the drug. Hence, the protocol has been amended to continuous intravenous infusion as a way to administer higher levels of drug and prevent the development of ADA. There is no guarantee that this change in administration will enable higher dosing and/or prevent the development of ADA. Further adverse or inconclusive clinical results could require additional adjustments to the dosing regimen or other parts of the program and could delay or prevent our ability to receive regulatory approval for MOR209/ES414.

In addition, product candidates that experience success in pre-clinical testing and early-stage clinical trials will not necessarily experience the same success in late-stage clinical trials, which are required for marketing approval. The FDA and other countries' regulatory authorities will allow us to begin clinical trials under an IND, or similar document in other countries only if we demonstrate in our submission that the potential product candidate will not expose humans to unreasonable risks and that the compound has pharmacological activity that justifies clinical development. It takes significant time and expense to generate the requisite data to support an IND or similar document. In many cases, companies spend the time and resources only to discover that the data are not sufficient to support an IND or similar document and therefore are unable to enter human clinical trials.

Even if we are successful in advancing a product candidate into the clinical development stage, before obtaining regulatory and marketing approvals, we must demonstrate through extensive human clinical trials that the product candidate is safe and effective for its intended use. Human clinical trials must be carried out under protocols that are acceptable to regulatory authorities and to the independent committees responsible for the ethical review of clinical studies. There may be delays in preparing protocols or receiving approval for them that may delay the start or completion of the clinical trials. In addition, clinical practices vary globally, and there is a lack of harmonization among the guidance provided by various regulatory bodies of different regions and countries with respect to the data that is required to receive marketing approval, which makes designing global

trials increasingly complex. In addition, any deficiency in the design, implementation or oversight of our development programs could cause us to incur significant additional costs, experience significant delays, prevent us from obtaining marketing approval for any product candidate or abandon development of certain product candidates, any of which could harm our business and cause our stock price to decline.

The FDA may designate a product as a fast track drug if it is intended for the treatment of a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for this disease or condition. Sponsors granted a fast track designation for a drug are granted more opportunities to interact with the FDA during the approval process and are eligible for FDA review of the application on a rolling basis, before the application has been completed. Receipt of Fast Track designation may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures, and Fast Track designation may be withdrawn by the FDA at any time. In addition, Fast Track designation does not guarantee the ability to take advantage of the expedited review procedures and does not increase the likelihood of receiving any regulatory approvals.

Serious adverse events, undesirable side effects or other unexpected properties of our product candidates may be identified that could delay, prevent or cause the withdrawal of regulatory approval, limit the commercial potential, or result in significant negative consequences following marketing approval.

Serious adverse events or undesirable side effects caused by, or other unexpected properties of any of our product candidates could cause us or regulatory authorities to interrupt, delay or halt our manufacturing and distribution operations and could result in a more restrictive label, the imposition of distribution or use restrictions or the delay or denial of regulatory approval by the FDA or comparable foreign regulatory authorities. If any of our product candidates are associated with serious adverse events or undesirable side effects or have properties that are unexpected, we may need to abandon their development or limit development to certain uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. Many compounds that initially showed promise in clinical or earlier stage testing have later been found to cause undesirable or unexpected side effects that prevented further development of the compound.

For example, as noted above, MOR209/ES414 is currently being tested in its first clinical trial in humans. Twelve patients have received the drug. One of the significant serious adverse events associated with the drug is infusion reactions. Infusion reactions are often associated with the infusion of a protein and are expected with this drug that activates T-cells. The events that have been reported with infusion of the drug include: fever, fatigue, hypertension, bronchospasm, chills and rigors. The severity of these reactions varied by patient and were managed medically and resolved. In addition we recently discovered that patients receiving weekly doses of our product candidate MOR209/ES414 developed ADA during use. This ADA, which was not associated with safety issues, developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. Undesirable side effects, such as this, or other unexpected adverse events or properties of any of our candidates, could arise or become known either during clinical development or, if approved, after the approved product has been marketed. If such an event occurs during development, our trials could be suspended or terminated and the FDA or comparable foreign regulatory authorities could order us to cease further development of or deny approval of our other product candidates. If such an event occurs, a number of potentially significant negative consequences may result, including:

- regulatory authorities may require additional warnings on the label or impose distribution or use restrictions;
- regulatory authorities may require one or more post-market studies;
- we may be required to create a medication guide outlining the risks of such side effects for distribution to patients;
- we could be sued and held liable for harm caused to patients; and

- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product candidate, or could substantially increase commercialization costs and expenses, which could delay or prevent us from generating revenue from the sale of our products and harm our business and results of operations.

We depend on third parties to conduct our clinical and non-clinical trials. If these third parties do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our product candidates and, as a result, our business may suffer.

We do not have the ability to independently conduct the clinical and non-clinical trials required to obtain regulatory approval for our product candidates. We depend on third parties, such as independent clinical investigators, contract research organizations and other third-party service providers to conduct the clinical and non-clinical trials of our product candidates and expect to continue to do so. We rely heavily on these third parties for successful execution of our clinical and non-clinical trials, but we do not exercise day-to-day control over their activities. Our reliance on these service providers does not relieve us of our regulatory responsibilities, including ensuring that our trials are conducted in accordance with the FDA-approved good clinical practices, or GCPs, and the plan and protocols contained in the relevant regulatory application. In addition, these organizations may not complete these activities on our anticipated or desired timeframe. We also may experience unexpected cost increases that are beyond our control. Problems with the timeliness or quality of the work of a contract research organization may lead us to seek to terminate the relationship and use an alternative service provider, which may prove difficult, costly and result in a delay of our trials. Any delay in or inability to complete our trials could delay or prevent the development, approval and commercialization of our product candidates.

If we, contract research organizations or other third parties assisting us or our study sites fail to comply with applicable good clinical practices, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or its non-U.S. counterparts may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, the FDA or non-U.S. regulatory agencies will determine that any of our clinical trials comply with good clinical practices. In addition, our clinical trials must be conducted with product produced under GCPs and similar regulations outside of the United States. Our failure, or the failure of our product manufacturers, to comply with these regulations may require us to repeat or redesign clinical trials, which would increase our development costs and delay or impact the likelihood of regulatory approval.

If third parties do not carry out their duties under their agreements with us, if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our clinical protocols, including dosing requirements, or regulatory requirements, or if they otherwise fail to comply with clinical trial protocols or meet expected deadlines, our clinical trials may not meet regulatory requirements. If our clinical trials do not meet regulatory requirements or if these third parties need to be replaced, our clinical trials may be extended, delayed, suspended or terminated. If any of these events occur, we may not be able to obtain regulatory approval of our product candidates or succeed in our efforts to create approved line extensions for certain of our existing products or generate additional useful clinical data in support of these products.

In certain cases, government entities conduct studies of our product candidates, and we may seek to rely on these studies in applying for marketing approval for certain of our product candidates. These government entities have no obligation or commitment to us to conduct or complete any of these studies or clinical trials and may choose to discontinue these development efforts at any time.

If we are unable to obtain any necessary third-party services on acceptable terms or if these service providers do not successfully carry out their contractual duties or meet expected deadlines, our efforts to obtain regulatory approvals for our product candidates may be delayed or prevented.

We may fail to select or capitalize on the most scientifically, clinically or commercially promising or profitable product candidates.

We continue to evaluate our business strategy and, as a result, may modify our strategy in the future. In this regard, we may, from time to time, focus our product development efforts on different product candidates or may delay or halt the development of various product candidates. This could require changes in our facilities and our personnel. Any product development changes that we implement may not be successful. In particular, we may fail to select or capitalize on the most scientifically, clinically or commercially promising or profitable product candidates.

Our decisions to allocate our research and development, management and financial resources toward particular product candidates or therapeutic areas may not lead to the development of viable commercial products and may divert resources from better opportunities. Similarly, our decisions to delay or terminate product development programs may also prove to be incorrect and could cause us to miss valuable opportunities.

For example, in December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, the parties concluded that the dosing regimen and administration required adjustment. Patients receiving weekly doses of MOR209/ES414 developed ADA. ADA developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. These antibodies bind to the drug and reduce the concentration of active MOR209/ES414 in the blood and thus could potentially reduce its efficacy. However, we observed no safety issues related to the development of ADA. The cause of these antibodies is unclear but could be due to the weekly administration of the drug. Hence, the protocol has been amended to continuous intravenous infusion as a way to administer higher levels of drug and prevent the development of ADA.

There is no guarantee that this change in administration will enable higher dosing and/or prevent the development of ADA. The required dosing regimen change for MOR209/ES414 may not prove successful or sufficient to allow further development of this product candidate. As MOR209/ES414 is the lead candidate for our ADAPTIR Redirected T-Cell cytotoxicity, or RTCC, bispecific platform technology, equivocal or negative outcomes may impact not only the ability to further progress this product candidate but the viability of the RTCC platform. An important part of our business strategy is to develop, partner and commercialize new product candidates using the ADAPTIR RTCC platform.

If our competitors are able to obtain orphan drug exclusivity for a product that is competitive with one or more of our product candidates and we cannot show that our product candidate is clinically superior, we may not be able to have competing products approved by the applicable regulatory authority for a significant period of time.

Regulatory authorities in some jurisdictions, including Europe and the United States, may designate drugs that target relatively small patient populations as orphan drugs. A disease or condition is considered orphan if it affects fewer than 200,000 people in the United States. Orphan drug exclusivity (afforded to the first applicant to receive approval for an orphan designated drug) prevents FDA approval of applications by others for the same drug for the designated orphan disease or condition. The FDA may approve a subsequent application from another applicant if the FDA determines that the application is for a different drug or different use, or if the FDA determines that the subsequent product is clinically superior, or that the holder of the initial orphan drug approval cannot assure the availability of sufficient quantities of the drug to meet the public’s need.

We have received an orphan drug designation from the FDA for VARIZIG for treatment following exposure to varicella (chickenpox) in high-risk patient groups, including children with compromised immune systems, newborns and pregnant women. We have also received orphan drug designation for otlertuzumab and we may seek such status with additional product candidates.

Generally, if a product with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity. VARIZIG has orphan drug exclusivity in the United States through December 2019. Our product candidate otlertuzumab was granted orphan drug designation by the FDA in November 2011 and received orphan medicinal product designation from the European Commission in December 2012 for the treatment of chronic lymphocytic leukemia. The exclusivity applies only to the indication for which each drug has been designated and approved. The applicable exclusivity period is seven years in the United States, but this period may be interrupted if a sponsor of a competitive product that is otherwise the same drug for the same use can show that its drug is clinically superior to our orphan drug candidate. The European exclusivity period is ten years, but may be reduced to six years if a drug no longer meets the criteria for orphan drug designation, including where it is shown that the drug is sufficiently profitable so that market exclusivity is no longer justified.

A grant of an orphan designation is not a guarantee that a product will be approved by the FDA.

If we do not obtain orphan drug exclusivity for our drug products, which do not have patent protection, our competitors may then sell the same drug to treat the same condition.

We do not have patent protection for WinRho SDF, HepaGam B or VARIZIG. Because not all of our drugs have patent protection, orphan drug designation is particularly important for our products that are eligible for orphan drug designation. As previously noted, VARIZIG has orphan drug exclusivity in the United States for treatment following exposure to varicella (chickenpox) in high-risk patient groups through December 2019. We plan to rely on this exclusivity period under the orphan drug designation for VARIZIG to maintain a competitive position. Our product candidate otlertuzumab was granted orphan drug designation by the FDA in November 2011 and received orphan medicinal product designation from the European Commission in December 2012 for the treatment of chronic lymphocytic leukemia. Orphan designation in Europe qualifies a drug for certain development and commercial incentives, including protocol assistance, access to centralized authorization procedures, reduced fees for regulatory activities, and 10 years of market exclusivity after approval.

Intellectual Property Risks

If we are unable to protect our intellectual proprietary rights, our business could be harmed.

Our commercial success will depend, in large part, on our ability to obtain and maintain protection in the United States and other countries for the intellectual property covering or incorporated into our technology, products and product candidates. Obtaining and maintaining this protection is very costly. The patentability of technology in in the biotechnology field generally is highly uncertain and involves complex legal and scientific questions. We cannot be certain that our patents and patent applications, including our own and those that we have rights through licenses from third parties, will adequately protect our intellectual property. Our success protecting our intellectual property depends significantly on our ability to:

- obtain and maintain U.S. and foreign patents, including defending those patents against adverse claims;
- secure patent term extension for the patents covering our approved products;
- protect trade secrets;
- operate without infringing the proprietary rights of others; and
- prevent others from infringing our proprietary rights.

Our principal patent applications and trademarks are described in greater detail in “Business—Intellectual Property” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

We may not be able to obtain additional issued patents relating to our technology or products. Even if issued, patents may inadvertently lapse or be challenged, narrowed, invalidated or circumvented, which could

limit our ability to stop competitors from marketing similar products or limit the duration of patent protection we may have for our products. In the past, we have abandoned the prosecution and/or maintenance of patent applications related to patent families in the ordinary course of business. In the future we may choose to abandon such prosecution and/or maintenance in a similar fashion. If these patent rights are later determined to be valuable or necessary to our business, our competitive position may be adversely affected. Changes in patent laws or administrative patent office rules or changes in interpretations of patent laws in the United States and in other countries may diminish the value of our intellectual property or narrow the scope of our patent protection, or result in costly defensive measures.

The cost of litigation to uphold the validity of patents, once obtained, to prevent infringement or to otherwise protect or enforce our proprietary rights could be substantial and, from time to time, our patents are subject to patent office proceedings. Some of our competitors may be better able to sustain the costs of complex patent litigation because they may have substantially greater financial resources. Intellectual property lawsuits are expensive and unpredictable and would consume management's time and attention and other resources, even if the outcome were successful. In addition, there is a risk that a court would decide that our patents are not valid and that we do not have the right to stop the other party from using the inventions covered by or incorporating them. There is also a risk that, even if the validity of a patent were upheld, a court would refuse to stop the other party from using the invention(s), including on the grounds that its activities do not infringe the patent. If any of these events were to occur, our business, financial condition and operating results could be materially and adversely affected.

In addition to patent litigation, we may be a party to adversarial proceedings before the Patent Trial and Appeal Board of the US Patent and Trademark Office, or the PTAB. Potential proceedings before the PTAB include inter partes review proceedings, post-grant review proceedings and interference proceedings. Depending on our level of success at the PTAB, these proceedings could adversely impact our intellectual property rights with respect to our products and technology.

In addition, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the value of patents, once obtained, and with regard to our ability to obtain patents in the future. Depending on decisions by the U.S. Congress, the federal courts, and the PTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

Our collaborative partners and licensors may not adequately protect our intellectual property rights. These third parties may have the first right to maintain or defend intellectual property rights in which we have an interest and, although we may have the right to assume the maintenance and defense of such intellectual property rights if these third parties do not do so, our ability to maintain and defend such intellectual property rights may be compromised by the acts or omissions of these third parties.

Our patents, once obtained, also may not afford us protection against competitors with similar technology. Because patent applications in the United States and many foreign jurisdictions are typically not published until eighteen months after filing, or in some cases not at all, and because publications of discoveries in the scientific literature often lag behind actual discoveries, neither we nor our licensors can be certain that others have not filed or maintained patent applications for technology used by us or covered by our pending patent applications without our being aware of these applications.

We also will rely on current and future trademarks to establish and maintain recognized brands. If we fail to acquire and protect such trademarks, our ability to market and sell our products, and therefore our business, financial condition and operating results, could be materially and adversely affected.

If the outcome of patent opposition proceedings currently pending in Europe relating to IXINITY are unsuccessful, we may need to identify an additional fill/finish manufacturer, which could result in significant production delays and additional costs associated with moving our fill/finish manufacturing activities and identifying another fill/finish manufacturer.

We are currently involved in five opposition proceedings in Europe relating to factor IX proteins such as IXINITY. Baxter International Inc. is the sole counter-party in all five proceedings and our IXINITY product currently undergoes fill-finish in Europe. Of the five European Patent Office Proceedings, three have gone before the European Patent Office Opposition Division. Of these three, two were decided in our favor (in the name of UNC, our licensor) and one was decided in favor of Baxter. Two of these oppositions have been appealed, and we expect Baxter to appeal the third. It may be several years before these oppositions go before the Boards of Appeal for a final decision. The remaining two oppositions have not gone before the European Patent Office Opposition Division. Depending on the final outcome of these proceedings, we may be unable to continue to conduct our current IXINITY fill/finish manufacturing activities.

Patheon UK Limited, through an affiliate, is currently the sole source third-party manufacturer that provides fill and finish services for our IXINITY product, which conducts such activities in Europe. If, as a result of an adverse outcome in these proceedings, we are required to identify an additional fill/finish manufacturer in another location, we would not be able to do so without significant delay and likely significant additional cost.

International patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries we may have to expend substantial sums and management resources.

Patent and other intellectual property laws outside the United States are even more uncertain than in the United States and are continually undergoing review and revisions in many countries. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States. For example, certain countries do not grant patent claims that are directed to business methods and processes. In addition, we may have to participate in opposition proceedings to determine the validity of our foreign patents or our competitors' foreign patents, which could result in substantial costs and diversion of our efforts. A European Patent Opposition, for instance, is a European Patent Office proceeding that allows for an opponent to challenge the validity of an issued patent. A European Patent Opposition is a proceeding that determines only the validity of a patent and does not determine whether a party infringes a patent. To initiate an Opposition at the European Patent Office, an opponent files a notice that it wishes to oppose the patent within a nine month period following the publication of the patent grant. After the opponent files the notice, it may be a few years before the merits of the opposition are heard and decided by the European Patent Office Opposition Division and several more years before the Boards of Appeal hears and decides on any appeals.

As previously noted, we are currently involved in five opposition proceedings related to IXINITY and recombinant vitamin K dependent proteins. Depending on the final outcome of these proceedings, we may be unable to sell factor IX products in Europe relating to the subject matter claimed in the European patents we are opposing.

Although we do not have current marketing authorization for IXINITY (our only product based on recombinant vitamin K dependent proteins) in Europe, nor do we sell IXINITY in Europe, if these opposition proceedings are successful, we may never be able to obtain marketing authorization to sell IXINITY in Europe or any other recombinant vitamin K dependent products we may develop in the future. In addition, if any of the patents we own or exclusively license are invalidated during the opposition process, we may be unable to block competitors from performing certain activities in Europe currently covered by the patents.

Third parties may choose to file patent infringement claims against us; defending ourselves from such allegations would be costly, time-consuming, distracting to management and could materially affect our business.

Our development and commercialization activities, as well as any product candidates or products resulting from these activities, may infringe or be claimed to infringe patents and other intellectual property rights of third parties under which we do not hold sufficient licenses or other rights. Additionally, third parties may be successful in obtaining patent protection for technologies that cover development and commercialization activities in which we are already engaged. These third parties may have substantially greater financial resources than us and could bring claims against us that could cause us to incur substantial expenses to defend against these claims and, if successful against us, could cause us to pay substantial damages. Furthermore, if a patent infringement or other similar suit were brought against us, we could be forced to stop or delay development, manufacturing or sales of the product or product candidate that is the subject of the suit. Intellectual property litigation in the biotechnology industry is common, and we expect this trend to continue.

As a result of patent infringement or other similar claims, or to avoid potential claims, we may choose or be required to seek a license from the third party and be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms, if at all, or if an injunction is granted against us, which could harm our business significantly.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical and biotechnology industries. In addition to infringement claims against us, we may become a party to other patent litigation and other adversarial proceedings such as proceedings before the PTAB and opposition proceedings in the European Patent Office, regarding intellectual property rights with respect to our products and technology.

Patent litigation and other proceedings may also absorb significant management time. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

Our Aptevo trademarks may be opposed which could have a material and adverse effect on our business.

We have applications pending that cover the APTEVO, APTEVO THERAPEUTICS, APTEVO BIOTHERAPEUTICS and APTEVO RESEARCH AND DEVELOPMENT trademarks. If a third party opposes any of these Aptevo trademarks, we may incur significant expense in the course of participating in the opposition process, which can be expensive and lengthy, and any settlement of which may result in our agreeing to be subject to restrictions on our use of the relevant Aptevo trademark. In addition, if we are unsuccessful in an opposition against an Aptevo trademark, we would lose the ability to obtain trademark registration for one or more uses of the relevant Aptevo mark.

For example, Bristol-Myers Squibb Company filed with the U.S. Patent and Trademark Office a request for a 90-day extension of time to oppose each Aptevo trademark. Specifically, unless Aptevo consents to an additional extension of time, Bristol-Myers Squibb will have until June 22, 2016 to oppose the APTEVO and APTEVO THERAPEUTICS trademarks, until July 20, 2016 to oppose the APTEVO RESEARCH AND DEVELOPMENT trademark and until July 27, 2016 to oppose the APTEVO BIOTHERAPEUTICS trademark.

At this time, we are uncertain whether Bristol-Myers Squibb Company intends to oppose any of these trademarks, but any such opposition could result in our incurrence of significant expenses in participating in the opposition process or attempting to negotiate a settlement agreement with Bristol-Myers Squibb Company, the loss of our ability to obtain trademark registration for one or more use of the relevant Aptevo mark or restrictions on our use of the relevant Aptevo trademark, all of which could have a material and adverse effect on our business. We have received no indication from Bristol-Myers Squibb Company that it plans to take any legal action against Aptevo other than the potential oppositions.

If a third-party files a trademark infringement claim against us, defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction and damages, all of which could have a material and adverse effect on our business.

If a third-party files a trademark infringement claim against us, defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction and damages.

At this time, we are uncertain whether Bristol-Myers Squibb Company intends to assert that our use of the Aptevo trademarks infringes its trademark rights, but defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction prohibiting us from using the Aptevo trademarks and damages, all which could have a material and adverse effect on our business.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

If we fail to comply with our obligations in our intellectual property licenses with third parties, we could lose license rights that are important to our business.

We are a party to a number of license agreements and expect to enter into additional license agreements in the future. Our existing licenses impose, and we expect future licenses will impose, various diligence, milestone payment, royalty, insurance and other obligations on us. If we fail to comply with these obligations, the licensor may have the right to terminate the license in whole or in part, terminate the exclusive nature of the license and/or sue us for breach, which could cause us to not be able to market any product that is covered by the licensed patents and may be subject to damages.

Any such termination or claim, particularly relating to our agreements with respect to WinRho SDF, HepaGam B, VARIZIG or IXINITY could have a material adverse effect on our financial condition, results of operations, liquidity or business. Even if we contest any such termination or claim and are ultimately successful, such dispute could lead to delays in the development or commercialization of potential products and result in time-consuming and expensive litigation or arbitration.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

In addition to patented technology, we rely upon unpatented proprietary technology, information processes and know-how. These types of trade secrets can be difficult to protect. We seek to protect this confidential

information, in part, through agreements with our employees, consultants and third parties as well as confidentiality policies and audits, although these may not be successful in protecting our trade secrets and confidential information. These agreements may be breached, and we may not have adequate remedies for any such breach. In addition, our trade secrets may otherwise become known, including through a potential cyber security breach, or may be independently developed by competitors. If we are unable to protect the confidentiality of our proprietary information and know-how, competitors may be able to use this information to develop products that compete with our products, which could adversely impact our business.

Our WinRho SDF, HepaGam B and VARIZIG products are protected by Emergent's manufacturing trade secrets. There are no patents or patent applications pending that support these hyperimmune products. If Emergent fails to adequately protect the trade secrets supporting these products, competitors may be able to copy our products by reproducing the manufacturing processes.

Risks Related to Collaborations

We may not be successful in establishing and maintaining collaborations that leverage our capabilities in pursuit of developing and commercializing our product candidates.

For each of our product candidates, including otlertuzumab, we plan to evaluate the merits of entering into collaboration arrangements with third parties, including leading biotechnology companies or non-governmental organizations.

We currently are party to a collaboration arrangement with MorphoSys AG for the joint worldwide development and commercialization of MOR209/ES414, a targeted immuno-therapeutic protein being developed for metastatic castration-resistant prostate cancer, which is advanced prostate cancer that has spread to other organs and no longer responds to hormone blocking therapies. In December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. Patients receiving weekly doses of MOR209/ES414 developed ADA. ADA developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. These antibodies bind to the drug, reduced the concentration of MOR209/ES414 in the blood and thus could potentially reduce its efficacy. However, we observed no safety issues related to the development of ADA. The cause of these antibodies is unclear but could be due to the weekly administration of the drug. Hence, the protocol has been amended to continuous intravenous infusion as a way to administer higher levels of drug and prevent the development of ADA. There is no guarantee that this change in administration will enable higher dosing and/or prevent the development of ADA.

We plan to continue the current clinical trial under an amended protocol with recruitment expected to start around mid-2016. As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured. Under the terms of the restructured agreement, MorphoSys' cost sharing in the years 2016 to 2018 was reduced and future milestone payments payable by MorphoSys to us were reduced to a total of up to $74 million. In addition, the amended collaboration agreement changed the total expected funding requirement for us to up to approximately $250 million. As a result of the required change in dosing regimen for MOR209/ES414, the lead RTCC candidate, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial. Further adverse or inconclusive clinical results could lead to further renegotiation of the terms or cancellation of our collaboration agreement with MorphoSys AG.

We expect to selectively pursue collaboration arrangements with third parties that have particular technology, expertise or resources for the development or commercialization of our product candidates or for accessing particular markets. We face, and will continue to face, significant competition in seeking appropriate

partners for our product candidates. If we are unable to identify partners whose capabilities complement and integrate well with ours and reach collaboration arrangements with such partners on a timely basis, on acceptable terms or at all, or if the arrangements we establish are unproductive for us, we may fail to meet our business objectives for the particular product candidate. Our ability to enter into such arrangements with respect to products in development that are subject to licenses may be limited by the terms of those licenses.

Any collaboration that we enter into may not be successful and the success of our collaboration arrangements will depend heavily on the efforts and activities of our collaborative partners. It is likely that our collaborative partners will have significant discretion in determining the efforts and resources that they will apply to these collaborations.

The risks that we are subject to in any of our collaborations include, among others:

- our collaborative partners may not commit adequate resources to the development, marketing and distribution of any collaboration products, limiting our potential revenues from these products;
- our collaborative partners may experience financial difficulties and may therefore be unable to meet their commitments to us;
- our collaborative partners may pursue a competing product candidate developed either independently or in collaboration with others, including our competitors; and
- our collaborative partners may terminate our relationship.

For example, in 2011, Abbott Laboratories, or Abbott, terminated its collaboration with Emergent for the development of otlertuzumab following a portfolio reprioritization process by Abbott.

The failure of any of our future collaboration partners to perform as expected could place us at a competitive disadvantage and adversely affect us financially, including delay and increased costs of development, loss of market opportunities, lower than expected revenues and impairment of the value of the related product candidate. Collaborations are a critical part of our business strategy, and any inability on our part to establish and successfully maintain such arrangements on terms favorable to us or to work successfully with our collaborative partners could have an adverse effect on our operations and financial performance.

Financial Risks

We may seek debt financing, which may restrict the operation of our business and limit the cash available for investment in our business operations.

We may seek debt financing to support our ongoing activities or to provide additional financial flexibility. Debt financing could have significant adverse consequences for our business, including:

- requiring us to dedicate a substantial portion of any cash flow from operations to payment on our debt, which would reduce the amounts available to fund other corporate initiatives;
- increasing the amount of interest that we have to pay on debt with variable interest rates, if market rates of interest increase;
- subjecting us to restrictive covenants that may reduce our ability to take certain corporate actions, acquire companies, products or technology, or obtain further debt financing;
- requiring us to pledge our assets as collateral, which could limit our ability to obtain additional debt financing;
- limiting our flexibility in planning for, or reacting to, general adverse economic and industry conditions; and

- placing us at a competitive disadvantage compared to our competitors that have less debt, better debt servicing options or stronger debt servicing capacity.

We may not have sufficient funds or be able to obtain additional financing to pay the amounts due under any future indebtedness. In addition, failure to comply with the covenants under any future debt instruments could result in an event of default under those instruments. An event of default could result in the acceleration of amounts due under a particular debt instrument and a cross default and acceleration under any future debt instruments, and we may not have sufficient funds or be able to obtain additional financing to make any accelerated payments. Under these circumstances, our lenders could seek to enforce security interests, if any, in our assets securing our indebtedness.

We may not achieve profitability in future periods or on a consistent basis.

Our ability to become profitable will be substantially dependent on the receipt of the $65 million total cash contributions from Emergent, our product sales revenues and revenues from collaboration and licensing arrangements. Accordingly, our ability to become profitable may be adversely affected as we progress through various stages of ongoing or planned clinical trials for our product candidates. We may not be able to achieve or sustain profitability. In addition, we anticipate incurring significant costs associated with the separation from Emergent and making substantial expenditures to further develop and commercialize our products and product candidates. We anticipate needing to generate greater revenue in future periods from our marketed products and from our products in development in order to achieve profitability in light of our planned expenditures. If we are unable to generate greater revenue, we may not achieve profitability in future periods, and may not be able to maintain any profitability we do achieve. If we are unable to generate sufficient revenues, we will not become profitable and may be unable to continue operations without additional funding.

Our results of operations and liquidity needs could be materially negatively affected by market fluctuations and economic downturns.

Our results of operations could be materially negatively affected by general economic conditions, both in the United States and elsewhere around the world. Continuing concerns over inflation, energy costs, geopolitical issues, and the availability and cost of credit have contributed to increased volatility and diminished expectations for the economy and the markets going forward. Domestic and international equity markets continue to experience heightened volatility and turmoil. These events and the continuing market upheavals may have an adverse effect on us. In the event of a continuing market downturn, our results of operations could be adversely affected by those factors in many ways, including making it more difficult for us to raise funds, if necessary, and our stock price may further decline.

Credit and financial market conditions may exacerbate certain risks affecting our business.

Sales of our products are made, in part, through direct sales to our customers, which include hospitals, physicians and other health care providers. As a result of adverse global credit and financial market conditions, our customers may be unable to satisfy their payment obligations for invoiced product sales or may delay payments, which could negatively affect our revenues, income and cash flow. In addition, we rely upon third parties for many aspects of our business, including our collaboration partners, wholesale distributors for our products, contract clinical trial providers, research organizations, manufacturers and third-party suppliers. Because of the tightening of global credit and the volatility in the financial markets, there may be a delay or disruption in the performance or satisfaction of commitments to us by these third parties, which could adversely affect our business.

The way that we account for our operational and business activities is based on estimates and assumptions that may differ from actual results.

The preparation of our combined financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as of the date of the

financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, our management evaluates its critical estimates and judgments, including, among others: those related to revenue recognition, including product rebates, chargeback and return accruals; inventory; clinical research costs; business combinations; intangible assets and impairment; income taxes; stock-based compensation; and contingent consideration. Those critical estimates and assumptions are based on our historical experience, future projections, our observance of trends in the industry, and various other factors that are believed to be reasonable under the circumstances, and they form the basis for making judgments about the carrying values and fair values of assets and liabilities that may not be readily apparent from other sources. If actual results differ from these estimates as a result of unexpected conditions or events occurring which cause us to have to reassess our assumptions, there could be a material adverse impact on our financial results and the performance of our stock.

We face product liability exposure, which could cause us to incur substantial liabilities and negatively affect our business, financial condition and results of operations.

The nature of our business exposes us to potential liability inherent in pharmaceutical products, including with respect to the sale of our products, any other products that we successfully develop and the testing of our product candidates in clinical trials. Product liability claims might be made by patients in clinical trials, consumers, health care providers or pharmaceutical companies or others that sell our products. These claims may be made even with respect to those products that are manufactured in licensed and regulated facilities or otherwise possess regulatory approval for commercial sale or study. We cannot predict the frequency, outcome or cost to defend any such claims.

If we cannot successfully defend ourselves against future claims that our products or product candidates caused injuries, we may incur substantial liabilities. Regardless of merit or eventual outcome, product liability claims may result in:

- decreased demand or withdrawal of a product;
- adverse publicity and/or injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue; and
- an inability to commercialize products that we may develop.

The amount of insurance that we currently hold may not be adequate to cover all liabilities that may occur. Further product liability insurance may be difficult and expensive to obtain. We may not be able to maintain insurance coverage at a reasonable cost and we may not be able to obtain insurance coverage that will be adequate to satisfy all potential liabilities. Claims or losses in excess of our product liability insurance coverage could have a material adverse effect on our business, financial condition and results of operations. The cost of defending any products liability litigation or other proceeding, even if resolved in our favor, could be substantial. Uncertainties resulting from the initiation and continuation of products liability litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Product liability claims, regardless of merit or eventual outcome, may absorb significant management time and result in reputational harm, potential loss of revenue from decreased demand for our products and/or product candidates, withdrawal of clinical trial participants and potential termination of clinical trial sites or entire clinical programs, and could cause our stock price to fall.

Product recalls may be issued at our discretion or at the discretion of our suppliers, government agencies and other entities that have regulatory authority for pharmaceutical sales. Any recall of our products could

materially adversely affect our business by rendering us unable to sell that product for some time and by adversely affecting our reputation. A recall could also result in product liability claims by individuals and third-party payors. In addition, product liability claims could result in an investigation of the safety or efficacy of our products, our manufacturing processes and facilities, or our marketing programs conducted by the FDA, the EMA, or the competent authorities of the EU Member States. Such investigations could also potentially lead to a recall of our products or more serious enforcement actions, limitations on the indications for which they may be used, or suspension, variation, or withdrawal of approval. Any such regulatory action by the FDA, the EMA or the competent authorities of the EU Member States could lead to product liability lawsuits as well.

We rely significantly on information technology systems and any failure, inadequacy, interruption or security lapse of that technology, including any cyber security incidents, could harm our ability to operate our business effectively or result in data leakage of proprietary and confidential business and employee information.

Our business is increasingly dependent on critical, complex and interdependent information technology systems, including Internet-based systems, to support business processes as well as internal and external communications. The size and complexity of our computer systems make them potentially vulnerable to interruption, invasion, computer viruses, destruction, malicious intrusion and additional related disruptions, which may result in the impairment of production and key business processes.

We will install and implement information technology infrastructure to support our critical business functions, as discussed in greater detail in the risk factor below entitled "*As we continue to build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.*"

In addition, our systems are potentially vulnerable to data security breaches—whether by employee error, malfeasance or other disruption—which may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information, including sensitive personal information, of our employees, clinical trial patients, customers and others.

A significant business disruption or a breach in security resulting in misappropriation, theft or sabotage with respect to our proprietary and confidential business and employee information could result in financial, legal, business or reputational harm to us, any of which could adversely affect our business, financial condition and operating results.

Our success is dependent on our continued ability to attract, motivate and retain key personnel, and any failure to attract or retain key personnel may negatively affect our business.

Because of the specialized scientific nature of our business, our ability to develop products and to compete with our current and future competitors largely depends upon our ability to attract, retain and motivate highly qualified managerial and key scientific and technical personnel. If we are unable to retain the services of one or more of the principal members of senior management, including our Chief Executive Officer, Marvin L. White, and Chief Financial Officer, Jeffrey G. Lamothe, and Chief Medical Officer, Scott C. Stromatt, or other key employees, our ability to implement our business strategy could be materially harmed. Our industry has experienced a high rate of turnover of management personnel in recent years. We face intense competition for qualified employees from biotechnology companies, research organizations and academic institutions. Attracting, retaining or replacing these personnel on acceptable terms may be difficult and time-consuming given the high demand in our industry for similar personnel. We believe part of being able to attract, motivate and retain personnel is our ability to offer a competitive compensation package, including equity incentive awards. If we cannot offer a competitive compensation package or otherwise attract and retain the qualified personnel necessary for the continued development of our business, we may not be able to maintain our operations or grow our business.

We are subject to periodic litigation, which could result in losses or unexpected expenditure of time and resources.

From time to time, we may be called upon to defend ourselves against lawsuits relating to our business. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome in any such proceedings could have an adverse impact on our business, financial condition and results of operations. If our stock price is volatile, we may become involved in securities class action lawsuits in the future. Any litigation in the future, regardless of its merits, could result in substantial costs and a diversion of management's attention and resources that are needed to successfully run our business. For a more detailed discussion of litigation, see "Business—Legal Proceedings."

RISKS RELATED TO THE SEPARATION

Until the separation occurs, Emergent has sole discretion to change the terms of the separation in ways which may be unfavorable to us.

We expect to complete the separation from Emergent in mid-2016. Unanticipated developments, including possible delays in obtaining a tax opinion, covenant waivers or other required clearances, uncertainty of the financial markets and challenges in establishing infrastructure or processes, could delay or prevent the proposed spin-off or cause it to occur on terms or conditions that are less favorable or different than currently contemplated. Executing the proposed spin-off also requires significant time and attention from management and employees, which could distract them from other tasks in operating our business and, as a result, negatively impact our operations and our earnings.

Until the separation occurs, we will be a wholly-owned subsidiary of Emergent. Accordingly, Emergent will effectively have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the distribution and the distribution date. These changes could be unfavorable to us. Emergent may also decide at any time not to proceed with the separation and distribution. In addition, the separation is subject to material conditions and may not be completed on the currently contemplated timeline or at all.

If the proposed separation is consummated, we may not realize some or all of the anticipated benefits due to a number of factors.

Even if the transaction is completed, we may not realize some or all of the anticipated strategic, financial or other benefits from the separation. These expected benefits include the benefits described in "The Separation and Distribution—Reasons for the Separation." We may not achieve these and other anticipated benefits for a variety of reasons. We will be smaller, less diversified and with a narrower business focus than the currently combined company, and may be more vulnerable to changing market conditions, which could materially and adversely affect our business, financial condition and results of operations. Execution of the spin-off transaction presents a number of significant risks to our internal processes, including the failure to maintain an adequate control environment due to changes to our information technology systems and financial reporting processes, both as we execute the transaction and following consummation. There may also be dis-synergies from separating the businesses that could negatively impact the financial condition and results of operations of either or both businesses. There also can be no assurance that the separation will not adversely affect our business. Further, the combined value of the common stock of the two publicly-traded companies may not be equal to or greater than what the value of our common stock would have been had the proposed spin-off not occurred.

We have no history operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly-traded company and may not be a reliable indicator of our future results.

The historical information about us in this information statement refers to our business as operated by and integrated with Emergent. Our historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Emergent. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly-traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Prior to the separation, our business was operated by Emergent as part of Emergent's broader corporate organization, rather than as an independent company. Emergent or one of its affiliates performed various corporate functions for us, such as accounting, information technology, legal, human resources, regulatory, quality assurance, quality control and finance. Following the separation, Emergent will provide some of these functions to us, as described in "Certain Relationships and Related Party Transactions." Our historical results reflect allocations of corporate expenses from Emergent for such functions. We consider the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had we operated as an independent, publicly-traded company for the periods presented. We will need to make significant investments to replicate or outsource from other providers certain facilities, systems, infrastructure, and personnel to which we will no longer have access after our separation from Emergent. These initiatives to develop our independent ability to operate without access to Emergent's existing operational and administrative infrastructure will be costly to implement. We may not be able to operate our business efficiently or at comparable costs, and our financial condition may decline;
- Currently, our business is integrated with the other businesses of Emergent. We are able to use Emergent's size and purchasing power in procuring various goods and services and have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we will enter into a transition services agreement with Emergent, these arrangements may not fully capture the benefits we have enjoyed as a result of being integrated with Emergent and may result in us paying higher charges than in the past for these services. As a separate, independent company, we may be unable to obtain goods and services at the prices and terms obtained prior to the separation, which could increase our losses. As a separate, independent company with a distinct scope of operations, we may also not qualify for or obtain favorable tax treatments and credits. This could have an adverse effect on our results of operations and financial condition following the completion of the separation;
    - Generally, our working capital requirements and capital for our general corporate purposes, including research and development and capital expenditures, have historically been satisfied as part of the corporate-wide capital allocation of Emergent. Following the completion of the separation, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements;
    - After the completion of the separation, the cost of capital for our business will likely be higher than Emergent's cost of capital prior to the separation; and
    - Our historical financial information does not reflect our obligations to purchase from Emergent certain services and assets, and assume the corresponding liabilities, of our business after the distribution date. For example, prior to separation, Emergent manufactured our commercial products, with the exception of IXINITY. Following separation, our commercial products, other than IXINITY, will continue to be manufactured by Emergent under a manufacturing services agreement. Therefore, the cost of our commercial products may differ from our current pricing.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as an independent company. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements, see "Unaudited Pro Forma Combined Financial Information," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

Emergent may fail to perform under various transaction agreements that will be executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation, we will enter into a separation and distribution agreement and various other agreements with Emergent, including a non-negotiable promissory note, a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian distributor agreement, a trademark license agreement and a product license agreement. These agreements are discussed in greater detail in the section entitled "Certain Relationships and Related Party Transactions." Certain of these agreements will provide for the performance of services by Emergent for a period of time after the separation. We will rely on Emergent to satisfy its performance obligations under these agreements. If Emergent is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses.

If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services when the transition services or longer-term agreements terminate, we may not be able to operate our business effectively and our results of operations may be adversely affected. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services Emergent currently provides to us. We may not be successful in effectively or efficiently implementing these systems and services or in transitioning data from Emergent's systems to ours. These systems and services may also be more expensive or less efficient than the systems and services Emergent is expected to provide during the transition period.

As we continue to build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.

We are continuing to install and implement our own information technology infrastructure to support our critical business functions, including accounting and reporting, customer service, inventory control and distribution. We may incur temporary interruptions in business operations if we cannot transition effectively from Emergent's existing transactional and operational systems, data centers and the transition services that support these functions as we transition these systems. We may not be successful in implementing our new systems and transitioning our data, and we may incur substantially higher costs for implementation than currently anticipated. Our failure to avoid operational interruptions as we transition systems and replace Emergent's IT services, or our failure to transition systems to replace Emergent's services successfully, could disrupt our business and have a material adverse effect on our results of operations. In addition, if we are unable to replicate or transition certain systems, our ability to comply with regulatory requirements could be impaired.

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone publicly-traded company following the distribution.

Our financial results previously were included within the consolidated results of Emergent, and we believe that our reporting and control systems were appropriate for those of divisions of a public company. However, we were not directly subject to the reporting and other requirements of the Exchange Act. After the distribution, we

believe we will qualify as an Emerging Growth Company, or EGC. Although an EGC has certain reduced reporting and regulatory requirements, we will still be directly subject to substantial reporting and other obligations under the Exchange Act. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources. We may not have sufficient time following the separation to meet these obligations by the applicable deadlines.

Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and potentially need to hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In connection with our separation from Emergent, Emergent will indemnify us for certain liabilities and we will indemnify Emergent for certain liabilities. If we are required to pay under these indemnities to Emergent, our financial results could be negatively impacted. The Emergent indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which Emergent will be allocated responsibility, and Emergent may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation agreement and certain other agreements with Emergent, Emergent will agree to indemnify us for certain liabilities, and we will agree to indemnify Emergent for certain liabilities, in each case for uncapped amounts, as discussed further in “Certain Relationships and Related Party Transactions.” Indemnities that we may be required to provide Emergent are not subject to any cap, may be significant and could negatively impact our business, particularly indemnities relating to our actions that could impact the tax-free nature of the distribution. Third parties could also seek to hold us responsible for any of the liabilities that Emergent has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnity from Emergent may not be sufficient to protect us against the full amount of such liabilities, and Emergent may not be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Emergent any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

If the distribution, together with certain related transactions, does not qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code, Emergent, Aptevo, and Emergent stockholders could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify Emergent for taxes and related expenses resulting from the failure of the transaction to so qualify.

It is intended that the distribution, together with certain related transactions, will generally be tax-free to Emergent and its stockholders for U.S. federal income tax purposes. Emergent has received a favorable private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions. It is a condition to the distribution that (i) the private letter ruling from the IRS continue to be valid and in full force and effect and (ii) Emergent receive an opinion from WilmerHale LLP, in a form and substance satisfactory to Emergent, substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code. The IRS private letter ruling is based upon certain facts and representations submitted by Emergent to the IRS. In addition, the opinion from WilmerHale LLP will be based upon and rely on, among other things, the IRS private letter ruling and certain facts and assumptions, as well as certain representations and covenants of Emergent and Aptevo contained in the tax matters agreement and certain

representations contained in representation letters provided by Emergent, Aptevo and certain stockholders to WilmerHale LLP, including representations and covenants relating to the past and future conduct of Emergent, Aptevo and such stockholders. If any of these facts, assumptions, representations, or covenants is, or becomes, inaccurate or incomplete, the IRS private letter ruling and/or the opinion of WilmerHale LLP may be invalid and the conclusions reached therein could be jeopardized. In addition, the IRS private letter ruling only addresses certain limited matters relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, and the opinion of WilmerHale LLP will represent the judgment of such counsel which is not binding on the IRS or any court. Accordingly, notwithstanding the IRS private letter ruling and the opinion of WilmerHale LLP, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions should be treated as a taxable transaction for U.S. federal income tax purposes or that a court would not sustain such a challenge.

If the distribution, together with certain related transactions, does not qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes, in general, (i) Emergent would recognize taxable gain on the distribution equal to the amount by which the fair market value of the Aptevo common stock distributed to Emergent stockholders exceeds Emergent's tax basis in its shares of Aptevo common stock and (ii) each Emergent stockholder would be treated as receiving a taxable distribution in an amount equal to the fair market value of the Aptevo common stock received by such stockholder. For more information, see "Material U.S. Federal Income Tax Consequences."

Under the tax matters agreement that we will enter into with Emergent, we may be required to indemnify Emergent against any tax liabilities and related expenses resulting from the failure of the distribution, together with certain related transactions, to qualify as a transaction described under Sections 355 and 368(a)(1)(D) of the Code to the extent that the failure to so qualify is attributable to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the tax matters agreement or the IRS private letter ruling or in the representation letters provided to WilmerHale LLP. For a more detailed discussion, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement."

We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Emergent.

The agreements we will enter into with Emergent in connection with the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian distributor agreement, a trademark license agreement and a product license agreement, were prepared in the context of the separation while we were still a wholly-owned subsidiary of Emergent. Accordingly, during the period in which the terms of those agreements were prepared, we did not have an independent board of directors or a management team that was independent of Emergent. As a result, while we believe that the commercial agreements between Emergent and us generally reflect arm's-length pricing and other terms, it is possible that we may have received more favorable terms had the intercompany agreements between Emergent and us been negotiated with third parties.

We expect to incur both one-time and ongoing material costs and expenses as a result of our separation from Emergent, which could adversely affect our results of operations.

We expect to incur both one-time and ongoing costs and expenses greater than those we currently incur as a result of our separation from Emergent. These increased costs and expenses may arise from various factors, including financial reporting, costs associated with complying with federal securities laws (including potential future compliance with the Sarbanes-Oxley Act of 2002), tax administration, and legal and human resources related functions, and it is possible that these costs will be material to our business.

The transfer or assignment to us of certain contracts and other assets requires the consent of a third party. If such consent is not given, we may not be entitled to the benefit of such contracts and other assets in the future.

The transfer or assignment of certain of the contracts and other assets in connection with our separation from Emergent require the consent of a third party to the transfer or assignment. In addition, in some circumstances, we are joint beneficiaries of contracts, and we will need to enter into a new agreement with the third party to replicate the existing contract or assign the portion of the existing contract related to our business. Some parties may use the consent requirement to seek more favorable contractual terms from us, which we expect would primarily take the form of price increases, which may require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or to seek arrangements with new third parties. If we are unable to obtain such consents on commercially reasonable and satisfactory terms, we may be unable to obtain some of the benefits, assets and contractual commitments that are intended to be allocated to us as part of our separation from Emergent, and we may be required to seek alternative arrangements to obtain the distribution, legal, accounting, auditing, administrative and other services and assets that we would otherwise have had under such agreements. In addition, where we do not intend to obtain consent from third-party counterparties based on our belief that no consent is required, the third-party counterparties may challenge a transfer of assets to us on the basis that the terms of the applicable commercial arrangements require their consent. We may incur substantial litigation and other costs in connection with any such claims and, if we do not prevail, our ability to use these assets could be adversely impacted.

If the distribution occurs and you do not want to receive Aptevo common stock in the distribution, your sole recourse will be to divest yourself of your Emergent common stock prior to the record date.

No vote of Emergent stockholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your Emergent common stock prior to the record date for the distribution.

The combined post-separation value of a share of Emergent common stock and ● shares of Aptevo common stock may not equal or exceed the pre-distribution value of a share of Emergent common stock.

As a result of the distribution, Emergent expects the trading price of shares of Emergent common stock immediately following the distribution to be lower than the “regular-way” trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the business held by Aptevo. There can be no assurance that the aggregate market value of a share of Emergent common stock and ● shares of Aptevo common stock following the separation will be higher or lower than the market value of a share of Emergent common stock if the separation did not occur.

We may not be able to engage in certain corporate transactions after the separation.

To preserve the tax-free treatment to Emergent and its stockholders of the distribution, together with certain related transactions, we will be restricted, under the tax matters agreement that we will enter into with Emergent, from taking any action that prevents such transactions from being tax-free for U.S. federal income tax purposes. In particular, for a period of two years following the separation, we will be restricted from taking certain actions (including restrictions on share issuances, business combinations, sales of assets, amendments to organizational documents and similar transactions) that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. These restrictions may limit our ability to pursue certain strategic transactions or engage in other transactions that might increase the value of our business, including use of our common stock to make acquisitions and equity capital market transactions. In addition, under the tax matters agreement, we are required to indemnify Emergent against any tax liabilities and related expenses arising from the failure of the distribution, together with certain related transactions, to be tax-free to the extent such failure is attributable to actions, events or transactions relating to our stock, assets or business, including the acquisition of our stock even if we did not participate in or otherwise facilitate the acquisition. For more information, see “Certain Relationships and Related Party Transactions—Tax Matters Agreement.”

After the separation, certain of our executive officers and/or directors may have actual or potential conflicts of interest because of their previous positions at Emergent.

The ownership by our expected executive officers and/or directors of shares of Emergent common stock, stock options or other equity awards may create, or may create the appearance of, conflicts of interest. Because of their current or former positions with Emergent, certain of our expected executive officers and/or directors own shares of Emergent common stock, stock options to purchase Emergent common stock or other equity awards. Shares of Emergent common stock, stock options to purchase Emergent common stock or other equity awards may comprise a significant portion of some of these individuals' total personal financial assets. Following the separation, even though expected executive officers and/or directors who are currently employees of Emergent will cease to be employees of Emergent, some of our executive officers and/or directors will continue to have a financial interest in Emergent common stock, which may create, or may create the appearance of, conflicts of interest when these individuals are faced with decisions that could have different implications for Emergent than the decisions have for Aptevo.

RISKS RELATED TO APTEVO'S COMMON STOCK

We cannot be certain that an active trading market for our common stock will develop or be sustained after the separation, and following the separation, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a "when-issued" basis and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the separation. Nor can we predict the prices at which shares of our common stock may trade after the separation. Similarly, we cannot predict whether the combined market value of the shares of our common stock and Emergent's common shares will be less than, equal to or greater than the market value of Emergent's common shares prior to the separation.

The stock market in general, and the market for biotechnology companies in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control or unrelated to our operations, including, among others:

- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance;
- the success of competitive products or technologies;
- the timing, expenses and results of clinical and non-clinical trials of our product candidates;
- announcements regarding clinical trial results and product introductions by us or our competitors;
- announcements of acquisitions, collaborations, financings or other transactions by us;
- public concern as to the safety of our products;
- termination or delay of a development program;
- the recruitment or departure of key personnel;
- actual or anticipated variations in our product revenue and results of operations;
- the operating and stock price performance of comparable companies;
- general industry conditions and domestic and worldwide financial, economic and political instability; and

- the other factors described in this “Risk Factors” section.

In addition, when the market price of a company’s common stock drops significantly, stockholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

The public announcement of data from clinical studies or news of any developments related to our product pipeline may cause significant volatility in our stock price. If the development of any of our key pipeline products is delayed or discontinued, our stock price could decline significantly.

As we evolve into a standalone company, we will be focusing efforts and resources in building a diversified pipeline of products. We expect that investors may place heightened scrutiny on some of our products in development when making investment decisions in Aptevo compared to historic Emergent. The announcement of data from clinical studies by us or our collaborative partners or news of any developments related to our key pipeline products may cause significant volatility in our stock price. Furthermore, the announcement of any negative or unexpected data or the discontinuation of development of any of our key pipeline products, or any delay in our anticipated timelines for filing for regulatory approval, could cause our stock price to decline significantly. There can be no assurance that data from clinical studies will support a filing for regulatory approval or even if approved, that any of our key pipeline products will become commercially successful.

Your percentage of ownership in Aptevo may be diluted in the future.

In the future, your percentage ownership in Aptevo may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we will be granting to our directors, officers and employees. Our employees will have options to purchase shares of our common stock after the distribution as a result of conversion of their Emergent stock options to Aptevo stock options. We anticipate our compensation committee will grant additional stock options or other stock-based awards to our employees after the distribution. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we may issue additional options or other stock-based awards to our employees under our employee benefits plans.

In addition, our restated certificate of incorporation will authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock. See “Description of Aptevo’s Capital Stock.”

Fuad El-Hibri, the chairman of our Board of Directors, has significant influence over us through his substantial beneficial ownership of our common stock, including an ability to influence the election of the members of our Board of Directors, or delay or prevent a change of control of us.

Mr. El-Hibri has the ability to significantly influence the election of the members of our Board of Directors due to his substantial beneficial ownership of our common stock. As of the distribution date, Mr. El-Hibri will be the beneficial owner of approximately ●% of our outstanding common stock. As a result, Mr. El-Hibri could delay or prevent a change of control of us that may be favored by other directors or stockholders and otherwise exercise substantial control over all corporate actions requiring board or stockholder approval, including any amendment of our certificate of incorporation or by-laws. The control by Mr. El-Hibri may prevent other stockholders from influencing significant corporate decisions. In addition, Mr. El-Hibri’s significant beneficial ownership of our shares could present the potential for a conflict of interest.

Provisions under Delaware law and in our restated certificate of incorporation and amended and restated by-laws may discourage acquisition proposals, delay a change in control or prevent transactions that stockholders may consider favorable.

Certain provisions in our restated certificate of incorporation and amended and restated by-laws, and under Delaware law, may discourage, delay or prevent a merger, acquisition or other changes in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our incumbent directors and management.

These provisions include:

- the classification of our directors;
- limitations on the removal of directors;
- limitations on filling vacancies on the board;
- advance notice requirements for stockholder nominations of candidates for election to the Board of Directors and other proposals;
- the inability of stockholders to act by written consent;
- the inability of stockholders to call special meetings; and
- the ability of our Board of Directors to designate the terms of and issue a new series of preferred stock without stockholder approval.

The affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote is required to amend or repeal the above provisions of our certificate of incorporation. The affirmative vote of either a majority of the directors present at a meeting of our Board of Directors or holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote is required to amend or repeal our by-laws.

In addition, Section 203 of the General Corporation Law of Delaware prohibits a corporation from engaging in a business combination with an interested stockholder, generally a person which, together with its affiliates, owns or within the last three years has owned 15% or more of the corporation's voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Accordingly, Section 203 may discourage, delay or prevent a change in control of us.

Several of the agreements that we will enter into with Emergent require Emergent's consent to any assignment by us of our rights and obligations under the agreements. These agreements will generally expire within two years of our separation from Emergent, except for certain agreements that will continue for longer terms and in some cases for the life of the products covered by the agreements. The consent and termination rights set forth in these agreements might discourage, delay or prevent a change of control that you may consider favorable. See "Certain Relationships and Related Party Transactions" and "Description of Aptevo's Capital Stock" for a more detailed description of these agreements and provisions.

In addition, under the tax matters agreement, for a period of two years following the separation, we will be restricted from taking certain actions (including restrictions on business combinations and share issuances) that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. We would be required to indemnify Emergent for any taxes and related expenses resulting from the failure of the transactions to so qualify to the extent that the failure is attributable to actions, events or transactions relating our stock, assets or business, and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.

Our by-laws include an exclusive forum provision that could limit our stockholders' ability to obtain a judicial forum viewed by stockholders as more favorable for disputes with us or our directors, officers or other employees or certain stockholders.

Our by-laws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for: (1) any derivative action or proceeding brought on behalf of Aptevo; (2) any action asserting a claim for breach of a fiduciary duty owed by any director, officer or other employee or stockholder of Aptevo to us or our stockholders; (3) any action asserting a claim arising pursuant to any provision of General Corporation Law of the State of Delaware, which we refer to as the DGCL; (4) any action asserting a claim arising pursuant to any provision of our Certificate of Incorporation or by-laws (as they may be amended from time to time); or (5) any action asserting a claim governed by the internal affairs doctrine. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with us or our directors or officers, which may discourage lawsuits against us or our directors or officers. Alternatively, if a court outside of Delaware were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition or results of operations.

Because we currently do not expect to pay dividends following the distribution, investors will benefit from an investment in our common stock only if it appreciates in value.

Prior to completion of the distribution, our Board of Directors will adopt a dividend policy with respect to the payment of dividends on our common stock following the distribution. We currently do not expect to pay dividends following the distribution. We anticipate that we will retain all our future earnings, if any, to support our operations and our proprietary drug development programs and product candidates and pursue other opportunities. Any future determination to pay dividends will be at the sole discretion of our Board of Directors and will depend upon our financial condition, results of operations, capital requirements, restrictions contained in future financing instruments and such other factors as our Board of Directors deems relevant. For more information, see "Dividend Policy." We cannot guarantee that we will pay any dividends in the future or continue to pay any dividend if we were to commence paying dividends. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for our stockholders for the foreseeable future.

A significant portion of our shares may be sold into the market at any time. This could cause the market price of our common stock to drop significantly.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales or the perception in the market that the holders of a large number of shares intend to sell shares, in connection with the distribution or otherwise, could reduce the market price of our common stock. We are unable to predict whether large amounts of our common stock will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers would be in the market at that time. Upon completion of the distribution, we expect that we will have an aggregate of approximately ● shares of our common stock issued and outstanding on ●. These shares will be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended, or the Securities Act, unless the shares are owned by one of our "affiliates," as that term is defined in Rule 405 under the Securities Act. Moreover, holders of an aggregate of approximately ● shares of our common stock immediately following the distribution will have the right to require us to register these shares of common stock under the Securities Act under specified circumstances. For a further discussion of registration rights, see "Description of Aptevo's Capital Stock—Registration Rights."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials Emergent and Aptevo have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "expectation," "anticipate," "may," "could," "intend," "belief," "estimate," "plan," "target," "predict," "likely," "will," "should," "forecast," "outlook" or other similar words or phrases, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. In particular, information included under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "The Separation and Distribution" contain forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Except as may be required by law, we undertake no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date of this information statement. Factors that could cause our actual results or events to differ materially from those anticipated include the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in addition to the following other factors, many of which are beyond our control:

- demand for and market acceptance risks for and competitive pressures related to new and existing products;
- product development risks, including satisfactory clinical performance, the ability to manufacture at appropriate scale, and the general unpredictability associated with the product development cycle;
- occurrence of manufacturing or supply difficulties;
- product quality or patient safety issues, leading to product recalls, withdrawals, launch delays, sanctions, seizures, litigation, loss of confidence or declining sales;
- future actions of FDA, EMA or any other regulatory body or government authority that could delay, limit or suspend product development, manufacturing or sale or result in seizures, recalls, injunctions, loss of customer confidence, monetary sanctions or criminal or civil liabilities;
- our ability to develop and sustain relationships with collaborative partners;
- failures with respect to the company's compliance programs;
- global regulatory, trade and tax policies;
- the impact of competitive products and pricing, including generic competition, drug re-importation and disruptive technologies;
- our ability to identify business development and growth opportunities and to successfully execute on our business development strategy;
- our ability to realize the anticipated benefits from our joint product development and commercialization arrangements and other business development activities or to identify and enter into additional such opportunities in the future;
- future actions of third parties, including third-party payors, as healthcare reform and other similar measures are implemented in the United States and globally;
- the impact of U.S. healthcare reform and other similar actions undertaken by foreign governments with respect to pricing, reimbursement, taxation and rebate policies;

- additional legislation, regulation and other governmental pressures in the United States or globally, which may affect pricing, reimbursement, taxation and rebate policies of government agencies and private payors or other elements of the company's business;
- the ability to protect or enforce the company's owned or in-licensed patent or other proprietary rights (including trademarks, copyrights, trade secrets and know-how) or patents of third parties preventing or restricting the company's manufacture, sale or use of affected products or technology;
- the impact of global economic conditions on us and our customers and suppliers, including foreign governments in certain countries in which we operate;
- fluctuations in foreign exchange and interest rates;
- any changes in law concerning the taxation of income, including income earned outside the United States;
- breaches or failures of the company's information technology systems;
- loss of key employees or inability to identify and recruit new employees;
- the outcomes of any litigation;
- the adequacy of our cash reserves and cash flows from operations to meet our ongoing cash obligations;
- whether the separation is completed, as expected or at all, and the timing of the separation and the distribution;
- whether the conditions to the distribution can be satisfied;
- our operations as an independent company;
- the costs and expenses related to the separation;
- Emergent's performance under various transaction agreements that will be executed as part of the separation;
- our ability to transition away from the services to be provided by Emergent pursuant to the transition services agreement and other agreements with Emergent in a timely manner;
- potential indemnification liabilities owed to Emergent after the separation;
- our ability to achieve operational, marketing and strategic benefits from the separation in a timely manner;
- our ability to access the capital markets following the separation from Emergent;
- failure of the "regular-way," "ex-distribution" or "when issued" markets to develop or other unexpected reactions to the distribution in the capital markets; and
- other factors identified elsewhere in this information statement including the risk factors described herein under the section entitled "Risk Factors."

In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of any such forward-looking statements. The list of factors described above is illustrative, but by no means exhaustive.

All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Additional risks and uncertainties include those detailed from time to time in our publicly-filed documents.

DIVIDEND POLICY

We currently do not expect to pay dividends following the distribution. We anticipate that we will retain all our future earnings, if any, to support our operations and our proprietary drug development programs, acquire or in-license additional products and product candidates, and pursue other opportunities, and do not intend to pay dividends in the foreseeable future. The timing, declaration, amount of, and payment of any dividends following the separation by Aptevo is within the sole discretion of its board of directors and will depend upon many factors, including Aptevo's financial condition, earnings, corporate strategy, capital requirements of its operating subsidiaries, covenants associated with any future debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by Aptevo's board of directors.

CAPITALIZATION

The following table sets forth Aptevo's capitalization as of March 31, 2016 on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in the Biosciences Business of Emergent BioSolutions Inc. unaudited pro forma combined balance sheet. The information below is not necessarily indicative of what Aptevo's capitalization would have been had the separation and distribution been completed as of March 31, 2016. In addition, it is not indicative of Aptevo's future capitalization. This table should be read in conjunction with "Unaudited Pro Forma Combined Financial Information," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements of the Biosciences Business of Emergent BioSolutions Inc. and notes included elsewhere in this information statement:

	As of March 31, 2016 (dollars in thousands)	
	Actual	Pro Forma
Cash and cash equivalents	$ 3,072	$ 45,000
Total debt	$ —	$ —
Equity:		
Common stock, par value $0.001 per share	—	[●]
Additional paid-in capital	—	[●]
Note receivable from Emergent	—	(20,000)
Net investment from Emergent	334,740	—
Accumulated deficit	(244,878)	[●]
Total equity	89,862	[●]
Total Capitalization	$ 89,862	$ [●]

Aptevo is in the process of compiling its anticipated post-distribution capitalization. Prior to the effectiveness of the registration statement of which this information statement is a part, anticipated information regarding Aptevo's capitalization following the separation will be disclosed in accordance with the rules and regulations of the SEC in an amendment to this information statement.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

The statement of operations data for the three months ended March 31, 2016 and 2015 and the balance sheet data as of March 31, 2016 have been derived from the unaudited condensed combined financial statements of the Biosciences Business of Emergent BioSolutions Inc., which are included elsewhere in this information statement. The combined statement of operations data for the years ended December 31, 2015, 2014 and 2013 and the combined balance sheet data as of December 31, 2015 and 2014 have been derived from the audited combined financial statements of the Biosciences Business of Emergent BioSolutions Inc., which are included elsewhere in this information statement. The combined statements of operations data for the years ended December 31, 2012 and 2011 and the combined balance sheet data as of December 31, 2013, 2012 and 2011 have been derived from the unaudited combined financial statements of the Biosciences Business of Emergent BioSolutions Inc., which are not included in this information statement.

The combined financial statements have been prepared on a "carve-out" basis for the purpose of presenting the Biosciences Business of Emergent BioSolutions Inc. financial position, results of operations and cash flows. Aptevo did not operate as a standalone entity in the past and accordingly the selected financial data presented herein is not necessarily indicative of Aptevo's future performance and does not reflect what Aptevo's performance would have been had Aptevo operated as an independent publicly-traded company during the periods presented.

The selected financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the "Unaudited Pro Forma Combined Financial Information" and the corresponding notes included elsewhere in this information statement.

	Three Months Ended March 31,		Year Ended December 31,				
(in thousands)	2016	2015	2015	2014	2013	2012	2011
Statements of Operations Data:							
Revenue							
Product sales	$ 7,948	$ 6,321	$ 27,947	$ 30,036	$ —	$ —	$ —
Collaborations	119	5,342	5,654	15,595	170	3,927	22,097
Revenues	8,067	11,663	33,601	45,631	170	3,927	22,097
Operating expenses							
Cost of product sales	3,528	3,732	16,933	16,254	—	—	—
Research and development	8,101	9,101	34,726	46,589	38,074	23,924	34,454
Selling, general and administrative	9,420	9,932	43,042	34,280	15,451	15,004	9,802
Impairment of in-process research and development	—	—	—	—	—	9,600	—
Total operating expenses	21,049	22,765	94,701	97,123	53,525	48,528	44,256
Loss from operations	(12,982)	(11,102)	(61,100)	(51,492)	(53,355)	(44,601)	(22,159)
Other (expense) income, net	80	(295)	(237)	(222)	18	29	1
Loss before benefit from income taxes	(12,902)	(11,397)	(61,337)	(51,714)	(53,337)	(44,572)	(22,158)
Benefit from income taxes	(12)	(375)	(2,020)	(599)	—	—	—
Net loss	$ (12,890)	$ (11,022)	$ (59,317)	$ (51,115)	$ (53,337)	$ (44,572)	$ (22,158)

(in thousands)	As of March 31, 2016	As of December 31, 2015	2014	2013	2012	2011
Balance Sheet Data:						
Cash, cash equivalents and investments	$ 3,072	$ 4,637	$ 3,593	$ —	$ —	$13,491
Total assets	112,605	112,456	119,971	50,528	50,092	80,947
Total long-term liabilities	4,053	3,895	5,528	18	77	3,005
Total stockholders' equity	89,862	88,618	94,608	44,544	44,513	69,387

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The unaudited pro forma combined financial statements discussed and presented below have been prepared from the Biosciences Business of Emergent BioSolutions Inc.; which include: (1) the historical audited statement of operations for the year ended December 31, 2015; (2) the unaudited statement of operations for the three months ended March 31, 2016; and (3) the unaudited condensed combined balance sheet as of March 31, 2016. As of formation, and as of March 31, 2016, the newly-formed Aptevo Therapeutics Inc. entity did not hold any assets or liabilities and had no operations. The pro forma adjustments and notes to the pro forma financial information give effect to the legal formation and capitalization of Aptevo and the contribution of the assets and liabilities to Aptevo by Emergent as described below. The unaudited pro forma combined financial statements should be read together with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical audited combined financial statements, the unaudited condensed combined financial statements and notes related to those financial statements of the Biosciences Business of Emergent BioSolutions Inc. included elsewhere in this information statement.

The unaudited pro forma combined balance sheet as of March 31, 2016 has been prepared as if the separation had occurred on March 31, 2016. The pro forma adjustments are based on the best information available and assumptions that management believes are reasonable given the information available. While such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements, in management's opinion, the pro forma adjustments are not expected to materially differ from the final adjustments.

The unaudited pro forma combined statement of operations for the three months ended March 31, 2016 and the year ended December 31, 2015 have been prepared as if the separation had occurred on January 1, 2015. Aptevo's historical combined statements of operations include an allocation of expenses related to certain Emergent corporate functions, including senior management, legal, human resources, finance, investor relations, information technology and quality assurance. These expenses have been allocated to Aptevo based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of expenses, headcount, square footage, or other measures. Aptevo considers the expense allocation methodology and results to be reasonable for all periods presented. Additionally, the unaudited pro forma statements of operations do not reflect certain estimated incremental expenses and/or cost savings associated with Aptevo being an independent, publicly-traded company because such amounts are not associated with the contractual agreements directly attributable to the separation and would be based on management's judgmental estimates and operating plans. The pro forma adjustments are based on the best information available and assumptions that management believes are reasonable given the information available. While such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements, in management's opinion, the pro forma adjustments are not expected to materially differ from the final adjustments.

The unaudited pro forma combined balance sheet and statements of operations have been have been adjusted to give effect to the following items related to the separation and the associated transactions:

- the cash contribution of $45 million from Emergent to Aptevo;
- promissory note of $20 million for future funding of Aptevo from Emergent;
- the impact of the Manufacturing Services Agreement between Emergent and Aptevo; and
- the anticipated issuance of approximately [●] shares of Aptevo Therapeutics Inc. common stock.

The unaudited pro forma basic and diluted net loss per share is computed using the average number of shares of common stock outstanding after giving pro forma effect to the planned Emergent distribution of all Aptevo Therapeutics Inc. shares of common stock as if such distribution had occurred at January 1, 2015. The number of Aptevo Therapeutics Inc. shares used to compute basic and diluted net loss per share for the year ended December 31, 2015 and the three months ended March 31, 2016 are based on the average number of

shares of Emergent common stock outstanding during the respective period assuming the anticipated distribution ratio of [●] share of Aptevo Therapeutics Inc. common stock for each share of Emergent common stock outstanding.

A significant amount of charges to effect the separation that are not ongoing in nature have been and will continue to be incurred by Emergent, such as financial, legal, tax, accounting and other advisory fees and regulatory fees. Aptevo may also incur costs in connection with the separation such as, among other things, facility and information technology system reconfiguration costs. The total amount of such separation charges to be incurred by Aptevo is not estimable at this time.

The unaudited pro forma combined financial statements are for illustrative and information purposes only and are not intended to represent, or be indicative of, what Aptevo's financial position or results of operations would have been had the separation occurred on the date(s) indicated.

Aptevo Therapeutics Inc.
Unaudited Pro Forma Combined Statement of Operations
(in thousands, except per share data)

	Three Months Ended March 31, 2016		
	Historical	Pro Forma Adjustments	Pro Forma
Revenues:			
Product sales	$ 7,948	$	$ 7,948
Collaborations	119		119
Revenues	8,067	—	8,067
Operating expense:			
Cost of product sales	3,528	(1,060)[(a)]	2,468
Research and development	8,101		8,101
Selling, general and administrative	9,420		9,420
Loss from operations	(12,982)	(1,060)	(11,922)
Other income (expense):			
Other income (expense), net	80		80
Other expense, net	80	—	80
Loss before benefit from income taxes	(12,902)	(1,060)	(11,842)
Benefit from income taxes	(12)	(1)	(13)
Net and comprehensive loss	$(12,890)	$ (1,059)	$ (11,829)
Net loss per share—basic and dilutive	N/A		$ [●]
Weighted-average number of shares—basic and dilutive	N/A		[●]

(a) Reflects the estimated reduction in manufacturing cost per the Manufacturing Services Agreement to be executed between Emergent and Aptevo prior to the distribution. The historical cost of product sales for certain Aptevo marketed product includes costs associated with the under-utilization of manufacturing facility capacity that will not be incurred by Aptevo under this new Manufacturing Services Agreement.

Aptevo Therapeutics Inc.
Unaudited Pro Forma Combined Statement of Operations
(in thousands, except per share data)

	Year Ended December 31, 2015		
	Historical	Pro Forma Adjustments	Pro Forma
Revenues:			
Product sales	$ 27,947	$	$ 27,947
Collaborations	5,654		5,654
Revenues	33,601	—	33,601
Operating expense:			
Cost of product sales	16,933	(1,964)(a)	14,969
Research and development	34,726		34,726
Selling, general and administrative	43,042		43,042
Loss from operations	(61,100)	(1,964)	(59,136)
Other income (expense):			
Other income (expense), net	(237)		(237)
Other expense, net	(237)	—	(237)
Loss before benefit from income taxes	(61,337)	(1,964)	(59,373)
Benefit from income taxes	(2,020)	(65)	(1,955)
Net and comprehensive loss	$(59,317)	$ (1,899)	$(57,418)
Net loss per share—basic and dilutive	N/A		$ [●]
Weighted-average number of shares—basic and dilutive	N/A		[●]

(a) Reflects the estimated reduction in manufacturing cost per the Manufacturing Services Agreement to be executed between Emergent and Aptevo prior to the distribution. The historical cost of product sales for certain Aptevo marketed product includes costs associated with the under-utilization of manufacturing facility capacity that will not be incurred by Aptevo under this new Manufacturing Services Agreement.

Aptevo Therapeutics Inc.
Unaudited Pro Forma Combined Balance Sheet
(in thousands)

	March 31, 2016		
	Historical	Pro Forma Adjustments	Pro Forma
ASSETS			
Current assets:			
Cash and cash equivalents	$ 3,072	$ 41,928(a)	$ 45,000
Accounts receivable, net	3,458		3,458
Inventories	22,071	(12,944)(c)	9,127
Income taxes receivable	1,387		1,387
Prepaid expenses and other current assets	5,435		5,435
Total current assets	35,423	28,984	64,407
Property, plant and equipment, net	4,624		4,624
In-process research and development	41,800		41,800
Intangible assets, net	16,856		16,856
Goodwill	13,902		13,902
Total assets	$ 112,605	$ 28,984	$141,589
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current liabilities:			
Accounts payable	$ 12,197	$	$ 12,197
Accrued compensation	2,182		2,182
Contingent consideration	233		233
Provisions for chargebacks	1,960		1,960
Deferred revenue, current portion	2,118		2,118
Total current liabilities	18,690		18,690
Deferred revenue, net of current portion	3,468		3,468
Deferred income taxes	506		506
Other liabilities	79		79
Total liabilities	22,743		22,743
Stockholders' equity:			
Common stock	—	[●](d)	[●]
Additional paid in capital	—	[●](d)	[●]
Note receivable from Emergent	—	(20,000)(b)	(20,000)
Net investment from Emergent	334,740	(334,740)(d)	—
Accumulated deficit	(244,878)	244,878(d)	[●]
Total stockholders' equity	89,862	[●]	[●]
Total liabilities and stockholders' equity	$ 112,605	$ 28,984	$ [●]

(a) Reflects the effect of the planned $45 million cash contribution from Emergent to Aptevo upon separation.

(b) Reflects the planned capital contribution via issuance of a non-negotiable, unsecured promissory note of $20 million upon separation. This promissory note from Emergent is payable to Aptevo within six to 12 months following the separation date and is shown as a reduction of stockholders' equity pending cash receipt.

(c) Reflects raw materials and work-in-process inventory balances for Aptevo products remaining with Emergent. Emergent is expected to manufacture certain of the Aptevo commercial products and sell the finished products to Aptevo. Finished goods inventory on Aptevo's balance sheet will remain with Aptevo.

(d) Reflects Emergent's net investment in Aptevo, including the impact of the pro forma adjustments herein, re-designated as Aptevo's stockholders' equity upon distribution. The allocation between common stock and paid-in capital is based on the issuance of Aptevo common stock, par value of $0.001, as of December 31, 2015, on a pro rata basis of [●] share of Aptevo common stock for every 1 (one) share of Emergent common stock.

BUSINESS

OVERVIEW

Aptevo Therapeutics Inc. is a biotechnology company focused on novel oncology (cancer) and hematology (blood disease) therapeutics to meaningfully improve patients' lives. Our core technology is the ADAPTIR™ (modular protein technology) platform. We also have four revenue-generating products in the areas of hematology and infectious diseases, as well as various investigational stage product candidates in immuno-oncology. Aptevo was formed to own and operate certain assets from the biosciences business of Emergent BioSolutions Inc. in connection with the separation and distribution described in this information statement.

We were incorporated in the state of Delaware in February 2016. We have applied for the listing of Aptevo's common stock on the NASDAQ Global Market under the symbol "APVO." Our principal executive offices will be located at 2401 4th Ave., Suite 1050, Seattle, Washington 98121. Our telephone number following the separation will be (206) 838-0500. We will maintain an internet site at *www.AptevoTherapeutics.com*. Our website and the information contained on the website or connected to the website shall not be deemed to be incorporated into this information statement, and you should not rely on any such information in making an investment decision.

Our investigational stage product candidates MOR209/ES414, ES210, ES425 and otlertuzumab are built on our novel ADAPTIR™ (modular protein technology) platform, which is designed to expand on the utility and effectiveness of therapeutic antibodies. The technology can produce monospecific and multispecific immunotherapeutic proteins that specifically bind to one or more targets, for example, bispecific therapeutic molecules, which may have structural advantages over monoclonal antibodies. The mechanisms of action for MOR209/ES414, ES210, ES425 and otlertuzumab include redirected T-cell cytotoxicity, or RTCC, and targeted cytokine delivery. The structural differences of ADAPTIR molecules over monoclonal antibodies allow for the development of other ADAPTIR immunotherapeutics that engage disease targets in a novel manner and produce a unique signaling response. We are skilled at product candidate generation, validation and subsequent pre-clinical and clinical development using the ADAPTIR platform. We have the ability to progress ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical development and process development capabilities and cGMP manufacturing oversight. We also have the ability to launch, market and commercialize these product candidates upon approval.

Our marketed products are:

- WinRho® SDF [Rh_o(D) Immune Globulin Intravenous (Human)], for treatment of autoimmune platelet disorder, also called immune thrombocytopenic purpura or ITP, and, separately, for the treatment of hemolytic disease of the newborn, or HDN;
- HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], for prevention of hepatitis-B recurrence following liver transplantation in HBsAg-positive liver transplant patients, and for treatment following exposure to hepatitis-B;
- VARIZIG® [Varicella Zoster Immune Globulin (Human)], for treatment following exposure to varicella zoster virus, which causes chickenpox, in high-risk individuals; and
- IXINITY® [coagulation factor IX (recombinant)], indicated in adults and children 12 years of age and older with hemophilia B for control and prevention of bleeding episodes, and for management of bleeding during operations;

Our investigational stage product candidates include:

- MOR209/ES414, a bispecific immunotherapeutic ADAPTIR protein, currently in Phase 1, targeting prostate specific membrane antigen, or PSMA, an enzyme that is expressed on the surface of prostate

cancer cells. It is being developed under our collaboration with MorphoSys AG for metastatic castration-resistant prostate cancer, which is advanced prostate cancer that has spread to other organs and no longer responds to hormone blocking therapies;

- ES210, a bispecific ADAPTIR protein therapeutic that is currently in pre-clinical development for inflammatory bowel disease and other autoimmune and inflammatory diseases;
- otlertuzumab, a monospecific ADAPTIR protein therapeutic that is currently in Phase 2 clinical development for chronic lymphocytic leukemia, or CLL;
- 5E3 mAb, a monoclonal antibody therapeutic that is currently in pre-clinical development for Alzheimer's disease;
- ES425 is a bispecific ADAPTIR immunotherapeutic protein that targets ROR1, an antigen found on several solid tumors and hematologic, or blood-related, malignancies. One pair of binding domains bind to ROR1 on tumors; the other pair of binding domains bind to the T-cell receptor, or TCR. ES425 employs a mechanism of action that redirects T-cell cytotoxicity, or RTCC, by which a therapeutic molecule brings T-cells into contact with tumor cells and triggers tumor killing, or targeted delivery of cytokines (or immune modulating protein) to diseased cells against tumors expressing ROR1. Initial preclinical data demonstrates redirected T-cell cytotoxicity activity. We plan to conduct animal toxicology and pharmacokinetic studies to assess the duration of time ES425 remains in circulation and how well the body tolerates its effect in the absence of tumor; and
- Other protein therapeutic product candidates primarily targeting immuno-oncology.

For information regarding revenue, profit and loss, total assets and other information concerning our results of operations for each of the last three fiscal years, please refer to "Unaudited Pro Forma Combined Financial Information," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Biosciences Business of Emergent BioSolutions Inc. combined financial statements and notes included elsewhere in this information statement.

STRATEGY

We seek to grow our business by, among other things:

Advancing our ADAPTIR platform, initially focusing upon immuno-oncology, to develop novel treatments. We intend to focus on product development using ADAPTIR, our modular protein platform technology. We intend to develop the MOR209/ES414 program in collaboration with MorphoSys AG, with the goal of commercializing the product in North America. We plan to select and create redirected T-cell cytotoxicity, or RTCC, candidates for early development, potentially with other collaborative partners, to further validate the potential of the ADAPTIR platform and expand the pipeline. As part of the selection process, we intend to strongly favor candidates that we believe have the potential to demonstrate proof of concept early in development. We expect to continue to develop the platform to address unmet medical needs, through directed cytokine delivery via bispecifics in areas including oncology, and multispecific molecules in oncology, autoimmune disease and other therapeutic areas. Our goal is to leverage this technology to seek targeted investment in bispecific ADAPTIR therapeutics.

Continuing to develop new products. We are committed to new product development. We have expertise in molecular biology, antibody engineering and the development of protein therapeutics, including cell line development, protein purification, process development and analytical characterization. We believe that these core areas of expertise enable the development of therapeutics based on the ADAPTIR platform technology from design, pre-clinical testing, and clinical development to preparation of a Biologics License Application, or BLA.

Establishing collaborative partnerships to broaden our pipeline and provide funding for research and development. We intend to continue to develop and grow our product portfolio through internal research and development as well as through collaborations potentially with other biotechnology and pharmaceutical companies, academia and non-governmental organizations.

Successfully commercializing specialty products to create financial capacity for investment in our pipeline. We intend to continue to maximize the financial contribution of our hyperimmune products WinRho, HepaGam B and VARIZIG and expand sales of IXINITY for the purpose of funding our research and development efforts. This may require further investments.

COLLABORATIONS, LICENSES AND SUPPORT AGREEMENTS

We have entered into several significant collaborations and transactions to support our growth. These include the following:

Collaboration with MorphoSys AG to develop MOR209/ES414

In August 2014, we entered into an agreement with MorphoSys AG to co-develop and commercialize our novel oncology immunotherapeutic, MOR209/ES414, developed for treatment of metastatic castration-resistant prostate cancer. In December 2015, after a joint review of data from the ongoing Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. The decision to adjust development of MOR209/ES414 was not based on safety aspects but was driven by the high complexity and properties of this first generation ADAPTIR bispecific molecule. Patients receiving weekly doses of MOR209/ES414 developed antibodies against the drug; this is called anti-drug antibodies, or ADA. ADA developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. These antibodies bind to the drug, reduced the concentration of MOR209/ES414 in the blood and thus could potentially reduce its efficacy. However, we observed no safety issues related to the development of ADA. The cause of these antibodies is unclear but could be due to the weekly administration of the drug. Hence, the protocol has been amended to continuous intravenous infusion as a way to administer higher levels of drug and prevent the development of ADA. We plan to continue the current clinical trial under the amended protocol with recruitment expected to start around mid-2016. As a result of the dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured. Under the terms of the restructured agreement, MorphoSys' cost sharing in the years 2016 to 2018 was reduced and future milestone payments payable by MorphoSys to us were reduced to a total of up to $74 million. In addition, the amended collaboration agreement changed the total expected funding requirement for us to up to approximately $250 million. After 2018, the cost sharing returns to the rates of the original agreement. Other financial terms and the split of the commercial rights remained unchanged. Aptevo retains commercialization rights in the U.S. and Canada under the MorphoSys collaboration agreement, with a tiered royalty obligation to MorphoSys, ranging from mid-single digit up to 20% of sales. MorphoSys has worldwide commercialization rights excluding the U.S. and Canada, with a low single digit royalty obligation to Aptevo. The royalty term is determined on a product-by-product and country-by-country basis and begins on the date at which a substantial amount of cumulative net sales has been reached and ends on the expiration of patents covering such licensed product in such country or twelve years after the initiation of royalty payments if there is no such valid claim. The termination provisions under the MorphoSys collaboration agreement were also amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial.

Agreements with Emergent for Commercial Manufacturing Services and Transition Services

In connection with our separation from Emergent, we will enter into a manufacturing services agreement with Emergent. Under the agreement, Emergent will continue to manufacture our hyperimmune specialty plasma products WinRho SDF, HepaGam B and VARIZIG at its Winnipeg, Manitoba, Canada facilities. The expiration date of the manufacturing services agreement is ten years following the date of its execution, which is expected to occur on the separation date. We will consider contract manufacturing organization relationships with third-party providers for our products and product candidates going forward and seek to finalize agreements with the party that provides the best terms and conditions in support of Aptevo's business. See "Certain Relationships and Related Party Transactions-Commercial Agreements" for further discussion of the manufacturing services agreement.

In addition, we anticipate that Emergent will also provide transition services to Aptevo for up to two years following the separation. These services may cover such functions as regulatory, pharmacovigilance,[8] clinical research and quality assurance under our supervision.

Product License and Trademark License Agreements with Emergent

Prior to the distribution, we will enter into a product license agreement with Emergent pursuant to which Emergent will grant us a perpetual, exclusive royalty-free, nontransferable worldwide license, under certain licensed intellectual property rights, to research, develop, make, have made, use, sell, offer to sell and import WinRho SDF, HepaGam B and VARIZIG in their respective indications to support our hyperimmune products. Under the product license agreement, we will only be permitted to exercise rights with respect to Emergent's human hyperimmune platform manufacturing know-how through a third-party contract manufacturer, and then only if the manufacturer is bound to protect the manufacturing know-how and is either approved by Emergent (in Emergent's sole and absolute discretion) or there has been a manufacturing failure under the manufacturing services agreement. Aptevo may terminate its rights under the agreement at any time by providing written notice to Emergent. Emergent may terminate the agreement if Aptevo breaches the agreement and the breach is not cured within a specified period of time or is uncurable. Each party may terminate the agreement if the other party experiences certain bankruptcy events. See "Certain Relationships and Related Party Transactions—Intellectual Property Agreements" for further discussion of the Product License Agreement.

Prior to the distribution, we will enter into a trademark license agreement with Emergent pursuant to which Emergent will grant us a non-exclusive, royalty-free, worldwide, non-sublicenseable license under certain trademarks of Emergent to distribute the physical inventory of packaging and marketing materials assigned to us as part of the distribution, solely to sell, offer to sell and otherwise commercialize the commercial products until such inventory of packaging and marketing materials is depleted but in no event after the third anniversary of the distribution. Aptevo may terminate its rights under the agreement at any time by providing written notice to Emergent. Emergent may terminate the agreement if Aptevo breaches the agreement and the breach is not cured within a specified period of time or is uncurable. See "Intellectual Property Agreements—Certain Relationships and Related Party Transactions" for further discussion of the Trademark License Agreement.

License with the University of North Carolina to IXINITY intellectual property rights

Emergent has an exclusive license from the University of North Carolina to make, have made, use, offer for sale, sell and import factor IX and factor VI(a) therapeutics under certain of the University's patents. We are required to pay a low single digit royalty obligation to the University under the license. The license agreement expires when the last of the licensed patents expire, on a country-by-country basis. The last of the licensed patents expires in or around September 2024. Patent term extension is being sought in the US, and if granted, the last patent to expire in the US will expire in or around November 2028. The University of North Carolina may terminate the license if a material breach is not cured 45 days after notice, Aptevo becomes bankrupt or insolvent, or Aptevo does not pay a yearly minimum earned royalty (in the mid-five digits). Aptevo can terminate the license with sixty days' notice to the University of North Carolina. In connection with our separation from Emergent, the University has consented to the assignment of this license to us.

PLATFORM TECHNOLOGY AND PRODUCT PORTFOLIO

Platform Technology

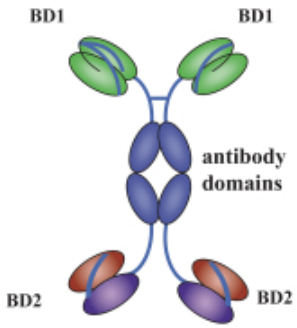
ADAPTIR Platform. We believe Aptevo is well-positioned for the development of bispecific therapeutics, which are antibody-based molecules that are able to bind multiple targets of therapeutic interest, utilizing its innovative ADAPTIR™ (modular protein technology) platform. This allows Aptevo to take a novel approach to cancer immunotherapy. The platform can be used to produce monospecific and multispecific immunotherapeutic proteins that specifically bind to one or more targets, monospecific, bispecific and multispecific molecules.

[8] Pharmacovigilance refers to the drug safety evaluation process during clinical trials or after market approval where the effects of therapeutics or medical drugs are monitored to identify and evaluate adverse reactions.

Structurally, monospecific ADAPTIR molecules are similar to antibodies; they are somewhat smaller than antibodies and the various functions of an antibody can be significantly modified via the ADAPTIR format. The monospecific ADAPTIR molecules are single-chain polypeptides comprising customized elements including a protein domain that binds to a specific target linked by a hinge domain to a set of antibody constant domains known as an Fc region. The Fc region is a component in antibodies that allows antibodies to direct immune responses by binding to Fc receptors found on various immune cells and also provides for an extended serum half-life, which is how long the drug remains in circulation after injection. Multispecific ADAPTIR molecules are similar in structure to monospecific ADAPTIR molecules with the exception that they have two or more customized target binding domains. Multiple targeting domains allow multispecific ADAPTIR molecules to bind multiple targets.

The structural differences between ADAPTIR molecules and monoclonal antibodies that bind to one target allow for the development of new ADAPTIR immunotherapeutics that engage disease targets in a novel manner and produce a unique signaling response. By customizing the domains of our ADAPTIR molecules, we are able to select for desired potency, half-life, toxicity and good manufacturability. We are skilled at product candidate generation, validation and clinical development using the ADAPTIR platform. We have created various bispecific molecules that are able to redirect T-cell cytotoxicity, or RTCC. T-cells are white blood cells that fight infections and tumor cells. These bispecific ADAPTIR molecules causes T-cells to specifically kill a tumor by binding to a common component on the T-cell and then binding to a specific tumor antigen on a specific tumor, activating a T-cell to kill the tumor. We have the ability to develop ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical development and process development capabilities and cGMP manufacturing oversight.

An ADAPTIR molecule is derived from a monoclonal antibody. As illustrated in the graphic below, it is composed of a pair of binding regions on either end of the molecule connected by an Fc region. The Fc region (fragment crystallizable region) in an antibody binds to complement and also to various effector cells such as Natural Killer cells (NK) which destroy bacteria and other targeted cells. In the ADAPTIR format these functions may be enhanced or eliminated depending on the function desired from the molecule. The Fc region is connected to the binding domains via a hinge region composed of amino acids. The binding domains in an ADAPTIR molecule is a single chain variable fragment (scFv), which is a fusion protein of the variable domains of the heavy and light chains of immunoglobulins or antibodies and they are connected with a short linker peptide of ten to about 25 amino acids.



Components	Functions
Binding domain 1 (scFv, ECD,Ligand)	Binds to or engages target 1
Hinge (usually IgG hinge)	Modulates binding and biological activity
Ig Fc (eg. IgG_1, IgG_2, IgG_4)	Isotype independent Retains long half life Retain ADCC, CDC activities if desired
Linker (various lengths)	Modulates binding and biological activity
Binding domain 2 (scFv,ECD,Ligand)	Binds to or engages target 2

scFv = Single Chain Fragment Variable
ECD = ExtraCellular Domain of a receptor

We believe the ADAPTIR platform is a promising platform technology within the rapidly growing field of immuno-oncology therapeutics. With the platform, we have the potential to develop products with mechanisms of action including but not limited to RTCC and targeted cytokine delivery. With targeted cytokine delivery, one end of a bispecific molecule targets a specific cell, while at the other end a cytokine "payload" is attached. This provides the capability to more precisely deliver a therapeutic cytokine and could prevent toxicity of a cytokine by limiting its delivery to other areas in the body. We believe the ADAPTIR RTCC platform may prove to have advantages over other immuno-therapeutics and other bispecific T-cell engaging technologies. In particular, in pre-clinical studies, we have gathered data indicating that the ADAPTIR therapeutic MOR209/ES414 may have high potency and activity at low doses, a long half-life, and reduced cytokine release. This molecule is able to be produced using standard manufacturing practices. Further clinical and preclinical studies may not confirm or establish the anticipated benefits of this platform.

Aptevo owns all ADAPTIR platform intellectual property except that Aptevo has a non-exclusive research license with Lonza to certain Chinese hamster ovary, or CHO, cell lines, which are cells derived from the ovary of a Chinese hamster and often used in biological and medical research and commercially in the production of therapeutic proteins, for use in protein expression and the GS Gene Expression System™. See section entitled "Platform Technology and Product Portfolio—Product Portfolio" for additional information about the ownership rights to ADAPTIR.

Product Portfolio

Our portfolio consists of marketed products in the areas of hematology and infectious diseases, as well as investigational stage product candidates in immuno-oncology

Marketed Products

Product	Indication(s)	Regulatory Approvals
WinRho® SDF [(Rh_o(D) Immune Globulin Intravenous (Human)]	ITP—immune thrombocytopenic purpura (described further below) HDN—hemolytic disease of the newborn (described further below) Preventing Rh_o(D) immunization in Rho(D)(-) women [1] Treating Rho(D)(-) patients after transfusions with incompatible Rho(D)(+) blood or erythrocyte (red blood cell) products [2]	Canada—ITP, HDN United States—ITP, HDN Portugal—[1] and [2]
HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)]	Treatment following exposure to hepatitis B Prevention of hepatitis B recurrence following liver transplantation in patients who are positive for hepatitis B surface antigen (a protein found on the surface of hepatitis B virus and in the blood or serum of hepatitis B infected individuals)	United States Canada Israel Kuwait Turkey
VARIZIG® [Varicella Zoster Immune Globulin (Human)]	Treatment following exposure to varicella (chickenpox) in high-risk patient groups, including children with compromised immune systems, newborns and pregnant women [3] Prevention and reduction of severity in maternal infections within four days of exposure to varicella zoster virus [4]	United States—[3] Canada—[4]
IXINITY [coagulation factor IX (recombinant)]	Control and prevention of bleeding episodes and for management of bleeding during operations in adults and children, 12 years of age and older, with hemophilia B.	United States

WinRho® SDF [Rho(D) Immune Globulin Intravenous (Human)]. WinRho SDF is made from human plasma and is comprised of purified polyclonal human immune globulins (antibodies) that bind to red blood cells that are positive for Rho(D) (also known as Rho(D)(+) red blood cells). The purified polyclonal antibodies of WinRho SDF are a collection of immunoglobulin molecules that react against Rho(D), each identifying a different epitope[9] or binding site on Rho(D). As antibodies that are directed to the Rho(D) antigen on these red blood cells, WinRho SDF can generally be referred to as an anti-D product, which means that it is a solution of IgG anti-RhD, which are two different types of antibodies.[10] WinRho SDF is approved in the United States and Canada to treat an autoimmune platelet disorder called immune thrombocytopenic purpura, or ITP, a disease in which platelets are destroyed by a patient's own immune system, resulting in the need for an increased platelet count. Because platelets are required for blood clotting, this disorder can result in uncontrolled bleeding, either spontaneously or as a result of even minor trauma. According to a study published in 2010 in the American Journal of Hematology, U.S. incidence rates of ITP are about 3.3 cases per 100,000 people per year in adults and up to 6.4 cases per 100,000 people per year in children. WinRho SDF is also approved in the United States and Canada to prevent hemolytic disease of the newborn, or HDN, in which the mother's immune system attacks the newborn's red blood cells. HDN results from a Rho(D)(-) female giving birth to a Rho(D)(+) child.

HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)]. HepaGam B is administered intravenously and is comprised of purified polyclonal human immune globulins (antibodies) that are directed to the hepatitis B surface antigen, which is a protein found on the surface of the hepatitis B virus and in the blood or serum of hepatitis B infected individuals. In the United States, HepaGam B has been approved for two indications: for the prevention of hepatitis B reinfection after liver transplantation and for use following exposure to the hepatitis B virus. Hepatitis B is a chronic infection and a major global health concern. HepaGam B is the first hepatitis B immune globulin product to be licensed in the United States for the liver transplant-related indication. HepaGam B is also approved for both the treatment following exposure to hepatitis B and the post-liver transplantation indication in Canada, Israel, Kuwait and Turkey.

VARIZIG® [Varicella Zoster Immune Globulin [Human]]. VARIZIG is comprised of purified polyclonal human immune globulins (antibodies) directed to the varicella zoster virus, the disease agent that causes chickenpox. While most North American adults have developed immunity to chickenpox, certain at-risk patient populations may be susceptible to infection. VARIZIG is approved in the United States for treatment following exposure to varicella (chickenpox) in high-risk patient groups, including children with compromised immune systems, newborns and pregnant women. VARIZIG has orphan drug exclusivity in the United States through December 2019. In Canada, VARIZIG is approved for the prevention and reduction of severity in maternal infections within four days of exposure to varicella zoster virus.

IXINITY® (coagulation factor IX (recombinant)). IXINITY is an intravenous therapeutic comprising an active pharmaceutical ingredient of recombinant human coagulation factor IX that was approved by the U.S. Food and Drug Administration, or FDA, in April 2015 for the prevention of bleeding episodes in people with hemophilia B. Hemophilia B, also known as Christmas disease, is a rare, inherited bleeding disorder. The blood of hemophilia B patients has an impaired clotting ability, which results from its substantially reduced or missing factor IX activity. People with hemophilia B require factor IX injections to restore normal blood coagulation and to prevent frequent bleeding that could otherwise result in pain, irreversible joint damage or life-threatening

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9 An epitope, also known as antigenic determinant, is the part of an antigen that is recognized by the immune system, specifically by antibodies, B-cells, or T-cells. For example, the epitope is the specific piece of the antigen to which an antibody binds. B-cells are a type of white blood cell (called a b-lymphocyte) that produce antibodies. B-cells mature in the bone marrow before being released into the blood.

10 Some individuals have red blood cells containing an antigen, known as the D antigen, on their surface, similar to a blood type antigen. Antibodies specific for the D antigen, or "anti-D", can protect pregnant women from Rh disease (a condition that occurs during pregnancy when a mother is Rh-negative and the baby is Rh-positive, which in severe cases can result in death of the fetus) by triggering an immune response to remove red blood cells with the D antigen.

hemorrhages. Prophylaxis or on-demand treatment of hemophilia B typically requires multiple injections of factor IX to maintain adequate levels of clotting factor in the blood. Current therapies are either plasma-derived or recombinant products.

Product Candidates

MOR209/ES414 . MOR209/ES414 is a targeted immunotherapeutic protein under development for metastatic castration-resistant prostate cancer. MOR209/ES414, a bispecific protein, was constructed using our ADAPTIR platform technology. It activates host T-cell immunity to specifically kill tumor cells expressing prostate specific membrane antigen, or PSMA, an enzyme that is commonly overexpressed on the surface of prostate cancer cells. MOR209/ES414 contains two pairs of binding domains, one targeting the T-cell receptor, or TCR, and one targeting PSMA on tumor cells; these binding domains are linked to opposite ends of an antibody Fc region which extends the serum half-life and enables use of a purification process typical of antibodies. In pre-clinical studies, MOR209/ES414 has been shown to redirect T-cell cytotoxicity towards prostate cancer cells expressing PSMA. According to the American Cancer Society, prostate cancer is the most common cancer in men in the United States. Screening, radiation, surgery and hormone ablation therapy have greatly improved the detection and treatment of early stage prostate cancer. However, new therapies approved recently for patients with metastatic castration-resistant prostate cancer only improve life expectancy by a few months, and a significant medical need still exists for these individuals.

ES210. ES210 is an anti-inflammatory molecule engineered using our ADAPTIR platform technology. It is under development for the treatment of inflammatory bowel disease, including ulcerative colitis and Crohn's disease, and other autoimmune and inflammatory diseases. ES210 is a targeted cytokine therapeutic, specifically, it is designed to deliver a safer form of the anti-inflammatory cytokine, IL-10, to antigen presenting cells, or APCs, that express CD86. APCs are a therapeutic target of interest for an anti-inflammatory therapeutic such as ES210 because, as described further below, APCs play a critical role in the immune response. Structurally, ES210 contains a modified form of IL-10, coupled to binding sites specific for CD86, linked by an antibody Fc region. The mechanism of action results in suppression of T-cell responses through inhibition of antigen presentation. Antigen presenting cells play a central role in the generation and regulation of immunity; therefore, inhibiting their function represents a therapeutic opportunity to suppress immunopathological processes in autoimmune and inflammatory disease. ES210 preclinical data demonstrate potent in vitro and in vivo antagonism of T-cell proliferation in human mixed lymphocyte reactions and in a humanized[11] graft-versus-host disease model. The ES210 ADAPTIR molecule also has potential anti-inflammation applications in rheumatoid arthritis and in the treatment of transplant rejection. As a molecule designed using our ADAPTIR platform technology, the ES210 half-life is extended in preclinical models. Also, manufacturing benefits are realized because the platform enables use of a purification process that is typically used for making antibodies.

ES425. ES425 is a bispecific immunotherapeutic protein that targets ROR1, an antigen found on several solid tumors and hematologic malignancies. ES425 was constructed using our ADAPTIR platform; one pair of binding domains bind to ROR1 on tumors and the other pair of binding domains bind to the T-cell receptor, or TCR. Its mechanism of action is to redirect T-cell cytotoxicity against tumors expressing ROR1. Initial preclinical data demonstrate significant redirected T-cell cytotoxicity against tumors in preclinical models. We plan to conduct animal toxicology and pharmacokinetic studies (used to determine how the human body processes the drug after absorption) in order to file an investigational new drug application, or IND, with the FDA.

otlertuzumab. Otlertuzumab is a monospecific protein therapeutic intended for the treatment of chronic lymphocytic leukemia, or CLL. CLL is a type of cancer that affects the blood and bone marrow and is caused by B-cells within the blood and bone marrow that abnormally proliferate and die. Otlertuzumab is a humanized anti-CD37 monospecific protein therapeutic built using the ADAPTIR platform technology. It specifically binds to

11 Humanized refers to chemically altering animal proteins to resemble natural human amino acid sequences (or the order in which they bond).

CD37, a receptor found on malignant B-cells. It functions like an antibody and engages natural killer cells, which are lymphocytes of the immune system, and other effector cells to kill the tumor cell. We believe that otlertuzumab's novel properties may provide patients with improved therapeutic options and enhanced efficacy when used in combination with chemotherapy or other targeted therapeutics.

We completed a Phase 2 clinical trial evaluating the combination of otlertuzumab and bendamustine (a chemotherapy agent) versus bendamustine alone in people with relapsed CLL (Study 16201). In that study the combination of otlertuzumab and bendamustine was superior to bendamustine alone. The combination was well tolerated with significantly increased response rate (69% vs. 39%, p=0.003) and prolonged progression free survival rate (15.9 months vs. 10.1 months, p=0.0059) over single agent bendamustine treatment. The overall incidence of adverse events was similar between the two treatment cohorts, but there was a higher incidence of fever, neutropenia (which is a low white blood cell count that could predispose a patient to infection) and thrombocytopenia (which is a low platelet count that if severe could lead to bleeding) with the combination. The addition of otlertuzumab did not appear to increase the number of serious adverse events, as there were fewer discontinuations for adverse events with the combination compared to bendamustine alone.

We are conducting a Phase 1b study to evaluate the safety and efficacy of otlertuzumab in combination with rituximab, an anti-CD20-directed biologic that binds to CD20, a receptor found primarily on the surface of immune system B-cells. We amended our Phase 1b single-arm study to include evaluating otlertuzumab in combination with obinutuzumab in people with previously untreated CLL (Study 16009). Patients began enrolling in this arm of the study mid-2015. The preliminary data showed that the combination was active and generally well-tolerated. We continue to evaluate opportunities for otlertuzumab as a product candidate in the treatment of CLL.

5E3. 5E3 is an investigational drug in preclinical development for the treatment of Alzheimer's disease and derived from a murine antibody. 5E3 is a humanized monoclonal antibody, not an ADAPTIR molecule, that selectively binds the oligomeric form of amyloid beta that have been associated with neurotoxicity. An oligomer is a type of polymer whose molecular units consist of relatively few repeating units. 5E3 targets a unique conformational epitope that is not present on the monomer or plaque forms of amyloid beta. This selective binding has been observed in pre-clinical studies and is linked to slowing the progress of neurodegeneration (the loss of nerve cells). Currently, no disease modifying therapies are available to treat this disease. According to the Alzheimer's Association, this disease affects approximately 5.3 million Americans and is anticipated to grow to 7.1 million by 2025. The technology platform licensed from University of British Columbia includes 5E3 mAb and a vaccine candidate based on an amyloid beta mimic that are being evaluated as therapeutics or diagnostics for Alzheimer's disease and with support through research grants from Brain Canada and the Canadian Institutes of Health Research, or CIHR.

ADAPTIR Therapeutic Candidates. Multiple candidates that are focused on immuno-oncology and based on the ADAPTIR platform technology are in different stages of pre-clinical development. As described above, these candidates include but are not limited to MOR209/ES414, ES210, ES425 and otlertuzumab.

Potential adverse events related to our product candidates

Experimental drugs may have a variety of adverse events related to their target, mechanism of action or off target toxicities. Clinical trials are conducted to define the efficacy and safety of a new molecule and this data is reviewed by the FDA prior to FDA approval. The majority of the drugs that we are developing are intended for the treatment of cancer. Because cancer is a serious and life threatening disease, these patients experience a number of serious adverse events as part of their disease. The risk-benefit ratio for new treatments of cancer is different than other less serious diseases. For example, for the treatment of hypertension, it is not acceptable for a drug to lower the number of white blood cells that fight infections. However, chemotherapy for the treatment of cancer frequently lowers the number of white blood cells and infections do occur, which physicians manage in the course of a patient's cancer treatment. In order to distinguish whether a new drug causes adverse events, a controlled trial is frequently conducted comparing a new drug to another therapy.

In clinical trials to date with otlertuzumab, a variety of serious adverse events have been reported. The events that have been reported with infusion of the drug include: infusion reactions, neutropenia and thrombocytopenia. Severe infusion reactions were infrequent. When these reactions are severe they lead to hypotension (low blood pressure) and bronchospasm (difficulty breathing). Neutropenia is a low white blood cell count that could predispose a patient to infection. The neutropenia observed with otlertuzumab was mild to moderate, not prolonged and did not increase the infection rate in a controlled clinical trial. Thrombocytopenia is a low platelet count that if severe could lead to bleeding. The thrombocytopenia observed with otlertuzumab was infrequent and not associated with bleeding. Any of these events or others that have not yet been experienced, could lead to serious adverse events, including death and severely limit the drug's use in the market or even its ability to be approved by a regulatory body.

MOR209/ES414 is currently being tested in its first clinical trial in humans. Twelve patients have received the drug. One of the significant serious adverse events associated with the drug is infusion reactions. Infusion reactions are often associated with the infusion of a protein and are expected with this drug that activates T-cells. The events that have been reported with infusion of the drug include: fever, fatigue, hypertension, bronchospasm, chills and rigors. The severity of these reactions varied by patient and were managed medically and resolved.

As previously noted, in December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. Patients receiving weekly doses of MOR209/ES414 developed ADA. ADA developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. These antibodies bind to the drug and reduce the concentration of active MOR209/ES414 in the blood and thus could potentially reduce its efficacy. However, we observed no safety issues related to the development of ADA. The cause of these antibodies is unclear but could be due to the weekly administration of the drug. Hence, the protocol has been amended to continuous intravenous infusion as a way to administer higher levels of drug and prevent the development of ADA. There is no guarantee that this change in administration will enable higher dosing and/or prevent the development of ADA. We plan to continue the current clinical trial under an amended protocol with recruitment expected to start around mid-2016. As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured.

Research and Development

We are engaged in research and development of therapeutics including the product candidates listed above and other new candidates. We incur substantial expenses for these activities. These expenses generally include the cost of inventing new technologies and products, as well as development work on new product candidates. We pursue partnerships with various third parties and these partnerships and the sales of our approved products partially offset these expenditures. Research and development expenses for the years ended December 31, 2015, 2014 and 2013 totaled approximately $34.7 million, $46.6 million and $38.1 million, respectively. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Research and Development Expense" in this information statement for additional information regarding expenditures related to material research and development activities.

Distribution

Our products are sold in the United States by our commercial sales force and distributed to end-users through major U.S. distributors and wholesalers, including Cardinal Health, Inc., McKesson Corporation, AmerisourceBergen Corporation and other specialty distributors. In Canada, our products are sold to Canadian Blood Services and Héma-Québec, with Emergent acting as our exclusive Canadian distributor. Outside of North America, our commercial products are distributed primarily through third-party distributors. All third-party logistics (including, for instance, warehousing, inventory management, and shipping) of final drug product are provided by Emergent out of its facilities in either Winnipeg or Baltimore.

Marketing & Sales

We have biotechnology commercial operations and medical affairs teams with experience in sales, marketing, distribution, reimbursement and medical support.

The commercial operations team includes a U.S.-based field sales force that focuses its selling efforts on hemophilia treatment centers, hematology clinics, medical oncology clinics, transplant centers and public and private hospitals. Our team also has a group focused on immunology. Our teams consists of 14 representatives and two managers for hemophilia and six representatives and one manager for immunology. We have a field-based national accounts director and manager and a national sales director overseeing these functions. This team is also responsible for managing day-to-day relationships with third parties, including managed care organizations, pharmacy benefit managers, group purchasing organizations, wholesalers, specialty distributors and specialty pharmacies. Outside the United States, our products are sold through a network of regional independent distributors. The commercial operations team also includes a marketing team with experience in building pharmaceutical and biological brands across all stages of the product life cycle. Reimbursement support, patient assistance/compassionate use and non-medical customer inquiries are handled by customer service personnel within our commercial operations team.

Our medical affairs team includes field-based medical science liaisons, who respond to customer requests for information, establish and maintain company relationships with researchers and clinicians, train our product specialists and sales personnel and interface with clinical trial investigators. Our medical affairs team also supports customers by providing medical information, drug safety and pharmacovigilance services.

Orders are filled upon receipt, and we generally have no orders on backlog.

Competition

Our products and product candidates face significant competition. Any product or product candidate that we successfully develop and commercialize is likely to compete with currently marketed products, as well as other novel product candidates that are in development for the same indications. Specifically, the competition with respect to our products and product candidates includes the following:

- ***WinRho SDF***. In the United States, the use of WinRho SDF is primarily for the immune thrombocytopenia purpura, or ITP, indication. In the U.S. ITP market, WinRho SDF competes with Rhophlac® (CSL Behring, a subsidiary of CSL Limited), Nplate® (Amgen Inc.) and Promacta® (GlaxoSmithKline plc). In Canada, the use of WinRho SDF is primarily for the HDN indication. WinRho SDF is the only anti-D product available for the prevention of HDN and treatment of ITP in Canada. The use of anti-viral drugs is also a competitive threat to this product.
- ***HepaGam B***. HepaGam B competes with two products that are marketed in North America: Nabi-HB® (Biotest Pharmaceuticals Corporation) and HyperHEP B® S/D (Grifols USA, LLC). Nabi-HB® and HyperHEP B® S/D are both licensed to treat acute exposure to blood containing hepatitis B surface antigen (a protein found on the surface of hepatitis B virus and in the blood or serum of hepatitis B infected individuals) and administered via intramuscular injection. HepaGam B is currently the only intravenous hepatitis B immune globulin licensed for the liver transplantation indication in the United States and Canada. The use of anti-viral drugs is also a competitive threat to this product.
- ***VARIZIG***. No other currently manufactured competitive product is licensed in the North American markets.
- ***IXINITY***. Currently, IXINITY competes with five products that are marketed in North America: Rixubis (Baxter International Inc.), Benefix® (Pfizer Inc.) and Alprolix® (Biogen Idec Inc.) recombinant FIX products as well as AlphaNine® (Grifols USA, LLC) and MonoNine® (CSL Behring, a subsidiary of CSL Limited), which are FIX preparations derived from human plasma. We expect that Novo Nordisk Inc. and CSL Behring will also launch additional recombinant factor IX agents in the future.

- ***MOR209/ES414.*** If approved, we anticipate that MOR209/ES414 would compete with Taxotere® (Sanofi-Aventis U.S. LLC), Jevtana (Sanofi-Aventis U.S. LLC), Zytiga® (Janssen Biotech, Inc.), Xtandi® (Astellas Pharma, Inc.), Xofigo® (Bayer HealthCare Pharmaceuticals Inc.), Provenge® (Dendreon Corporation) and potentially other products currently under development. There is a potential that MOR209/ES414 could also be used in combination with these same agents.
- ***ES210.*** If approved, we anticipate that ES210 would compete with products indicated for inflammatory bowel diseases such as ulcerative colitis, including: HUMIRA® (AbbVie Inc.), Remicade® (Janssen Pharmaceuticals, Inc. of Johnson and Johnson) and Entyvio® (Takeda Pharmaceuticals U.S.A., Inc., a subsidiary of Takeda Pharmaceutical Company Limited). Depending on what ES210 is approved for, we anticipate that it could also compete with products indicated for moderate to severe Crohn's Disease, including: Stelara (Janssen Pharmaceuticals, Inc. of Johnson and Johnson) and Xeljanz (Pfizer Inc.).
- ***otlertuzumab***. If approved for CLL, we anticipate that otlertuzumab would compete with, or be combined with, other B-cell depleting therapies, targeted therapies and chemotherapeutics, including: Rituxan® (Genentech, Inc., a member of the Roche Group), Treanda® (Cephalon, a subsidiary of Teva Pharmaceutical Industries Ltd.), Arzerra® (GlaxoSmithKline plc and Genmab A/S), Imbruvica™ (Pharmacyclics, Inc. and Johnson and Johnson), Gayzva™ (Genentech USA, Inc., a member of the Roche Group) and Zydelig® (Gilead Sciences, Inc.). In addition, Boehringer Ingelheim GmbH and ImmunoGen, Inc. are in early stage development for monoclonal antibodies directed to CD37. AbbVie Inc. is developing venetoclax ABT-199, a B-cell lymphoma 2 inhibitor, for treatment of CLL in collaboration with Genentech, Inc.
- ***5E3.*** The U.S. has five approved drugs for Alzheimer's disease that temporarily improve symptoms (cholinesterase inhibitors; Aricept® (Eisai Co. Ltd.), Exelon® (Novartis Pharmaceuticals Corporation), Razadyne® (Johnson & Johnson Health Care Systems Inc.) and Cognex® (Shionogi & Co., Ltd.) and an N-methyl D-aspartate (NMDA) receptor antagonist, Namenda® (Merz Pharma GMBH & Co. KGaA)); however, none of the treatments available today alters the underlying course of this terminal disease. To date, there are no approved therapeutics for the treatment of Alzheimer's disease, but monoclonal antibodies have figured prominently in addressing this unmet clinical need. Among the candidates are Ponezumab (Pfizer Inc., discontinued at PII), Bapineuzumab (Janssen Biotech, Inc./Pfizer Inc., discontinued), Solanezumab (Eli Lilly and Company, PIII), Crenezumab (F. Hoffmann-La Roche Ltd, PII), BAN2401 (Biogen Idec, Eisai Co. Ltd., PII) and more recently Aducanumab (Biogen Idec, PIII). Acumen Pharmaceuticals is developing an amyloid-beta oligomer specific antibody, ACU-193, and claims to be approximately one year from an Investigational New Drug Application, or IND, filing.
- ***ES425***. If approved, we anticipate that ES425 may compete with other ROR1-directed protein therapeutics, including those that block the growth of cancer cells by binding to specific proteins needed for tumor formation and growth and that are under current clinical and pre-clinical development, including: KAN0439834 (Kancera AB), cirmtuzumab (University of California, San Diego and Celgene Corporation), cirmtuzumab vedotin (University of California, San Diego), and IT-4 (Magnifygen, Inc.). We also anticipate that ES425 may compete with ROR1-directed cellular therapies, such as chimeric antigen receptor-modified T-cells (T-cells collected from a patient's own blood and genetically modified to express chimeric antigen receptors that allow the T-cells to recognize specific tumor cells), also known as CAR-T, that are under current clinical development by MD Anderson Cancer Center as well as a separate program under pre-clinical development by Juno Therapeutics, Inc.

MANUFACTURING

In connection with our separation from Emergent, we will enter into a manufacturing services agreement with Emergent. Emergent owns facilities with manufacturing and other capabilities located in Winnipeg, Manitoba, Canada, where our hyperimmune specialty plasma products WinRho SDF, HepaGam B and VARIZIG are currently manufactured. Under the agreement, Emergent will continue to manufacture our hyperimmune specialty plasma products. Under this Agreement, Emergent will also provide third-party logistics services for our hyperimmune specialty plasma products and IXINITY.

The manufacturing services agreement with Emergent will cover each step in the manufacturing process from raw materials procurement, bulk manufacturing, filling and finishing, testing, labeling, and packaging of final product, as well as third-party logistics services for delivery of such product to Aptevo customers on behalf of Aptevo. We will be reliant exclusively on Emergent for the provision of each of these services as it relates to WinRho SDF, HepaGam B and VARIZIG and as it relates to third-party logistics services for IXINITY. Emergent will also serve as a distributor in Canada under the Canadian distributor agreement we will enter into with Emergent. Pursuant to this arrangement, Emergent will receive product intended for sale in Canada on our behalf and deliver it to our other Canadian distributors: Canadian Blood Services and Hema-Quebec. See “Certain Relationships and Related Party Transactions—Commercial Agreements” for further discussion of the manufacturing services agreement and Canadian distributor agreement.

As more fully explained below, we rely primarily on CMC Biologics for drug substance manufacture of IXINITY, on Patheon UK Limited for fill-finish services of IXINITY, and on Rovi Contract Manufacturing, S.L. for supply of a water for injection syringe packaged with IXINITY. IXINITY will be delivered to Aptevo customers by Emergent as part of the third-party logistics services it provides to Aptevo under the manufacturing services agreement. For additional information, see the section entitled “Risk Factors—Risks Related to Aptevo’s Business.” Commercial packaging, packaging component procurement and release, ancillary procurement and distribution for IXINITY will be provided by Emergent and various other parties.

Sources and Availability of Raw Materials

We expect to rely on Emergent for all supplies and raw materials used in the production of WinRho SDF, HepaGam B and VARIZIG.

Agreement with CMC Biologics. We expect to rely on CMC Biologics for the manufacture of the substance that becomes the active ingredient (the bulk drug substance) in the production of our IXINITY product. We have an exclusive Commercial Supply (Manufacturing Services) Agreement with CMC pursuant to which, subject to specified exceptions, we are obligated to purchase at least eight batches and CMC is obligated to maintain a maximum capacity for 16 batches of IXINITY bulk drug substance per full year. The agreement has a six-year term expiring on June 17, 2017. CMC is obligated to use commercially reasonable endeavors to perform services in accordance with Aptevo’s forecast and projected delivery dates. In the event there is a supply failure as defined under the agreement, the agreement becomes non-exclusive with respect to 50% of Aptevo’s forecasted demand (or up to the unsupplied quantities until supply reinstatement). The agreement provides for milestone payments in addition to fees for services. The milestone payments set forth in the agreement have been paid. To the extent an invoice dispute is not resolved within 60 days of Aptevo’s original notice, if Aptevo has withheld payment, CMC is entitled to suspend the services. In addition to other limitations on damages (*e.g.* specific to replacement of defective product), with several exceptions, neither party is liable under the agreement for loss or damage in respect of indirect, special or consequential damages or losses. With several exceptions, CMC’s aggregate liability to Aptevo for any loss or damage suffered by Aptevo under the agreement in respect of services in a calendar year is limited to an amount equal to 1.1 times the total price of the services performed under the agreement subject to a maximum of $30 million. Each party may terminate the agreement if the other party fails to pay any amount properly due and payable with 10 days of notice demanding payment after the expiration of the original payment term or if the other party materially breaches the agreement and fails to

remedy any such breach capable of remedy during a 20-day notice period. Each party may terminate the agreement if the other party experiences certain bankruptcy events. Aptevo can terminate its rights under the agreement if CMC's breach of the agreement is in manufacturing or performance of a batch, and CMC fails to commence manufacture of a replacement batch within 90 days of notice (except if CMC has during the term with reasonable consistency delivered non-defective product to Aptevo in accordance with its obligations under the agreement). Aptevo may also terminate its rights under the agreement with a specified amount of prior notice, if CMC has any material permit or regulatory license permanently revoked preventing the performance of services by CMC, if CMC is subject to certain competitor change of control events, or where there is a supply failure prior to a supply reinstatement where CMC does not reinstate supply within 12 months of the supply failure.

Agreement with Patheon UK Limited. Patheon UK Limited, through an affiliate, is currently the sole source third-party manufacturer that performs the services of filling the bulk drug substance into vials for our IXINITY product. Aptevo has a non-exclusive Manufacturing Services Agreement with Patheon pursuant to which Aptevo is obligated to order, and Patheon agrees to perform, a specified amount of such services on an annual basis. Under the agreement, Patheon also agrees to use commercially reasonable efforts to perform services in excess of such minimum purchase commitments subject to its available capacity. The agreement has an initial three-year term expiring on May 27, 2018, and thereafter renews for successive terms of two years each, unless either party gives the other party at least 18 months' notice. Aptevo may terminate its rights under the agreement on a specified amount of notice if a regulatory authority prevents Aptevo from importing, exporting, purchasing or selling the product or if Aptevo no longer orders services for a product due to the product's discontinuance in the market. Patheon may terminate the agreement upon six months' notice if Aptevo assigns its rights under the agreement to an assignee that, in Patheon's opinion acting reasonably, is not a credit-worthy substitute, a Patheon competitor, or an entity with whom Patheon has had prior unsatisfactory business relations. Each party may terminate the agreement if the other party breaches the agreement and the breach is not cured within a specified period of time, if the other party experiences certain bankruptcy events, or upon a period of notice if the parties do not agree upon certain pricing adjustments. Except in respect of liability for certain third party claims, breach of confidentiality obligations, or replacement of defective product, Patheon's liability is limited under the agreement to 10% of the revenues for such year to Patheon under the agreement. Patheon's liability in respect of replacement of defective product is limited to the amount paid by Aptevo to Patheon for such product. Except in respect of a breach of confidentiality obligations, neither party is liable to the other under the agreement for any loss of profits or other damages of an indirect or consequential nature.

Agreement with Rovi Contract Manufacturing, S.L. Rovi Contract Manufacturing, S.L. is currently the sole source third-party manufacturer that supplies the syringe pre-filled with water for injection, that is packaged with and required for reconstitution of our IXINITY product. Aptevo has a non-exclusive supply agreement with Rovi pursuant to which Rovi is obligated to use its best efforts to supply the quantity of syringes ordered by Aptevo. The agreement has a five-year term expiring on April 29, 2019, and thereafter renews for successive five-year terms, unless Rovi provides Aptevo with written notice of its intent not to renew at least 24 months prior to the expiration of the term. Aptevo may terminate the agreement for any reason on at least 12 months' prior notice. Each party may terminate the agreement if the other party breaches the agreement and the breach is not cured within a specified period of time. Neither party is liable under the agreement for loss or damage in respect of indirect, special or consequential damages or losses except to the extent such damages are caused by willful misconduct. Each party's liability under the agreement, annually and in the aggregate, is limited to three times the amount invoiced by Rovi under the agreement for products during the 12-month period preceding the incident with a maximum limit of six million Euros; provided that in respect of certain third-party claims or costs resulting or arising from defective or infringing products or claims for injunctive relief, each party's liability under the agreement, annually and in the aggregate, is limited to six million Euros.

INTELLECTUAL PROPERTY

We actively seek intellectual property protection for our products. We will own or exclusively license patent rights supporting IXINITY, the ADAPTIR platform and pipeline products including MOR209/ES414, ES210, ES425, otlertuzumab and 5E3. We practice patent life cycle management by filing patent applications to protect new inventions relating to meaningful improvements to our products and related methods. We primarily seek patent protection for inventions that support our products and product candidates, but from time to time we seek patent protection for inventions that could, for instance, support a potential business opportunity or block a competitor from designing around our existing patents.

In general and where possible, we pursue patent protection in countries where we believe there will be a significant market for the corresponding product or product candidate. We generally do not seek patent protection in countries where we have reason to believe we would not be able to enforce patents. For instance, we tend to not file in countries that are frequently listed on the Priority Watch List of the Special 301 Report prepared by the Office of the United States Trade Representative, with the exception that we occasionally file patent applications in China, Russia and India. We may also decide to take a more narrow filing approach for secondary and improvement type inventions as compared to inventions that are more foundational to our products. We do not seek patent protection in countries which are on the United Nation's, or U.N., list of Least Developed Countries.

The term of protection for various patents associated with and expected to be associated with our marketed products and product candidates is typically 20 years from the filing date but may vary depending on a variety of factors including the date of filing of the patent application or the date of patent issuance and the legal term of patents in the countries in which they are obtained. The protection afforded by a patent varies on a product-by-product basis and country-to-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the necessity for terminal disclaimers, the availability of legal remedies in a particular country and the validity and enforceability of the patents.

In some cases, we may decide that the best way to protect our intellectual property is to retain proprietary information as trade secrets and confidential information rather than to apply for patents, which would involve disclosure of proprietary information to the public. When determining whether to protect intellectual property as a trade secret, we consider many factors including, for instance, our ability to maintain the trade secret, the likelihood that a competitor will independently develop the information, our ability to patent protect the intellectual property and the likelihood we would be able to enforce a resulting patent.

We are a party to a number of license agreements under which we license patents, patent applications and other intellectual property. These agreements impose various commercial diligence and financial payment obligations on us. We expect to continue to enter into these types of license agreements in the future.

ADAPTIR Platform. Aptevo protects the ADAPTIR platform technology through a combination of patents and trade secrets. Aptevo owns all ADAPTIR platform intellectual property, except that Aptevo has a non-exclusive research license with Lonza to certain CHO cell lines, which are cells derived from the ovary of a Chinese hamster and often used in biological and medical research and commercially in the production of therapeutic proteins, for use in protein expression and the GS Gene Expression System™. The GS System is a cell transfection and protein expression system that uses a robust viral promoter and selection via glutamine metabolism to provide rapid development of high-yielding and stable mammalian cell lines that express transfected proteins of therapeutic interest. The GS System is well known in the industry, and according to Lonza, is a familiar system that has been used by over 100 global pharmaceutical and biotechnology companies. Under our Lonza research license, we have an option to take a license to use the GS System to develop and manufacture therapeutic proteins for our commercial purposes.

The intellectual property we own that supports our ADAPTIR platform was generated internally at Emergent or at Trubion Pharmaceuticals, Inc. prior to its acquisition by Emergent in 2010. One patent family which supports use of unique linkers in the homodimer (a molecule consisting of two identical halves) version of the platform was invented jointly by Trubion and Wyeth Pharmaceuticals as part of a collaboration between the two companies. Upon termination of a product license agreement between Wyeth and Trubion, Wyeth assigned the rights it had in that platform patent family to Trubion. These rights will be assigned to Aptevo in connection with the separation.

In order to differentiate our platform inventions from antibodies and other antibody-like constructs that have been publicly disclosed, many of our patents and patent applications are directed to unique aspects or components of our platform such as linkers or binding domains. Our ADAPTIR platform can be homodimeric or heterodimeric. Although most of our patent families protect both homodimeric and heterodimeric forms of the platform, we also have a patent family that is focused on the heterodimeric form of the platform.

We have filed patent applications for the ADAPTIR platform in the U.S. and in countries and territories, including Australia, Brazil, Canada, China, Egypt, Europe, India, Indonesia, Israel, Japan, Malaysia, Mexico, New Zealand, Singapore, South Africa, South Korea, United Arab Emirates and Vietnam. We plan to continue to improve our ADAPTIR platform and to file patent applications on those improvements. Our decision as to where to file any new ADAPTIR improvement inventions will be based in part on the significance of the improvement. If patents issue on the pending ADAPTIR patent applications, the patent term for those patents are estimated to expire between June 2027 and September 2036.

Hyperimmune products, WinRho, HepaGam B and VARIZIG. We rely on the confidential nature of our in-licensed manufacturing know-how as well as trade secret protection to protect our licensed products to the extent we are able to do so. In connection with our separation from Emergent, we will have received a license from Emergent under certain of its proprietary human hyperimmune platform manufacturing know-how that we may exercise under specified circumstances. We rely on this intellectual property to protect our WinRho SDF, HepaGam B and VARIZIG products. We do not have patent protection for WinRho SDF, HepaGam B or VARIZIG.

IXINITY® (coagulation factor IX (recombinant)). We license patents and patent applications from the University of North Carolina, which support the manufacture of factor IX and other Vitamin K Dependent Proteins. In addition to the patent assets licensed from the University of North Carolina, we own a patent portfolio with claims generally directed to factor IX pharmaceutical compositions, methods of making recombinant factor IX protein, and cell lines producing recombinant factor IX protein. This patent portfolio includes issued patents in Australia, Europe and Japan and pending patent applications in other territories including the U.S. If patents issue on our pending patent applications, the patent term for those patents is estimated to expire between December 2026 and October 2030. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

MOR209/ES414. We have patents and pending patent applications supporting the MOR209/ES414 product candidate. We have foundational patents and patent applications in countries including the U.S., Australia, Brazil, Canada, China, Egypt, Europe, Hong Kong, India, Indonesia, Israel, Japan, Malaysia, Mexico, New Zealand, Singapore, South Africa, United Arab Emirates and Vietnam. The foundational patents which grant in this patent family are estimated to expire in April 2032. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

ES210 . We have patents and pending patent applications supporting our ES210 product candidate. We have foundational patents and patent applications in countries and territories, including the U.S., Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, India, Japan, Mexico, New Zealand, Singapore, South Africa and South Korea. The foundational patents which grant in this patent family are estimated to expire in October 2029. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

ES425 . We have a patent application covering our ES425 product candidate. We plan to broadly nationalize this application, and any resulting patents are estimated to expire in December 2035. In addition to the patent application family that we own, we have an exclusive license from the U.S. Department of Health and Human Services to a patent family that discloses ROR-1 antibodies that are related to the ROR-1 binding domain of ES425. The license from the U.S. Department of Health and Human Services is limited to use in the field of bispecific and multispecific therapeutic molecules with redirected T-cell cytotoxicity activity. If patent applications grant in the licensed patent family, the patents are estimated to expire in November 2031. The U.S. Department of Health and Human Services can terminate the license if we are in default in the performance of any material obligations under the agreement and do not cure the default within 90 days after receiving notice. The U.S. Department of Health and Human Services can also terminate the license if it determines that termination is necessary to meet the requirements for public use specified by federal regulations and those requirements are determined not to be adequately satisfied by our activities.

otlertuzumab. We have patents and pending patent applications supporting the otlertuzumab product candidate. We have foundational patents and patent applications in countries and territories, including the U.S., Canada, China, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Russia, South Africa and South Korea. The foundational patents and patent applications which grant in these patent families are estimated to expire between July 2026 and April 2029. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

5E3. We have licensed from the University of British Columbia the right to make, have made, use, offer for sale, sell, and import products in the field of beta-amyloid disorders under certain of the University's patents. The University's patents and patent applications encompassed by the license are generally directed to antibodies that bind a specific conformational amyloid beta epitope and related pharmaceutical compositions, antigenic peptides and related pharmaceutical compositions, and methods of treating and preventing Alzheimer's disease. If patents issue on the currently pending patent applications, the projected expiration dates of the licensed patent portfolio range from March 2031 to July 2035. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

Corporate Trademarks. Where possible, we pursue registered trademarks for our marketed products in significant markets. In addition, we have pending trademark applications covering APTEVO, a graphic logo, APTEVO THERAPEUTICS, APTEVO BIOTHERAPEUTICS, APTEVO RESEARCH AND DEVELOPMENT and ADAPTIR.

REGULATION

Regulations in the United States and other countries have a significant impact on our product development, manufacturing and marketing activities.

Product Development for Therapeutics

Pre-clinical Testing. Before beginning testing of any compounds with potential therapeutic value in human subjects in the United States, stringent government requirements for pre-clinical data must be satisfied. Pre-clinical testing includes both *in vitro*, or in an artificial environment outside of a living organism, and *in vivo*, or within a living organism, laboratory evaluation and characterization of the safety and efficacy of a drug and its formulation. We perform pre-clinical testing on all of our product candidates before we initiate any human trials.

Investigational New Drug Application. Before clinical testing may begin, the results of pre-clinical testing, together with manufacturing information, analytical data and any other available clinical data or literature, must be submitted to the FDA as part of an IND. The sponsor must also include an initial protocol detailing the first phase of the proposed clinical investigation, together with information regarding the qualifications of the clinical

investigators. The pre-clinical data must provide an adequate basis for evaluating both the safety and the scientific rationale for the initial clinical studies in human volunteers. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA imposes a clinical hold within that 30-day time period.

Clinical Trials. Clinical trials involve the administration of the drug to healthy human volunteers or to patients with the target disease or disorder under the supervision of a qualified physician (also called an investigator) pursuant to an FDA-reviewed protocol. Human clinical trials typically are conducted in three sequential phases, although the phases may overlap with one another. Clinical trials must be conducted under protocols that detail the objectives of the study, the parameters to be used to monitor safety and the efficacy criteria, if any, to be evaluated. Each protocol must be submitted to the FDA as part of the IND.

- Phase 1 clinical trials test for safety, dose tolerance, absorption, bio-distribution, metabolism, excretion and clinical pharmacology and, if possible, for early evidence regarding efficacy.
- Phase 2 clinical trials involve a small sample of individuals with the target disease or disorder and seek to assess the efficacy of the drug for specific targeted indications to determine dose response and the optimal dose range and to gather additional information relating to safety and potential adverse effects.
- Phase 3 clinical trials consist of expanded, large-scale studies of patients with the target disease or disorder to obtain definitive statistical evidence of the efficacy and safety of the proposed product and dosing regimen. The safety and efficacy data generated from Phase 3 clinical trials typically form the basis for FDA approval of the product candidate.
- Phase 4 clinical trials, if conducted, are conducted after a product has been approved. These trials can be conducted for a number of purposes, including to collect long-term safety information or to collect additional data about a specific population. As part of a product approval, the FDA may require that certain Phase 4 studies, which are called post-marketing commitment studies, be conducted post-approval.

Good Clinical Practice. All of the phases of clinical studies must be conducted in conformance with the FDA's bioresearch monitoring regulations and Good Clinical Practices, or GCP, which are ethical and scientific quality standards for conducting, recording and reporting clinical trials to assure that the data and reported results are credible and accurate and that the rights, safety and well-being of trial participants are protected.

Marketing Approval—Biologics and Drugs

Biologics License Application/New Drug Application. All data obtained from a comprehensive development program, including research and product development, manufacturing, pre-clinical and clinical trials, labeling and related information are submitted in a Biologics License Application, or BLA, to the FDA and in similar regulatory filings with the corresponding agencies in other countries for review and approval. For small molecule drugs, this information is submitted in a filing called a New Drug Application, or NDA. The submission of an application is not a guarantee that the FDA will find the application complete and accept it for filing. The FDA may refuse to file the application and request additional information rather than accept the application for filing, in which case the application must be resubmitted with the supplemental information. The FDA has two months to review an application for its acceptability for filing. Once an application is accepted for filing, the Prescription Drug User Fee Act, or PDUFA, establishes a two-tiered review system: Standard Review and Priority Review. When conducting Priority Review, the FDA has a goal to review and act on BLA and NDA submissions within six months from the date of the FDA's acceptance for filing of the application, rather than the 10-month month goal under a Standard Review. The FDA gives Priority Review status to product candidates that provide safe and effective therapies where no satisfactory alternative exists or to a product candidate that constitutes a significant improvement compared to marketed products in the treatment, diagnosis or prevention of a disease.

In addition, under the Pediatric Research Equity Act of 2003, or PREA, BLAs, NDAs and certain supplements must contain data to assess the safety and efficacy of the drug for the claimed indications in all

relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers. Unless otherwise required by regulation, PREA does not apply to any drug or biologic for an indication for which orphan designation has been granted.

In reviewing a BLA or NDA, the FDA may grant approval, deny the application if it determines the application does not provide an adequate basis for approval or again request additional information. Even if such additional information and data are submitted, the FDA may ultimately decide that the BLA or NDA does not satisfy the criteria for approval. The receipt of regulatory approval often takes many years, involving the expenditure of substantial financial resources. The speed with which approval is granted often depends on a number of factors, including the severity of the disease in question, the availability of alternative treatments and the risks and benefits demonstrated in clinical trials. The FDA may also impose conditions upon approval. For example, it may require a Risk Evaluation and Mitigation Strategy, or REMS, for a product. This can include various required elements, such as publication of a medication guide, patient package insert, a communication plan to educate health care providers of the drug's risks and/or restrictions on distribution and use, such as limitations on who may prescribe or dispense the drug. The FDA may also significantly limit the indications approved for a given product and/or require, as a condition of approval, enhanced labeling, special packaging or labeling, post-approval clinical trials, expedited reporting of certain adverse events, pre-approval of promotional materials or restrictions on direct-to-consumer advertising, any of which could negatively impact the commercial success of a drug.

Fast Track Designation. The FDA may designate a product as a fast track drug if it is intended for the treatment of a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for this disease or condition. Sponsors granted a fast track designation for a drug are granted more opportunities to interact with the FDA during the approval process and are eligible for FDA review of the application on a rolling basis, before the application has been completed.

Breakthrough Therapy. Under the provisions of the Food and Drug Administration Safety and Innovation Act, or FDASIA, the FDA may designate a product as a breakthrough therapy if the product is intended, alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Products designated as breakthrough therapies are also eligible for accelerated approval. The FDA must take certain actions, such as holding timely meetings and providing advice, intended to expedite the development and review of an application for approval of a breakthrough therapy.

Orphan Drugs. Under the Orphan Drug Act, an applicant can request the FDA to designate a product as an "orphan drug" in the United States if the drug is intended to treat an orphan, or rare, disease or condition. A disease or condition is considered orphan if it affects fewer than 200,000 people in the United States. Orphan Drug designation must be requested before submitting a BLA or NDA. Products designated as orphan drugs are eligible for special grant funding for research and development, FDA assistance with the review of clinical trial protocols, potential tax credits for research, reduced filing fees for marketing applications and a special seven-year period of market exclusivity after marketing approval. Orphan drug exclusivity (afforded to the first applicant to receive approval for an orphan designated drug) prevents FDA approval of applications by others for the same drug for the designated orphan disease or condition. The FDA may approve a subsequent application from another applicant if the FDA determines that the application is for a different drug or different use, or if the FDA determines that the subsequent product is clinically superior, or that the holder of the initial orphan drug approval cannot assure the availability of sufficient quantities of the drug to meet the public's need. A grant of an orphan designation is not a guarantee that a product will be approved. The FDA has designated VARIZIG with Orphan Drug exclusivity through December 2019 for treatment following exposure to varicella (chickenpox) in high-risk patient groups, including children with compromised immune systems, newborns and pregnant women. Our product candidate otlertuzumab was granted orphan drug designation by the FDA in November 2011 and

received orphan medicinal product designation from the European Commission in December 2012 for the treatment of chronic lymphocytic leukemia. Orphan designation in Europe qualifies a drug for certain development and commercial incentives, including protocol assistance, access to centralized authorization procedures, reduced fees for regulatory activities, and 10 years of market exclusivity after approval.

Post-Approval Requirements. Any drug, biologic or medical device product for which we receive FDA approval will be subject to continuing regulation by the FDA, including, among other things, record keeping requirements, reporting of adverse experiences, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, current good manufacturing practices, or cGMP, and restrictions on advertising and promotion. Adverse events that are reported after marketing approval can result in additional limitations being placed on the product's distribution or use and, potentially, withdrawal or suspension of the product from the market. In addition, the FDA has post-approval authority to require post-approval clinical trials and/or safety labeling changes if warranted by the appearance of new safety information. In certain circumstances, the FDA may impose a REMS after a product has been approved. Facilities involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections by the FDA for compliance with cGMP and other laws. The FDA also closely monitors advertising and promotional materials we may disseminate for our products for compliance with restrictions on off-label promotion and other laws. We may not promote our products for conditions of use that are not included in the approved package inserts for our products. Certain additional restrictions on advertising and promotion exist for products that have so-called "black box warnings" in their approved package inserts, such as WinRho SDF.

Pricing and Reimbursement

In the United States and internationally, sales of our products and our ability to generate revenues on such sales are dependent, in significant part, on the availability and level of reimbursement from third-party payors, including state and federal governments and private insurance plans. Insurers have implemented cost-cutting measures and other initiatives to enforce more stringent reimbursement standards and likely will continue to do so in the future. These measures include the establishment of more restrictive formularies and increases in the out-of-pocket obligations of patients for such products. In addition, particularly in the United States and increasingly in other countries, we are required to provide discounts and pay rebates to state and federal governments and agencies in connection with purchases of our products that are reimbursed by such entities. Various provisions of the Patient Protection and Affordable Care Act (as amended by the Health Care and Education Reconciliation Act), collectively referred to as the Affordable Care Act, increased the levels of rebates and discounts that we have to provide in connection with sales of such products that are paid for, or reimbursed by, certain state and federal government agencies and programs. It is possible that future legislation in the United States and other jurisdictions could be enacted, which could potentially impact the reimbursement rates for our products and also could further impact the levels of discounts and rebates we are required to pay to state and federal government entities. The most significant governmental reimbursement programs in the United States relevant to our products are described below:

Medicare Part B. Medicare Part B covers certain drug products provided in a physician's office or hospital outpatient setting under a payment methodology using "average sales price," or ASP, information. We are required to provide ASP information to the Centers for Medicare & Medicaid Services, or CMS, on a quarterly basis. Medicare payment rates using an ASP methodology are currently set at ASP plus six percent, although this rate could change in future years. If we fail to timely or accurately submit ASP, we could be subject to civil, monetary and other penalties. WinRho SDF, HepaGam B, VARIZIG and IXINITY are all eligible to be reimbursed under Medicare Part B.

Medicaid Rebate Program. For products to be covered by Medicaid, drug manufacturers must enter into a rebate agreement with the Secretary of HHS on behalf of the states and must regularly submit certain pricing information to CMS. The pricing information submitted, including information about the "average manufacturer

price," or AMP, and "best price" for each of our covered drugs, determines the amount of the rebate we must pay. The total rebate also includes an "additional" rebate, which functions as an "inflation penalty." The Affordable Care Act increased the amount of the basic rebate and, for some "line extensions," increased the additional rebate. It also requires manufacturers to pay rebates on utilization by enrollees in managed care organizations. If we fail to timely or accurately submit required pricing information, we could be subject to civil, monetary and other penalties. In addition, the Affordable Care Act made changed the definition of AMP to address which manufacturer sales are to be considered, which affected the rebate liability for our products. Sales of WinRho SDF, HepaGam B, VARIZIG and IXINITY that are reimbursed through Medicaid are subject to the obligations related to this program.

340B/PHS Drug Pricing Program. The availability of federal funds to pay for WinRho SDF, HepaGam B, VARIZIG and IXINITY under the Medicaid and Medicare Part B programs requires that we extend discounts under the 340B/Public Health Service, or PHS, drug pricing program. The 340B/PHS drug pricing program requires participating manufacturers to charge no more than a statutorily-defined "ceiling" price to a variety of community health clinics and other covered entities that receive health services grants from the PHS, as well as the outpatient departments of hospitals that serve a disproportionate share of Medicaid and Medicare beneficiaries. A product's ceiling price for a quarter reflects its Medicaid AMP from two quarters earlier less its Medicaid rebate amount from two quarters earlier. Therefore, the above-mentioned revisions to the Medicaid rebate formula and AMP definition enacted by the Affordable Care Act could cause the discount produced by the ceiling price to increase. Under the Affordable Care Act, several additional classes of entities were made eligible for these discounts, increasing the volume of sales for which we must now offer the 340B/PHS discounts.

Federal Supply Schedule. We make WinRho SDF, HepaGam B, VARIZIG and IXINITY available for purchase by authorized users of the Federal Supply Schedule, or FSS, administered by the Department of Veterans Affairs, or DVA, pursuant to our FSS contract with the DVA. Under the Veterans Health Care Act of 1992, we are required to offer deeply discounted FSS contract pricing to four federal agencies—the DVA, the DoD, the Coast Guard and the PHS (including the Indian Health Service)—for federal funding to be made available for reimbursement of any of our products under the Medicaid program, Medicare Part B and for our products to be eligible to be purchased by those four federal agencies and certain federal grantees. FSS pricing to those four federal agencies must be equal to or less than the "Federal Ceiling Price," which is, at a minimum, 24% less than the Non-Federal Average Manufacturer Price for the prior fiscal year.

Foreign Regulation

Currently, we maintain a commercial presence in the United States and Canada. In the future, we may further expand our commercial presence to additional foreign countries and territories. In the European Union, medicinal products are authorized following a process similarly demanding as the process required in the United States. Medicinal products must be authorized in one of two ways, either through the decentralized procedure, which provides for the mutual recognition procedure of national approval decisions by the competent authorities of the EU Member States or through the centralized procedure by the European Commission, which provides for the grant of a single marketing authorization that is valid for all EU member states. The authorization process is essentially the same irrespective of which route is used. We are also subject to many of the same continuing post-approval requirements in the EU as we are in the United States (*e.g.*, good manufacturing practices).

Anti-Corruption Laws

We are subject to various federal and state laws pertaining to health care "fraud and abuse," including state and federal anti-kickback laws and false claims laws. Anti-kickback laws make it illegal for a drug manufacturer to solicit, offer, receive or pay any remuneration in exchange for, or to induce, the referral of business, including the purchase or prescription of a particular drug. Due to the breadth of the statutory provisions, it is possible that our practices might be challenged under anti-kickback or similar laws. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment, to third-party payors (including

Medicare and Medicaid) claims for reimbursed drugs or services that are false or fraudulent, claims for items or services not provided as claimed or claims for medically unnecessary items or services. Our activities relating to the sale and marketing of our products may be subject to scrutiny under these laws. If we violate the kickback or false claims laws, we could be subject to civil and criminal penalties, including exclusion from participation in federal healthcare programs such as Medicare and Medicaid. Similar restrictions are imposed on the promotion and marketing of medicinal products in the European Union and other countries. Laws (including those governing promotion, marketing and anti-kickback provisions), industry regulations and professional codes of conduct are often strictly enforced. Even in those countries where we are not directly responsible for the promotion and marketing of our products, inappropriate activity by our international distribution partners can have implications for us. In addition, as part of the Affordable Care Act, the federal government enacted the Physician Payment Sunshine Act. Manufacturers of drugs are required to publicly report payments and transfers of value made to physicians and teaching hospitals. This information is posted on a public website. Failure to timely and accurately submit required information could subject us to civil penalties. Some states have similar laws. Many of these transparency requirements are new and uncertain and the extent to which the laws will be enforced is not always clear.

Our operations are also subject to compliance with the U.S. Foreign Corrupt Practices Act, or FCPA, which prohibits corporations and individuals from directly or indirectly paying, offering to pay, or authorizing the payment of anything of value to any foreign government official or employee, or any foreign political party or political candidate in an attempt to obtain or retain business or to otherwise influence such official, employee, party or candidate in his or her or its official capacity. We also may be implicated under the FCPA by activities taken on our behalf by our partners, collaborative partners, consultants, distributors, contract research organizations, vendors or other agents and representatives. As a public company, the FCPA also requires us to make and keep books and records that accurately and fairly reflect all of our transactions and to devise and maintain an adequate system of internal accounting controls. Our operations are also subject to compliance with the Bribery Act of 2010, which applies to activities both in the public and private sector, Canada's Corruption of Foreign Public Officials Act and similar laws in other countries where we do business.

Other Regulation

Our present and future business has been and will continue to be subject to various other laws and regulations. Various laws, regulations and recommendations relating to safe working conditions, laboratory practices, the experimental use of animals, and the purchase, storage, movement, import, export, use and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents used in connection with our product development, are or may be applicable to our activities.

EMPLOYEES

Following the separation, we expect to employ approximately 140 full-time persons. The team is comprised of a dedicated group of accomplished professionals who bring a broad range of academic achievements combined with significant industry experience. We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel. None of our employees is represented by a labor union or covered by collective bargaining agreements. We believe that our relations with our employees are good.

AVAILABLE INFORMATION

The Aptevo investor website *www.AptevoTherapeutics.com* will be operational as of our separation date. We will make available, free of charge on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, as soon as reasonably practicable after we electronically file those reports with, or furnish them to, the Securities and Exchange Commission, or SEC.

We will also make available, free of charge on our website, the reports filed with the SEC by our executive officers, directors and 10% stockholders pursuant to Section 16 under the Exchange Act as soon as reasonably practicable after copies of those filings are provided to us by those persons. In addition, we intend to make available on our website all disclosures that are required to be posted by applicable law, the rules of the SEC or the NASDAQ listing standards regarding any amendment to, or waiver of, our code of business conduct and ethics. We have included our website address as an inactive textual reference only. The information contained on, or that can be accessed through, our website is not a part of, or incorporated by reference into, this information statement.

PROPERTIES

We lease our headquarters office and laboratory space in Seattle, Washington. The Seattle facility is approximately 51,000 square feet. The Seattle lease expires in April of 2020. We also lease approximately 5,000 square feet of satellite office space in Berwyn, Pennsylvania. The Berwyn lease expires in May 2017.

LEGAL PROCEEDINGS

From time to time, we are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings in the aggregate is unlikely to have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the audited combined financial statements and the corresponding notes and the unaudited pro forma combined financial statements and the corresponding notes included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. You should review the "Special Note Regarding Forward-Looking Statements" and "Risk Factors" sections of this information statement for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Unless the context otherwise requires, references to "Aptevo," "we," "us," "our," "our company" and "the company" refer to Aptevo Therapeutics Inc., a Delaware corporation, and its combined subsidiaries as they will exist assuming the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references to "Emergent" and "Emergent BioSolutions" refer to Emergent BioSolutions Inc., a Delaware corporation, and its consolidated subsidiaries. This information statement describes the business to be transferred to Aptevo by Emergent in the separation as if the transferred business were Aptevo's business for all historical periods described. Unless the context otherwise requires, references to Aptevo's historical assets, liabilities, products, businesses or activities are intended to refer to certain historical assets, liabilities, products, businesses or activities of the biosciences business of Emergent, as further described in this information statement, as the business was conducted as part of Emergent prior to completion of the separation.

Overview

On August 6, 2015, Emergent BioSolutions Inc. announced its plan to separate into two independent publicly-traded companies, one a biotechnology company focused on novel oncology (cancer) and hematology (blood disease) therapeutics to meaningfully improve patients' lives and the other a global specialty life sciences company focused on providing specialty products for civilian and military populations that address intentional and naturally emerging public health threats. To accomplish this separation, Emergent created a new company, Aptevo Therapeutics Inc., to be the parent company for the biosciences business focused on novel oncology and hematology therapeutics. Aptevo Therapeutics Inc. was incorporated in Delaware in February 2016 and is currently a wholly-owned subsidiary of Emergent. To effect the separation, Emergent will make a pro rata distribution of Aptevo Therapeutics Inc. common stock to Emergent's stockholders. See "The Separation and Distribution" section of this information statement for additional details on these conditions. After the distribution, Aptevo will operate as an independent, publicly-traded company.

Aptevo will consist of certain assets currently in Emergent's biosciences business, including commercial products and development programs, and the ADAPTIR platform technology. Emergent will retain the biodefense marketed products and development programs, platform technologies, including the hyperimmune specialty plasma product manufacturing platform, and manufacturing infrastructure, including the contract fill/finish business. Certain historical operations that were included by Emergent in its biosciences segment have been reallocated to Emergent's continuing operations, and as a result these financial statements differ from Emergent's historically reportable biosciences segment. Effective January 1, 2016, Emergent changed its segment presentation to reflect this new structure and recast its biosciences segment reporting for the newly named "Aptevo segment".

Aptevo's historical combined financial statements have been prepared on a standalone basis and are derived from Emergent's consolidated financial statements and accounting records. The combined financial statements

reflect Aptevo's financial position, results of operations, and cash flows as its business was operated as part of Emergent prior to the distribution, in conformity with U.S. generally accepted accounting principles.

The combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Emergent corporate level but which are specifically identifiable or allocable to Aptevo. Cash and cash equivalents held by Emergent were not allocated to Aptevo unless the cash was held by an entity that will be transferred to Aptevo in the distribution. All Aptevo intracompany transactions and accounts have been eliminated. All intercompany transactions between Aptevo and Emergent are considered to be effectively settled in the combined financial statements at the time the transaction was recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statement of cash flows as a financing activity and in the combined balance sheet as net investment from Emergent.

The historical financial statements do not necessarily include all of the expenses that would have been incurred had Aptevo been a separate, standalone entity and may not necessarily reflect Aptevo's results of operations, financial position and cash flows had Aptevo been a standalone company during the periods presented. Aptevo's combined financial statements include an allocation of expenses related to certain Emergent corporate functions, including senior management, legal, human resources, finance, information technology, and quality assurance. These expenses have been allocated to Aptevo based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of expenses, headcount, square footage, or other measures. Aptevo considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had Aptevo operated as an independent, publicly-traded company for the periods presented.

Aptevo's investigational stage products MOR209/ES414, ES210, ES425 and otlertuzumab are built on our novel ADAPTIR™ (modular protein technology) platform, which is designed to expand on the utility and effectiveness of therapeutic antibodies. The technology can produce monospecific and multispecific, for example, bispecific therapeutic molecules, which may have structural advantages over monoclonal antibodies (identical antibodies from clones or copies of a unique parent cell that bind to the same target in the same way). The mechanisms of action for MOR209/ES414, ES210, ES425 and otlertuzumab include redirected T-cell cytotoxicity, or RTCC, and targeted cytokine delivery. The structural differences of ADAPTIR molecules over monoclonal antibodies allow for the development of other ADAPTIR immunotherapeutics that engage disease targets in a unique manner and produce a unique signaling response. We are skilled at product candidate generation, validation and subsequent clinical development using the ADAPTIR platform. We have the ability to progress ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical development and process development capabilities and cGMP manufacturing oversight. We also have the ability to launch, market and commercialize these product candidates upon approval.

Aptevo's marketed products are:

- WinRho® SDF [Rh_o(D) Immune Globulin Intravenous (Human)], for treatment of autoimmune platelet disorder, also called immune thrombocytopenic purpura, or ITP, and, separately, for the treatment of hemolytic disease of the newborn, or HDN;
- HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], for prevention of hepatitis-B recurrence following liver transplantation in HBsAg-positive liver transplant patients, and for treatment following exposure to hepatitis-B;
- VARIZIG® [Varicella Zoster Immune Globulin (Human)], for treatment following exposure to varicella zoster virus, which causes chickenpox, in high-risk individuals; and
- IXINITY® [coagulation factor IX (recombinant)], indicated in adults and children 12 years of age and older with hemophilia B for control and prevention of bleeding episodes, and management of bleeding during operations.

Aptevo's investigational stage product candidates include:

- MOR209/ES414, a bispecific immunotherapeutic ADAPTIR protein, currently in Phase 1, targeting prostate specific membrane antigen, or PSMA, an enzyme that is expressed on the surface of prostate cancer cells. It is being developed under our collaboration with MorphoSys AG for metastatic castration-resistant prostate cancer, which is advanced prostate cancer that has spread to other organs and no longer responds to hormone blocking therapies;
- ES210, a bispecific ADAPTIR protein therapeutic that is currently in pre-clinical development for inflammatory bowel disease and other autoimmune and inflammatory diseases;
- otlertuzumab, a monospecific ADAPTIR protein therapeutic that is currently in Phase 2 clinical development for chronic lymphocytic leukemia, or CLL;
- 5E3 mAb, a monoclonal antibody therapeutic that is currently in pre-clinical development for Alzheimer's disease;
- ES425, a bispecific immunotherapeutic ADAPTIR protein that targets ROR1 (receptor tyrosine kinase-like orphan receptor 1, a protein expressed on solid tumors, leukemias, and lymphomas), which is currently in pre-clinical development for a variety of hematologic malignancies and solid tumors; and
- Other protein therapeutic product candidates primarily targeting immuno-oncology.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses.

On an ongoing basis, we evaluate our estimates and judgments, including those related to revenues, accrued expenses, income taxes, stock-based compensation, inventory, intangible assets, in-process research and development and goodwill. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

Aptevo recognizes revenues if four basic criteria have been met (1) there is persuasive evidence of an arrangement, (2) delivery has occurred or services have been rendered, (3) the fee is fixed or determinable and (4) collectability is reasonably assured.

Aptevo markets and sells its products through commercial wholesalers (direct customers) who purchase the products at a price referred to as the wholesale acquisition cost ("WAC"). Additionally, Aptevo may enter into separate agreements with indirect customers to acquire its products for a contracted price that is less than the product's WAC. The indirect customers, such as group-purchasing organizations, physician practice-management groups and hospitals, continue to purchase Aptevo's products from the wholesalers, but at their respective contractual prices. Per its wholesaler agreements, Aptevo guarantees to credit the wholesaler for the difference between the WAC and the indirect customers' contracted price. This credit is referred to as a chargeback and revenues from product sales are recorded net of estimated chargebacks. Adjustments to the

chargeback provisions are made periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results.

All revenues from product sales are also recorded net of applicable allowances for sales and government rebates, special promotional programs, and discounts. These allowances are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels, contract terms, and actual discounts offered. In arriving at these estimates, Aptevo further utilizes information received from third parties including market data, inventory reports from major wholesalers, historical information and analysis. These estimates are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates and reflect other limitations.

Aptevo defers the recognition of revenue from the sales of new product introductions until the commercial wholesalers resell the product through to healthcare providers. This is due to the inherent uncertainties in estimating normal wholesaler inventory levels of new products in addition to Aptevo provided extended payment terms and expanded return rights that allow the wholesalers to return the product. Once Aptevo gains enough historical experience to reasonably estimate ultimate product sales, revenue from sales are no longer deferred. As of March 31, 2016, Aptevo had $1.8 million of deferred revenue for sales related to the IXINITY product introduction.

Revenue generating collaborative research and development agreements may contain one or more provisions including licensing, research services and milestone deliverables. Aptevo analyzes its multiple element revenue generating arrangements to determine whether the elements can be separated and accounted for individually as separate units of accounting. An item can generally be considered a separate unit of accounting if both of the following criteria are met: (1) the delivered item(s) has value to the customer on a standalone basis and (2) if the arrangement includes a general right of return and delivery, the performance of the undelivered item(s) is considered probable and substantially in the control of Aptevo. Items that cannot be divided into separate units are consolidated with other units of accounting, as appropriate. Consideration to be received is allocated among the separate units based on each unit’s relative selling price and is then recognized when the appropriate revenue recognition criteria are met. Aptevo deems services to be rendered if no continuing obligation exists on the part of Aptevo.

Revenue associated with non-refundable upfront license fees that can be treated as a single unit of accounting are recognized when all ongoing obligations have been delivered. Revenue associated with non-refundable upfront license fees under arrangements where the license fees and research and development activities cannot be accounted for as separate units of accounting are deferred and recognized as revenue either on a straight-line basis over Aptevo’s continued involvement in the research and development process or based on the proportional performance of Aptevo’s expected future obligations under the contract.

Revenues from the achievement of research and development milestones, if deemed substantive, are recognized as revenue when the milestones are achieved and the milestone payments are due and collectible. Milestones are considered substantive if all of the following conditions are met: (1) the milestone is non-refundable, (2) achievement of the milestone was not reasonably assured at the inception of the arrangement, (3) substantive effort is involved to achieve the milestone and (4) the amount of the milestone payment appears reasonable in relation to the effort expended. If not deemed substantive, Aptevo recognizes such milestone as revenue on a straight-line basis over the remaining expected term of continued involvement in the research and development process. Payments received in advance of revenue recognized are recorded as deferred revenue.

Mergers and Acquisitions

In a business combination, the acquisition method of accounting requires that the assets acquired and liabilities assumed be recorded as of the date of the merger or acquisition at their respective fair values with limited exceptions. Assets acquired and liabilities assumed in a business combination that arise from

contingencies are recognized at fair value if fair value can reasonably be estimated. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accordingly, Aptevo may be required to value assets at fair value measures that do not reflect Aptevo's intended use of those assets. Any excess of the purchase price (consideration transferred) over the estimated fair values of net assets acquired is recorded as goodwill. Transaction costs and costs to restructure the acquired company are expensed as incurred. The operating results of the acquired business are reflected in Aptevo's combined financial statements after the date of the merger or acquisition.

The fair values of intangible assets are determined utilizing information available near the merger or acquisition date based on expectations and assumptions that are deemed reasonable by management. Given the considerable judgment involved in determining fair values, Aptevo typically obtains assistance from third-party valuation specialists for significant items. The judgments made in determining estimated fair values assigned to assets acquired and liabilities assumed in a business combination, as well as asset lives, can materially affect Aptevo's results of operations.

The fair values of identifiable intangible assets related to currently marketed products and product rights are primarily determined by using an "income approach" through which fair value is estimated based on each asset's discounted projected net cash flows. Aptevo's estimates of net cash flows consider historical and projected pricing, margins and expense levels, the performance of competing products where applicable, relevant industry and therapeutic area growth drivers and factors, current and expected trends in technology and product life cycles, the time and investment that will be required to develop products and technologies, the ability to obtain marketing and regulatory approvals, the ability to manufacture and commercialize the products, the extent and timing of potential new product introductions by Aptevo's competitors, and the life of each asset's underlying patent, if any. The net cash flows are then probability-adjusted where appropriate to consider the uncertainties associated with the underlying assumptions, as well as the risk profile of the net cash flows utilized in the valuation. The probability-adjusted future net cash flows of each product are then discounted to present value utilizing an appropriate discount rate.

The fair values of identifiable intangible assets related to in-process research and development ("IPR&D") are determined using an income approach, through which fair value is estimated based on each asset's probability-adjusted future net cash flows, which reflect the different stages of development of each product and the associated probability of successful completion. The net cash flows are then discounted to present value using an appropriate discount rate. Amounts allocated to acquired IPR&D are capitalized and accounted for as indefinite-lived intangible assets. Upon successful completion of each project, Aptevo will make a separate determination as to the then useful life of the asset and begin amortization.

Provision for Chargebacks

We record sales for our products primarily net of provisions for chargebacks, administration fees, rebates and other adjustments. These provisions are primarily estimated based on historical experience, future expectations, contractual arrangements with wholesalers and indirect customers, and other factors known to management at the time of accrual. Provisions for chargebacks, administration fees, rebates and other adjustments require varying degrees of subjectivity. While rebates generally are based on contractual terms and require minimal estimation, chargebacks require management to make more subjective assumptions.

The provision for chargebacks is a significant and complex estimate used in the recognition of revenue. We sell our products directly primarily to large commercial wholesale distributors. We also sell our products indirectly to group-purchasing organizations, physician practice-management groups and hospitals, collectively referred to as "indirect customers." We enter into agreements with our indirect customers to establish pricing for certain of our products. The indirect customers then independently select a wholesaler from which to purchase the products. If the price paid by the indirect customers is lower than the price paid by the wholesaler, we will

provide a credit, called a chargeback, to the wholesaler for the difference between the contractual price with the indirect customers and the wholesaler purchase price. The provision for chargebacks is based on expected sell-through levels by our wholesale customers to the indirect customers and estimated wholesaler inventory levels.

As sales to large wholesale customers fluctuate the reserve for chargebacks will also generally fluctuate in the same direction. However, the degree of the fluctuation depends on product mix and the amount of sales made to indirect customers with which we have specific chargeback agreements.

On a quarterly basis, management reviews actual payments for provisions, wholesaler and distributor sales to our indirect customers, inventory balances at the wholesalers and distributors, as well as any known market factors that may impact our estimate, and we make adjustments when we believe that actual expected chargebacks may differ from the actual chargeback reserve.

Financial Operations Overview

Revenues

Revenues consist primarily of product sales of our marketed products and collaboration revenues from our collaborative partners, generally in the form of upfront or milestone payments.

Cost of Product Sales

The primary expense that we incur to deliver our marketed products to our customers is manufacturing costs consisting of fixed and variable costs. Variable manufacturing costs consist primarily of costs for materials and personnel-related expenses for direct and indirect manufacturing support staff, contract manufacturing and filling operations, and sales-based royalties. Fixed manufacturing costs include facilities, utilities and amortization of intangible assets. We determine the cost of product sales for products sold during a reporting period based on the average manufacturing cost per unit in the period those units were manufactured.

Research and Development Expenses

We expense research and development costs as incurred. Our research and development expenses consist primarily of:

- personnel-related expenses;
- fees to professional service providers for, among other things, analytical testing, independent monitoring or other administration of our clinical trials and obtaining and evaluating data from our clinical trials and non-clinical studies;
- costs of contract manufacturing services for clinical trial material; and
- costs of materials used in clinical trials and research and development.

We expect our research and development spending will be dependent upon such factors as the results from our clinical trials, the availability of reimbursement of research and development spending, the number of product candidates under development, the size, structure and duration of any clinical programs that we may initiate, and the costs associated with manufacturing our product candidates on a large-scale basis for later stage clinical trials. These research and development costs may be partially offset by cost-sharing arrangements with collaborative partners, such as our collaboration with MorphoSys AG.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of personnel-related costs and professional fees in support of our executive, sales and marketing, business development, finance, accounting, information technology, legal and human resource functions. Other costs include facility costs not otherwise included in cost of product sales or research and development expense.

Collaboration with MorphoSys AG

In August 2014, Aptevo entered into a collaboration agreement, or MorphoSys Agreement, with MorphoSys AG for the joint worldwide development and commercialization of MOR209/ES414, a targeted immunotherapeutic protein, which activates host T-cell immunity specifically against cancer cells expressing prostate specific membrane antigen, an antigen commonly overexpressed on prostate cancer cells. MOR209/ES414 was constructed using Aptevo's proprietary ADAPTIR platform technology.

In accordance with the initial terms of the MorphoSys Agreement, Aptevo received a nonrefundable $20.0 million upfront payment and could have received up to $163.0 million in additional contingent payments, comprised of up to $80.0 million and up to $83.0 million, respectively, due upon the achievement of specified development and regulatory milestones. MorphoSys and Aptevo agreed to jointly fund further development of MOR209/ES414, with Aptevo responsible for 36% of the total development costs and MorphoSys responsible for the remainder, with Aptevo's funding requirement capped at $186.0 million. Aptevo's development effort includes the performance of non-clinical, clinical, manufacturing and regulatory activities. Aptevo retains commercialization rights in the U.S. and Canada, with a tiered royalty obligation to MorphoSys, ranging from mid-single digit up to 20% of sales. MorphoSys has worldwide commercialization rights excluding the U.S. and Canada, with a low single digit royalty obligation to Aptevo.

In December 2015, after a joint review of data from the ongoing Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys decided to adjust the dosing regimen and administration of MOR209/ES414. Patients receiving weekly doses of MOR209/ES414 developed antibodies against the drug; this is called anti-drug antibodies, or ADA. ADA developed in most patients including those receiving the maximum tolerated dose of drug which could be given safely on a weekly basis. These antibodies bind to the drug and reduce the concentration of active MOR209/ES414 in the blood and thus could potentially reduce its efficacy. However, we observed no safety issues related to the development of ADA. The cause of these antibodies is unclear but could be due to the weekly administration of the drug. Hence, the protocol has been amended to continuous intravenous infusion as a way to administer higher levels of drug and prevent the development of ADA. We plan to continue the current clinical trial under an amended protocol with recruitment expected to start around mid-2016. As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured. In December 2015, Aptevo and MorphoSys amended the collaboration agreement to (1) decrease the additional contingent payments due Aptevo upon the achievement of specified development and regulatory milestones of up to $32.5 million and up to $41.5 million, respectively, (2) change the total funding requirement cap for Aptevo to up to approximately $250.0 million and (3) change the jointly funded development cost allocation to the following:

- 2016: Aptevo is responsible for 75%; MorphoSys responsible for 25%
- 2017-2018: Aptevo is responsible for 49%; MorphoSys responsible for 51%
- 2019 and beyond: Aptevo is responsible for 36%; MorphoSys responsible for 64%

In addition, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial.

Aptevo evaluated the MorphoSys Agreement and determined that it was a revenue arrangement with multiple deliverables or performance obligations. Aptevo determined there were two units of accounting under the MorphoSys Agreement: (1) the delivered license to further develop and commercialize MOR209/ES414 and (2) undelivered items related to development services. Aptevo determined that the license had standalone value as the drug candidate has been (1) developed and is currently Phase 1 clinical trial ready, (2) MorphoSys possesses the knowledge, technology, skills, experience and infrastructure necessary to complete all further development of the drug through commercialization, and (3) MorphoSys has the right to further sublicense the

product. Aptevo allocated the $20.0 million upfront payment to the two units of accounting using the relative selling price method. Aptevo determined the estimated selling price for the license using the income approach and an appropriate discount rate. The estimated selling price includes unobservable inputs (Level 3), such as estimates of revenues and operating margins; the time and resources needed to complete the development and approval of the product candidate; and the risk related to the viability of and potential for alternative treatments. Aptevo determined the estimated selling price of the development services unit of accounting based on the estimated number of full-time equivalent personnel at the contractual rate as defined in the MorphoSys Agreement, whose rates and terms approximate those of other Emergent or Aptevo service related contracts and those observed generally through other collaboration negotiations. The allocation resulted in $15.3 million of the $20.0 million upfront payment being allocated to the license and $4.7 million being allocated to the development services. Aptevo determined the license fee unit of accounting was delivered and completed on the date the MorphoSys Agreement was executed and thus recognized $15.3 million of license revenue in August 2014. Revenue related to the development services is recognized as the services are performed with $0.7 million and $0.2 million, respectively, recognized in the years ended December 31, 2015 and 2014. The current estimated service period for the undelivered development services under the MorphoSys Agreement is through 2023.

Further, Aptevo determined that contingent payments for the achievement of the development and regulatory milestones are substantive milestones and will be accounted for as revenue in the period in which the milestones are achieved. Aptevo received a $5.0 million milestone payment from MorphoSys reflecting the initiation of a Phase I clinical study to evaluate the safety, tolerability, and clinical activity of MOR209/ES414 in patients with metastatic castration-resistant prostate cancer. Aptevo recognized this substantive milestone achievement payment as collaborations revenue during the year ended December 31, 2015.

IXINITY

In the acquisition of Cangene Corporation, or Cangene, in February 2014, Aptevo acquired the IXINITY product candidate, an IPR&D intangible asset. As part of the purchase price allocation, Aptevo's management determined that the estimated acquisition date fair value related to the IXINITY IPR&D asset was $8.3 million. The estimated fair value was determined using the income approach, which discounts probability-adjusted future net cash flows to present value. The projected cash flows used in determining the fair value of IXINITY were based on key assumptions, including: estimates of revenues and operating profits considering its stage of development on the acquisition date, the time and resources needed to complete the development and approval of the product candidate, the life of the potential commercialized product and associated risks, including the inherent difficulties and uncertainties in developing a product candidate such as obtaining marketing approval from the FDA and other regulatory agencies, and risks related to the viability of and potential alternative treatments in any future target markets.

Amounts allocated to acquired IPR&D are capitalized and accounted for as indefinite-lived intangible assets. Upon successful completion of each project, Aptevo made a separate determination as to the then useful life of the asset and begin amortization. In April 2015, the Food and Drug Administration, or FDA, approved IXINITY for the treatment of Hemophilia B in adults and children. As a result, the $8.3 million IXINITY IPR&D asset was reclassified as a definite-live intangible asset and is being amortized over 10 years. Since April 2015, we have incurred approximately $9 million in research and development expense related to IXINITY, primarily for clinical trial activities and process development and qualification activities.

CMC ICOS Biologics, Inc., or CMC, is the exclusive manufacturer of bulk drug substance for our IXINITY product. During 2015, we ordered nine manufacturing lots of bulk drug substance from CMC and only one of those lots was successfully manufactured and released in 2015. We continue to work with CMC to resolve the manufacturing delays, although to date in 2016 no lots of bulk drug substance have been successfully manufactured and released. Additionally, Patheon UK Limited, through an affiliate, is currently the sole source fill-finish service manufacturer for our IXINITY product. The release of drug product by Patheon may be impacted by several factors, including Patheon requiring approval from its affiliate's foreign regulatory authority

of recent changes to its facility. If current efforts to proceed with the manufacturing and release of bulk drug substance and filled product are not successful, the resulting lack of supply of bulk drug substance or filled product could lead to a projected supply shortage of IXINITY requiring notification to the FDA. This inability to supply IXINITY would adversely affect its sales, market position and viability.

Results of Operations

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Revenue

Product Sales:

Product sales revenue increased by $1.6 million, or 25%, to $7.9 million for the three months ended March 31, 2016 from $6.3 million for the three months ended March 31, 2015. This increase was primarily related to IXINITY sales of $1.7 million for the three months ended March 31, 2016 following IXINITY's FDA approval in the second quarter of 2015. As of March 31, 2016, an additional $1.8 million of IXINITY product sales revenue has been deferred and recorded as deferred revenue on the combined balance sheet until such time as we can reasonably estimate chargebacks and other allowances related to this new product from certain commercial wholesalers.

Collaborations:

Collaborations revenue decreased by $5.2 million, or 98%, to $0.1 million for the three months ended March 31, 2016 from $5.3 million for the three months ended March 31, 2015. The decrease in collaboration revenue was from our collaboration with MorphoSys, primarily related to recognition of a $5.0 million development milestone achievement and payment for the three months ended March 31, 2015.

Cost of Product Sales

Cost of product sales decreased by $0.2 million, or 5%, to $3.5 million for the three months ended March 31, 2016 from $3.7 million for the three months ended March 31, 2015. The decrease in cost of product sales was primarily due to lower HepaGam cost of sales partially offset by the commencement of IXINITY product sales in the second quarter of 2015 after FDA approval.

Research and Development Expense

Research and development expenses decreased by $1.0 million, or 11%, to $8.1 million for the three months ended March 31, 2016 from $9.1 million for the three months ended March 31, 2015. Our principal research and development expenses by program for the three months ended March 31, 2016 and 2015 are shown in the following table:

	Three Months Ended March 31,		
(in thousands)	2016	2015	Change
MOR209/ES414	$ 1,810	$ 423	$ 1,387
IXINITY	2,225	5,357	(3,132)
ES425	2,038	477	1,561
otlertuzumab	521	1,141	(620)
ES210	118	432	(314)
5E3	360	560	(200)
Other ADAPTIR related programs	898	651	247
Other	131	60	71
Total	$ 8,101	$ 9,101	$(1,000)

The increase in expense for our MOR209/ES414 product candidate was primarily due to the timing of reimbursable development activities coupled with a reduction in reimbursement funding under our collaboration agreement with MorphoSys. The decrease in expense for our IXINITY product candidate (which was approved by the FDA in April 2015) was primarily due to a $3.2 million decrease in manufacturing process development activities. The increase in ES425 was primarily due to lead construct selection and characterization studies. The decrease in expense for our otlertuzumab product candidate was primarily related to the timing of clinical trial activities. The decrease in ES210 was primarily due to process development along with clinical and non-clinical strategy activities. The decrease in expense for 5E3 was primarily due to early stage non-clinical activities. The increase in expense for Other ADAPTIR related programs was primarily due to characterization studies and non-clinical activities. The expenses for our Other activities were primarily due to centralized research and development activities not otherwise attributable to specific product candidates or programs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by $0.5 million, or 5%, to $9.4 million for 2016 from $9.9 million for 2015. This decrease was primarily due to lower costs associated with IXINITY prelaunch selling and marketing costs in 2015 partially offset by increased costs associated with Aptevo infrastructure activities in 2016.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue

Our total revenues by major product and geographic area are as follows:

(in thousands)	Year Ended December 31, 2015	2014
WinRho	$ 14,218	$ 17,192
HepaGam	10,345	10,450
Other product sales	3,384	2,395
Total product sales	27,947	30,037
Collaborations	5,654	15,594
	$ 33,601	$ 45,631

(in thousands)	Year Ended December 31, 2015	2014
United States	$ 21,338	$ 30,386
Canada	8,569	7,794
Rest of the world	3,694	7,451
	$ 33,601	$ 45,631

Revenues from our significant customers or collaboration partners as a percentage of total revenues are as follows:

	Year Ended December 31, 2015	2014
Product Sales:		
Canadian Blood Services	20%	13%
Cardinal Health	14%	8%
ASD Healthcare	10%	4%
Collaborations:		
MorphoSys	17%	34%

Product Sales:

Product sales revenue decreased by $2.1 million, or 7%, to $27.9 million for 2015 from $30.0 million for 2014. This decrease was primarily related to a decrease in non-U.S. sales of WinRho.

Product sales of IXINITY commenced in the second quarter of 2015 following FDA approval. As of December 31, 2015, $3.3 million of IXINITY product sales revenue has been deferred and recorded as deferred revenue on the combined balance sheet until such time as we can reasonably estimate chargebacks and other allowances related to this new product.

Collaborations:

Collaborations revenue decreased by $9.9 million, or 63%, to $5.7 million for 2015 from $15.6 million for 2014. The decrease in collaboration revenue was from our collaboration with MorphoSys, primarily related to recognition of $15.3 million in revenue in 2014 related to an upfront license fee payment as compared to the achievement and recognition of a $5.0 million research and development milestone payment in 2015.

Cost of Product Sales

Cost of product sales increased by $0.6 million, or 4%, to $16.9 million for 2015 from $16.3 million for 2014. The increase in cost of product sales was primarily due to commencement of IXINITY product sales in the second quarter of 2015 after FDA approval. This increase was partially offset by the decrease in WinRho non-US sales in 2015.

Research and Development Expense

Research and development expenses decreased by $11.9 million, or 26%, to $34.7 million for 2015 from $46.6 million for 2014. Our principal research and development expenses by program for 2015 and 2014 are shown in the following table:

(in thousands)	Year ended December 31, 2015	2014	Change
MOR209/ES414	$ 5,765	$11,914	$ (6,149)
IXINITY	14,622	17,456	(2,834)
otlertuzumab	4,851	8,714	(3,863)
ES425	1,671	—	1,671
ES210	1,895	3,286	(1,391)
5E3	2,666	1,838	828
Other ADAPTIR related programs	2,734	2,284	450
Other	522	1,097	(575)
Total	$34,726	$46,589	$(11,863)

The decrease in expense for our MOR209/ES414 product candidate was primarily due to the timing of manufacture of clinical material to support clinical trial activities ($0.1 million in 2015 versus $2.4 million in 2014) along with increased reimbursement from MorphoSys for development activities under our collaboration agreement, which was executed in August 2014. The decrease in expense for our IXINITY product candidate (which was approved by the FDA in April 2015) was primarily due to a $2.0 million decrease in expense for manufacturing process development activities along with a decrease in clinical trial activities, partially offset by an increase in fill/finish process development and qualification activities. The decrease in expense for our otlertuzumab product candidate was primarily related to the timing of clinical trial activities. The spending for ES425 was for lead construct selection and characterization studies. The decrease in ES210 was primarily due to

process development along with clinical and non-clinical strategy activities. The increase in expense for 5E3 was primarily due to early stage non-clinical activities. The increase in expense for Other ADAPTIR related programs was primarily due to characterization studies and non-clinical activities. The decrease in expense for our Other activities was primarily due to centralized research and development activities not otherwise attributable to specific product candidates or programs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $8.7 million, or 25%, to $43.0 million for 2015 from $34.3 million for 2014. This increase was primarily due to an increase in selling costs of $5.0 million associated with a full year in 2015 of the operations acquired through the acquisition of Cangene in February 2014, including product launch costs for IXINITY in 2015, and an increase in general and administrative expense of $3.8 million, due primarily to an increase in our provision for uncollectable accounts in 2015.

Other (Expense) Income, net

Other expense, net was $0.2 million for both 2015 and 2014. The amount is primarily from foreign exchange losses associated with the timing of receipt of a VAT receivable in Germany.

Income Taxes

Benefit from income taxes increased by $1.4 million, or 233%, to $2.0 million for 2015 from $0.6 million for 2014. The increase in the benefit was primarily due to increased Canadian scientific research and experimental development tax credits.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue

Product Sales:

Product sales revenue was $30.0 million for 2014 due to the products acquired from Cangene in February 2014. There were no product sales in 2013.

Collaborations:

Collaborations revenue increased by $15.4 million to $15.6 million for 2014 from $0.2 million for 2013. The increase was primarily related to recognition of $15.3 million in upfront license fee revenue in 2014 from MorphoSys.

Cost of Product Sales

Cost of product sales was $16.3 million for 2014 due to the products acquired from Cangene in February 2014. There were no product sales in 2013.

Research and Development Expense

Research and development expenses increased by $8.5 million, or 22%, to $46.6 million for 2014 from $38.1 million for 2013. Our principal research and development expenses by program for 2014 and 2013 are shown in the following table:

(in thousands)	Year ended December 31, 2014	2013	Change
MOR209/ES414	$11,914	$ 7,625	$ 4,289
IXINITY	17,456	—	17,456
otlertuzumab	8,714	26,744	(18,030)
ES210	3,286	3,115	171
5E3	1,838	—	1,838
Other ADAPTIR related programs	2,284	152	2,132
Other	1,097	438	659
Total	$46,589	$38,074	$ 8,515

The increase in expense for our MOR209/ES414 product candidate was primarily due to the timing of manufacture of clinical material to support clinical trial activities ($2.4 million in 2014 versus $0.2 million in 2013). The expense for our IXINITY product candidate, acquired from Cangene in February 2014, was primarily for clinical trial and manufacturing process development activities. The decrease in expense for our otlertuzumab (formerly TRU-016) product candidate was primarily related to the timing of clinical trial activities. The increase in expense for ES210 was primarily for process development along with clinical and non-clinical strategy activities. The expense for 5E3, was primarily due to early stage non-clinical activities. The increase in expense for Other ADAPTIR related programs was primarily due to characterization studies and non-clinical activities. The increase in expense for our Other activities was primarily due to centralized research and development activities not otherwise attributable to product candidates or programs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $18.8 million, or 121%, to $34.3 million for 2014 from $15.5 million for 2013. The increase in selling general and administrative expenses was primarily due to ongoing post-acquisition selling, general and administrative costs of $14.7 million associated with the operations of Cangene, acquired in February 2014, including selling and marketing costs for Aptevo's products.

Other (Expense) Income, net

Other expense, net was $0.2 million for 2014, an increase of $0.2 million from 2013. The increase was primarily due to foreign exchange losses associated with the timing of receipt of a VAT receivable in Germany.

Liquidity and Capital Resources

Sources of Liquidity

At the closing of the spin-off of Aptevo from Emergent, Emergent will provide Aptevo, from its cash reserves on hand, cash of approximately $45 million, along with a commitment in the form of a promissory note to provide another $20 million within six to 12 months after the separation. We expect this initial cash funding will support Aptevo's operations for at least 12 months after the completion of the spin-off, based on current operating plans and financial forecasts. Prior to the spin-off, the development-based biosciences business of Emergent was funded entirely by Emergent. In addition, to enhance long-term financial flexibility, Aptevo is evaluating entering into a credit facility or other debt financing arrangement with one or more financial institutions that would be entered into in connection with the completion of the spin-off.

Capital Requirements

Aptevo expects to incur losses from operations for the foreseeable future primarily due to research and development expenses, including expenses related to conducting clinical trials. Aptevo's future capital requirements will depend on a number of factors, including:

- the level, timing and cost of product sales;
- the collection of accounts receivable from customers;
- the extent to which we invest in products or technologies;
- capital improvements to new or existing facilities;
- the payment obligations under any future indebtedness;
- the scope, progress, results and costs of our development activities;
- the costs of commercialization activities, including product marketing, sales and distribution;
- the costs associated with the separation from Emergent and costs associated with performance under agreements to be entered into with Emergent; and
- the costs associated with replicating or outsourcing from other providers certain facilities, systems, operational and administrative infrastructure, including information technology infrastructure and personnel, to which we will no longer have access after our separation from Emergent.

Cash Flows

The following table provides information regarding our cash flows for the three months ended March 31, 2016 and 2015 and for the years ended December 31, 2015, 2014 and 2013.

	Three months ended March 31,		Year ended December 31,		
(in thousands)	**2016**	**2015**	**2015**	**2014**	**2013**
Net cash provided by (used in):					
Operating activities	$ (14,113)	$ (15,919)	$(48,760)	$(47,007)	$(51,392)
Investing activities	(1,071)	(141)	(1,527)	(48,800)	(1,021)
Financing activities	13,619	14,383	51,331	99,400	52,413
Net decrease and increase in cash and cash equivalents	$ (1,565)	$ (1,677)	$ 1,044	$ 3,593	$ —

Net cash used in operating activities of $14.1 million for the three months ended March 31, 2016 was primarily due to our net loss of $12.9 million along with an increase of $3.1 million in prepaid expenses and other assets related to IXINITY manufacturing activities, partially offset by a decrease in accounts receivable of $3.0 million due to the timing of collections for product sales. Net cash used in operating activities of $15.9 million for the three months ended March 31, 2015 was primarily due to our net loss of $11.0 million and a decrease in accrued payroll of $2.5 million related to payment of annual bonuses during the period.

Net cash used in operating activities of $48.8 million in 2015 was primarily due to our net loss of $59.3 million and an increase in inventory of $2.7 million due to the timing of sales of IXINITY, partially offset by a decrease in accounts receivable of $3.9 million due to the timing of collection of WinRho receivables, an increase in deferred revenue of $2.6 million due primarily to the timing of revenue recognition for IXINITY, along with a non-cash charge of $3.5 million as a provision for uncollectible accounts.

Net cash used in operating activities of $47.0 million in 2014 was primarily due to our net loss of $51.1 million and an increase in accounts receivable of $6.1 million due to the timing of collection of product sales

receivables, partially offset by a decrease in inventory of $5.0 million due to the acquisition of Cangene and an increase in deferred revenue of $4.5 million due the timing of revenue recognition for our MorphoSys collaboration.

Net cash used in operating activities of $51.4 million in 2013 was primarily due to our net loss of $53.4 million.

Net cash used in investing activities for the periods presented was primarily due to the purchases of property, plant and equipment, and, in 2014, the $47.8 million acquisition of the Aptevo related portion of Cangene.

Net cash provided by financing activities for the periods presented was principally due to the net investment from Emergent to support the operations of Aptevo.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2015:

	Payments due by period				
(in thousands)	**Total**	**Less than 1 year**	**1 to 3 Years**	**4 to 5 Years**	**More than 5 years**
Contractual obligations:					
Operating lease obligations	$7,029	$ 1,672	$3,203	$2,154	$ —
Total contractual obligations	$7,029	$ 1,672	$3,203	$2,154	$ —

MANAGEMENT

Executive Officers Following the Separation

While some of Aptevo's executive officers are currently officers and employees of Emergent, upon the separation, none of these individuals will continue to be employees or executive officers of Emergent. The following table sets forth information regarding individuals who are expected to serve as Aptevo's executive officers, including their positions after the separation. One of Aptevo's executive officers will also hold a position as a member of Aptevo's board of directors. For more information see "Board of Directors Following the Separation" below.

Name	Age	Title
Marvin L. White	54	Director and Chief Executive Officer
Jeffrey G. Lamothe	50	Senior Vice President and Chief Financial Officer
Scott C. Stromatt, M.D.	58	Chief Medical Officer and Senior Vice President, Clinical Development & Medical Affairs

Marvin L. White will be the Chief Executive Officer of Aptevo and will serve on Aptevo's board of directors. Mr. White served as a director of Emergent from June 2010, until his resignation from the Emergent board of directors in May 2016. Mr. White has also served as a consultant to Emergent since November 2015, under a consulting agreement with Emergent, which is discussed under "Compensation Discussion and Analysis—Marvin White Compensation." Since April 2014, Mr. White has served as president and chief executive officer of The MLW Advisory Group, LLC, a management advisory company targeting the needs of healthcare and related companies. From 2008 to March 2014, Mr. White served as system vice president and chief financial officer of St. Vincent Health, and was responsible for finance, materials management, accounting, patient financial services and managed care for all 19 hospitals and 36 joint ventures. Prior to joining St. Vincent Health in 2008, Mr. White was executive director and chief financial officer of LillyUSA, a subsidiary of Eli Lilly and Company, where he also held leadership positions in Corporate Finance and Investment Banking in the Corporate Strategy Group. He serves on the boards of CoLucid Pharmaceuticals, Inc., a public pharmaceutical company, WP Glimcher Inc., a public retail real estate investment trust, and OneAmerica Financial Insurance Partners, Inc., a private insurance and financial services company. We believe Mr. White's service as our Chief Executive Officer and his prior financial experience and service on other boards make him strongly qualified to serve on our board of directors.

Jeffrey G. Lamothe will be the Senior Vice President and Chief Financial Officer of Aptevo. He currently serves as Emergent's Vice President Finance, Biosciences Division. Mr. Lamothe assumed this role in February 2014 when Emergent concluded the acquisition of Cangene Corporation, where he was Chief Financial Officer. Mr. Lamothe assumed the role of Chief Financial Officer of Cangene in August 2012. Prior to that, Mr. Lamothe was the Chief Financial Officer for Smith Carter Architects and Engineers Incorporated, a position which he held from January 2010 until July 2012. He also previously served as President and Chief Executive Officer of Kitchen Craft Cabinetry after occupying the position of VP Finance and Chief Financial Officer with that organization. Mr. Lamothe's other past experience includes serving as Chief Financial Officer for Motor Coach Industries and he has held various roles at James Richardson & Sons, Limited and Ernst & Young LLP. Mr. Lamothe is a Chartered Accountant and a graduate of the University of Manitoba where he obtained a Bachelor of Commerce (honours) degree.

Scott C. Stromatt, M.D. will be the Chief Medical Officer and Senior Vice President, Clinical Development & Medical Affairs of Aptevo. He will continue the clinical development programs for the ADAPTIR molecules that he has designed and directed. Since 2008, Dr. Stromatt has served as Chief Medical Officer, Senior Vice President at Emergent and Chief Medical Officer, Senior Vice President at Trubion Pharmaceuticals Inc. From 2003 to 2008, Mr. Stromatt worked at Cell Therapeutics, Inc., where he held the positions of Executive Vice President, Clinical Development and Regulatory Affairs from 2005 to 2008, Senior Vice President, Clinical

Development and Regulatory Affairs from 2004 to 2005 and Vice President, Clinical Development from 2003 to 2004. In 2002, Dr. Stromatt worked at Northwest Biotherapeutics, Inc. as Vice President Clinical Research, Chief Medical Officer. From 2000-2002, Dr. Stromatt worked as a biotechnology analyst for Wall Street investment firm C.E. Unterberg. Dr. Stromatt received his medical degree from the University of Chicago and an MBA and Bachelor of Arts from the University of Colorado.

Board of Directors Following the Separation

The following table sets forth information with respect to those persons who are expected to serve on Aptevo's board of directors following the completion of the separation, including Mr. White, whose biographical information is included above in the section entitled "Executive Officers Following the Separation." The nominees will be presented to Aptevo's sole stockholder, Emergent, for election prior to the separation. Aptevo may name and present additional nominees for election prior to the separation.

Name	Age	Title
Fuad El-Hibri	58	Chairman
Marvin L. White	54	Director, Chief Executive Officer
Daniel J. Abdun-Nabi	61	Director
Grady Grant, III	60	Director
Zsolt Harsanyi, Ph.D.	72	Director
Barbara Lopez Kunz	58	Director
John E. Niederhuber, M.D.	77	Director

At the time of the separation, Aptevo expects that its board of directors will consist of the directors set forth above. Upon completion of the separation, Aptevo's board of directors will be divided into three classes. Each class will be as equal in number as is possible. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which Aptevo expects to hold in 2017. The directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which Aptevo expects to hold in 2018, and the directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which Aptevo expects to hold in 2019. Aptevo expects that Class I will be comprised of Mr. Harsanyi and Ms. Kunz; Class II will be comprised of Mr. Abdun-Nabi and Mr. Grant; and Class III will be comprised of Mr. El-Hibri, Dr. Niederhuber and Mr. White. Commencing with the first annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election.

Fuad El-Hibri will be the Chairman of Aptevo's board of directors. Mr. El-Hibri is the founder and Executive Chairman of the board of directors of Emergent. Mr. El-Hibri has served as the executive chairman of Emergent's board of directors since April 2012. From June 2004 to March 2012, Mr. El-Hibri served as chief executive officer and chairman of Emergent's board of directors. Mr. El-Hibri previously served as president of Emergent from March 2006 to April 2007. Mr. El-Hibri served as chief executive officer and chairman of the board of directors of BioPort Corporation, or BioPort, from May 1998 until June 2004, when, as a result of Emergent's corporate reorganization, BioPort became a wholly-owned subsidiary of Emergent and was subsequently renamed Emergent BioDefense Operations Lansing Inc. Mr. El-Hibri is chairman of East West Resources Corporation, a venture capital and business consulting firm, a position he has held since June 1990. He served as president of East West Resources from September 1990 to January 2004. We believe Mr. El-Hibri's qualifications to serve on our board of directors include his service on other boards as well as his prior business experience, including as Emergent's chief executive officer and as an Emergent director.

Daniel J. Abdun-Nabi is the President and Chief Executive Officer of Emergent, a position he has held since April 2012. He has also served as a director of Emergent since May 2009. From May 2007 to March 2012,

Mr. Abdun-Nabi served as Emergent's president and chief operating officer. Mr. Abdun-Nabi previously served as Emergent's corporate secretary from December 2004 to January 2008, Emergent's senior vice president, corporate affairs and general counsel from December 2004 to April 2007 and Emergent's vice president and general counsel from May 2004 to December 2004. Mr. Abdun-Nabi served as general counsel for IGEN International, Inc., a biotechnology company, and its successor BioVeris Corporation, from September 1999 to May 2004. Prior to joining IGEN, Mr. Abdun-Nabi served as senior vice president, legal affairs, general counsel and secretary of North American Vaccine, Inc., a private vaccine company acquired by Baxter International Inc. in 2000. We believe Mr. Abdun-Nabi's qualifications to serve on our board of directors include his extensive experience in senior management positions and his demonstrated business judgment, including his long service as a senior executive of Emergent.

Grady Grant, III is the Vice President of Medical Sales for Mead Johnson Nutrition, a public company focused on pediatric nutrition. He has held this position since December 2011, preceded by 30 years of service at Eli Lilly and Company which includes his service as Vice President of Sales Neuroscience from January 2006 to December 2011. We believe Mr. Grant's qualifications to serve on our board of directors include his operating and senior management experience in the industry.

Zsolt Harsanyi, Ph.D. has served on the board of directors of Emergent since August 2004. Dr. Harsanyi has served as chairman of the board of N-Gene Research Laboratories, Inc., a privately-held biotechnology company, since March 2011. Prior to that, Dr. Harsanyi served as chief executive officer and chairman of the board of directors of Exponential Biotherapies Inc., a private biotechnology company, from December 2004 to February 2011. Dr. Harsanyi served as president of Porton International plc, or Porton International, a pharmaceutical and vaccine company, from January 1983 to December 2004. Dr. Harsanyi was a founder of Dynport Vaccine Company LLC in September 1996. Prior to joining Porton International, Dr. Harsanyi was vice president of corporate finance at E.F. Hutton, Inc. Previously, Dr. Harsanyi directed the first assessment of biotechnology for the U.S. Congress' Office of Technology Assessment, served as a consultant to the President's Commission for the Study of Ethical Problems in Medicine and Biomedical and Behavioral Research and was on the faculties of Microbiology and Genetics at Cornell Medical College. We believe Dr. Harsanyi's qualifications to serve on our board of directors include his industry experience, including his senior executive and financial positions.

Barbara Lopez Kunz is currently the Global Chief Executive of the Drug Information Association, a private health care products company. From January 2007 to March 2013, she worked as President of Health and Life Sciences at Battelle Memorial Institute, a private nonprofit applied science and technology development company. From August 2003 to December 2007, she worked as Senior VP/GM for Thermo Fisher Scientific's Fisher Biosciences and led the Latin America regional business from January 2000 to July 2003 at Uniqema, a private company acquired by Croda International plc in 2006. We believe that Ms. Kunz is qualified to serve on our board of directors because of her extensive leadership experience and knowledge of the industry.

John E. Niederhuber, M.D. is the founder, Executive Vice President, and Chief Executive Officer of the Inova Translational Medicine Institute, a not-for-profit genomics research institute. Dr. Niederhuber served as a director of Emergent from August 2010, until his resignation from the Emergent board of directors in May 2016. He previously served as the director of the National Cancer Institute (NCI), the National Institutes of Health from 2006 to 2010. Dr. Niederhuber joined the Inova Health System in August 2010 as Executive Vice President and CEO of the Inova Translational Medicine Institute. Dr. Niederhuber is also an adjunct professor of surgery and oncology at the Johns Hopkins University School of Medicine. He currently serves on the board of directors of PierianDX, a private genomics analytics company. Prior to joining NCI, Dr. Niederhuber was Director of the University of Wisconsin Comprehensive Cancer Center and professor of surgery and oncology (member of the McArdle Laboratory) at the University of Wisconsin School of Medicine from 1997 to 2005. He chaired the Department of Surgery at Stanford University School of Medicine from 1991 to 1997 and held professorships at the Johns Hopkins University School of Medicine from 1987 to 1991 and at the University of Michigan from 1973 to 1987. We believe that Dr. Niederhuber's medical background in oncology, his laboratory research in immunology and cancer biology, and his extensive leadership experience in public and government institutions make him uniquely qualified to serve on our board of directors.

In anticipation of their appointments as chief executive officer and director of Aptevo, respectively, Mr. White and Dr. Niederhuber resigned as directors of Emergent in May 2016, prior to Emergent's 2016 annual meeting of stockholders. Messrs. El-Hibri and Abdun-Nabi and Dr. Harsanyi are expected to continue as directors of Emergent. Mr. Abdun-Nabi is expected to continue as President and Chief Executive Officer of Emergent.

On May 18, 2016, Dr. Niederhuber entered into a consulting agreement with Emergent. For further discussion of the consulting agreements entered into by Emergent in anticipation of the separation, see the section entitled "Certain Relationships and Related Party Transactions—Consulting Arrangements Entered into in Connection with the Separation."

Director Independence

It is expected that a majority of our board of directors, and the entire membership of our Audit and Compensation Committees of our Board, will consist of directors who are "independent" as defined by the applicable rules of The NASDAQ Stock Market Rules, the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the corporate governance guidelines to be adopted by our board of directors.

Rule 5605 of The NASDAQ Stock Market Rules requires a majority of a listed company's board of directors to be comprised of independent directors. In addition, The NASDAQ Stock Market Rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and corporate governance and nominating committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act. Under Rule 5605(a)(2), a director will only qualify as an "independent director" if, in the opinion of our board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries. In addition, in affirmatively determining the independence of any director who will serve on a company's compensation committee, Rule 10C-1 under the Exchange Act requires that a company's board of directors consider all factors specifically relevant to determining whether a director has a relationship to such company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (i) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by such company to the director; and (ii) whether the director is affiliated with the company or any of its subsidiaries or affiliates.

Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that none of Mr. Grant, Dr. Harsanyi, Ms. Kunz or Dr. Niederhuber, representing four of our seven directors, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under Rule 5605(a)(2) of the NASDAQ Marketplace Rules. Our board of directors has also determined that Mr. Grant, Dr. Harsanyi and Ms. Kunz, who will comprise our audit committee, and Mr. Grant, Ms. Kunz and Dr. Niederhuber, who will comprise our compensation committee, each satisfy the independence standards for such committees established by the SEC and the NASDAQ Marketplace Rules, as applicable.

Committees of the Board of Directors

Effective upon the completion of the separation, Aptevo's board of directors will have the following standing committees: an Audit Committee and a Compensation Committee.

Audit Committee. Mr. Grant, Dr. Harsanyi and Ms. Kunz are expected to be the members of the board's Audit Committee. Dr. Harsanyi is expected to be the Audit Committee Chairman. The board of directors is expected to determine that at least one member of the Audit Committee meets the criteria of the SEC for an "audit committee financial expert". In addition, Aptevo expects that the board of directors will determine that each of the members of the Audit Committee will be "independent" under Rule 5605 of The NASDAQ Stock Market Rules and Rule 10A-3 of the Exchange Act. The Audit Committee's responsibilities will include: (1) appointing, approving the compensation of and assessing the independence of Aptevo's independent registered public accounting firm; (2) overseeing the work of Aptevo's independent registered public accounting firm; (3) reviewing and discussing with management and the independent registered public accounting firm Aptevo's annual and quarterly financial statements and related disclosures; (4) monitoring Aptevo's internal control over financial reporting, disclosure controls and procedures and code of business conduct and ethics; (5) overseeing Aptevo's internal audit function; (6) assisting the board in overseeing Aptevo's compliance with legal and regulatory requirements; (7) periodically discussing Aptevo's risk management policies, and reviewing and commenting on a periodic risk assessment by management; (8) establishing policies regarding hiring employees from Aptevo's independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns; (9) meeting independently with Aptevo's internal auditing staff, independent registered public accounting firm and management; (10) reviewing and approving or ratifying any related party transactions; and (11) preparing audit committee reports required by SEC rules.

Compensation Committee. Mr. Grant, Ms. Kunz and Dr. Niederhuber are expected to be the members of the board's Compensation Committee. Dr. Niederhuber is expected to be the Compensation Committee Chairman. The board of directors is expected to determine that each member of the Compensation Committee will be "independent" under Rule 5605 of The NASDAQ Stock Market Rules and Rule 10A-3 of the Exchange Act. The Compensation Committee's responsibilities will include: (1) annually reviewing and approving corporate goals and objectives relevant to the compensation of Aptevo's executive officers; (2) determining the compensation of Aptevo's chief executive officer; (3) reviewing and approving the compensation of Aptevo's other named executive officers; (4) overseeing the evaluation of Aptevo's senior executives; (5) overseeing and administering Aptevo's cash and equity incentive plans; and (6) preparing the compensation committee report required by SEC rules.

The board of directors is expected to adopt a written charter for each of the Audit Committee and the Compensation Committee. These charters will be posted on Aptevo's website in connection with the separation.

Compensation Committee Interlocks and Insider Participation

During the company's fiscal year ended December 31, 2015, Aptevo was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of Aptevo's executive officers who currently serve as Emergent's executive officers were made by Emergent, as described in the section of this information statement captioned "Compensation Discussion and Analysis."

Corporate Governance

Director Nominations

Aptevo's amended and restated by-laws will contain provisions that address the process by which a stockholder may nominate an individual to stand for election to the board of directors. We do not expect to have a standing nominating committee upon completion of the separation and distribution, though we intend to form a corporate governance and nominating committee as and when required to do so by law or NASDAQ rules. Accordingly, pursuant to Rule 5605(e)(1)(A) of the NASDAQ rules, director nominees will be selected, or recommended for our board's selection, by a majority of the independent directors. We believe that the independent directors can satisfactorily carry out the responsibility of properly selecting or approving director

nominees without the formation of a standing nominating committee. The directors who we expect to participate in the consideration and recommendation of director nominees are Mr. Grant, Dr. Harsanyi, Ms. Kunz and Dr. Niederhuber. In accordance with Rule 5605(e)(1)(A) of the NASDAQ rules, we expect that all such directors will be independent. As there will be no standing nominating committee, we do not have a nominating committee charter in place. Aptevo expects that the board of directors will adopt a policy concerning the evaluation of stockholder recommendations of board candidates by the independent directors.

Corporate Governance Guidelines

We do not have a standing nominating and corporate governance committee, although, as discussed above, we intend to form a nominating and corporate governance committee as and when required to do so by law or NASDAQ rules. Our board of directors believes that the independent directors can satisfactorily carry out the responsibility of developing and recommending to the board of directors corporate governance principles without the formation of a standing nominating and corporate governance committee. The directors who participate in the consideration and recommendation of director nominees are Mr. Grant, Dr. Harsanyi, Ms. Kunz or Dr. Niederhuber. As there is no standing nominating and corporate governance committee, we do not have a nominating and corporate governance committee charter in place.

Aptevo's board of directors is expected to adopt a set of corporate governance guidelines in connection with the separation to assist it in guiding Aptevo's governance practices. These practices will be regularly re-evaluated by the independent directors in light of changing circumstances in order to continue serving the company's best interests and the best interests of its stockholders.

Communicating with the Board of Directors

Aptevo's board of directors will give appropriate attention to written communications that are submitted by stockholders and other interested parties and will respond if and as appropriate. The lead director, with the assistance of Aptevo's corporate secretary, will be primarily responsible for monitoring communications from stockholders and other interested parties and for providing copies or summaries to the other directors as the lead director considers appropriate.

Under procedures that will be approved by a majority of Aptevo's independent directors, communications will be forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the lead director considers to be important for the directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which Aptevo receives repetitive or duplicative communications.

Stockholders and other interested parties who wish to send communications on any topic to the board of directors, lead director or independent directors as a group should address such communications to the board of directors, Lead Director or Independent Directors, as applicable, c/o Corporate Secretary, Aptevo Therapeutics Inc., 2401 4th Ave., Suite 1050, Seattle, Washington 98121. The Corporate Secretary will review all such correspondence and forward to the board, lead director or independent directors a summary and/or copies of any such correspondence that deals with the functions of the board or its committees or that he otherwise determines requires their attention.

Governance Structure and Lead Director

Aptevo's corporate governance guidelines are expected to provide the board of directors flexibility in determining its leadership structure. The board of directors is expected to keep separate the positions of chief executive officer and board chairman. The board of directors believes this separate governance structure is

optimal because it will enable Mr. White to focus his entire energy on running the company while affording us the benefits of continued leadership and other contributions from Mr. El-Hibri.

Aptevo's corporate governance guidelines are expected to provide that in the event the chairman of the board of directors is not an independent director, a majority of the board's independent directors may appoint an independent director, who has been nominated by a majority of our independent directors, to serve as lead director. Because Mr. El-Hibri is not expected to be an independent director, Aptevo's independent directors, based on the recommendation of a majority of our independent directors, will appoint a lead director in connection with the separation. The lead director will serve as the presiding director at all executive sessions of the non-management or independent directors, facilitate communications between Mr. El-Hibri and other members of the board of directors, determine the need for special meetings of the board of directors and consult with Mr. El-Hibri on matters relating to corporate governance and board performance.

Policies on Business Ethics

In connection with the separation, Aptevo will adopt a Code of Business Conduct and Ethics that will require all business activities to be conducted in compliance with laws, regulations and ethical principles and values. All directors, officers, and employees of Aptevo will be required to read, understand and abide by the requirements of the Code of Conduct.

The Code of Conduct will be accessible on the company's website. Any waiver of the Code of Conduct for directors or executive officers may be made only by the board of directors. Aptevo will disclose any amendment to, or waiver from, a provision of the Code of Conduct for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on its website within four business days following the date of the amendment or waiver. In addition, Aptevo will disclose any waiver from the Code of Conduct for the other executive officers and for directors on its website.

Risk Oversight and Risk Management

Aptevo's board of directors will be actively engaged in oversight of risks Aptevo faces and consideration of the appropriate responses to those risks. The Audit Committee will periodically discuss risk management, including guidelines and policies to govern the process by which Aptevo's exposure to risk is handled, with senior management. The Audit Committee will also review and comment on a periodic risk assessment performed by management. After the Audit Committee performs its review and comment function, it will report any significant findings to the board of directors. The board of directors will be responsible for oversight of Aptevo's risk management programs and, in performing this function, will receive periodic risk assessment and mitigation initiatives for information and approval as necessary.

Procedures for Treatment of Complaints Regarding Accounting, Internal Accounting Controls, and Auditing Matters

In accordance with the Sarbanes-Oxley Act of 2002, Aptevo expects that its Audit Committee will adopt procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, and auditing matters and to allow for the confidential, anonymous submission by employees and others of concerns regarding questionable accounting or auditing matters.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

For purposes of this Compensation Discussion and Analysis and the disclosure under the various executive compensation tables included herein, the persons who we currently expect will be our named executive officers as of the distribution date have been identified. The information provided reflects summary information concerning Aptevo's executive compensation approach developed to date in connection with planning for the separation.

As a result, this Compensation Discussion and Analysis has two main parts:

- Anticipated Aptevo Compensation Programs—This section discusses the anticipated executive compensation programs and policies at Aptevo, including the effect of the separation on outstanding Emergent compensation awards held by our named executive officers.
- 2015 Emergent Compensation—This section describes the compensation programs at Emergent in 2015 that applied to our named executive officers in 2015.

The persons we expect will be our named executive officers, or the Aptevo named executive officers, are as follows:

- Marvin L. White, *Aptevo Chief Executive Officer*.
- Jeffrey G. Lamothe, *Aptevo Senior Vice President and Chief Financial Officer*.
- Scott C. Stromatt, M.D., *Aptevo Chief Medical Officer and Senior Vice President, Clinical Development & Medical Affairs*.

We are currently a wholly-owned subsidiary of Emergent and not an independent company, and our compensation committee has not yet been formed. Decisions as to the past compensation of those individuals who are expected to serve as our named executive officers upon the separation have been made by Emergent. This Compensation Discussion and Analysis discusses the Emergent historical compensation and practices that applied to the Aptevo named executive officers in 2015 and attempts to outline certain aspects of Aptevo's anticipated compensation structure for the Aptevo named executive officers following the separation.

While Aptevo has discussed its anticipated programs and policies with the compensation committee of Emergent's board of directors, or the Emergent compensation committee, they remain subject to the review and approval of Aptevo's own compensation committee, which may decide to change these programs and policies following the completion of the separation.

Anticipated Aptevo Compensation Programs

Because our compensation committee has not yet been formed, Aptevo has not established its own specific set of objectives or principles for its executive compensation program. Until the separation, the Emergent compensation committee will continue to make compensation decisions and take actions regarding our compensation philosophy, principles and program design. Following the separation, these decisions will be made, and related actions taken, by our compensation committee.

Executive Compensation Principles

In anticipation of the separation, the Emergent compensation committee engaged Willis Towers Watson, its independent compensation consultant, to prepare a potential compensation philosophy for Aptevo, which includes the following:

- Pay should be linked to performance;
- Compensation opportunities should be competitive with similarly-sized commercial and pre-commercial biopharmaceutical companies and locally based companies;

- Equity compensation programs should align employee interests with those of stockholders; and
- Supplemental benefits and perquisites should be limited and used selectively in specific circumstances to attract and retain executive officers.

Elements of Executive Compensation

In anticipation of the separation, the Emergent compensation committee reviewed competitive market data and industry surveys to assist in setting salaries, target bonus percentages and long-term incentive award guidelines. Willis Towers Watson advised Emergent in connection with this process. Compensation for Aptevo's named executive officers is expected to consist of the following elements:

- Base salary;
- Annual cash bonuses;
- Equity awards;
- Traditional benefits generally available to all employees; and
- Severance and change of control benefits.

The competitive market data reviewed by the Emergent compensation committee consisted of proxy data and published survey data, as described below:

- *2016 Radford Global Life Sciences Survey data.* The Emergent compensation committee reviewed competitive market data from a custom data sample from the Radford Global Life Sciences Survey data comprised of companies that fit the following profile:
  - A blend of commercial and pre-commercial biopharmaceutical companies (75% of the sample consisted of pre-commercial companies to reflect Aptevo's on-going business strategy);
  - R&D Long-Term strategy;
  - Companies with less than $200 million in revenue; and
  - Employee size of between 50 and 500.

  We refer to this customized data as the "Aptevo 2016 Radford Survey data."
- *2016 Proxy Peer Group.* The Emergent compensation committee also reviewed peer group data from the proxy statements of select pharmaceutical and biotechnology companies with approximately 50 to 300 employees, an R&D long-term strategy (with a handful of commercial companies to reflect the complexity of the business model), and a market capitalization of between $65 million and $650 million.

The Aptevo 2016 proxy peer group includes the following list of companies.

2016 Aptevo Proxy Peer Group

Advaxis, Inc.
Agenus Inc.
Argos Therapeutics, Inc.
Bellicum Pharmaceuticals, Inc.
BIND Therapeutics, Inc.
Caladrius Biosciences, Inc.
Curis, Inc.
Five Prime Therapeutics, Inc.
Idera Pharmaceuticals, Inc.
Immune Design Corp.
Immunomedics Inc.
Inovio Pharmaceuticals, Inc.
Omeros Corporation
OncoGenex Pharmaceuticals, Inc.
Oncothyreon Inc.
Peregrine Pharmaceuticals, Inc.
Progenics Pharmaceuticals, Inc.
Rigel Pharmaceuticals, Inc.
Sorrento Therapeutics, Inc.
Sucampo Pharmaceuticals, Inc.
TG Therapeutics, Inc.
Vanda Pharmaceuticals, Inc.
XBiotech Inc.

Base Salary. Based upon a review of the market data from the Aptevo 2016 Radford Survey data and proxy peer data and taking into account the new positions of the Aptevo named executive officers, the annual base salaries of Mr. White, Mr. Lamothe and Dr. Stromatt at the time of the separation are expected to be $525,000, $372,500 and $402,500, respectively. Aptevo expects that post-separation adjustments to base salary, if any, will be made by Aptevo's compensation committee and will reflect factors such as each Aptevo named executive officer's post-separation level of responsibility as well as competitive market data for similar positions at comparable peer companies.

Annual Cash Bonuses. Based upon a review of the market data from the Aptevo 2016 Radford Survey data and proxy peer data and taking into account the new positions of the Aptevo named executive officers, the target annual cash bonus percentages for Mr. White, Mr. Lamothe and Dr. Stromatt at the time of the separation are expected to be 50%, 40% and 40% of their base salaries, respectively. Post-separation adjustments to these target annual cash bonus percentages, if any, will be made by Aptevo's compensation committee. In connection with the separation, Aptevo expects to adopt an annual bonus plan with terms to be determined by its compensation committee. Aptevo expects that its compensation committee will establish performance goals based on an incentive structure that initially will be similar to that of Emergent. See section titled "2015 Emergent Compensation—Annual Cash Bonuses" for a general overview of Emergent's incentive bonus structure and performance goals for the periods indicated. Aptevo also expects that the annual incentive objectives for the Aptevo named executive officers will be aligned with competitive market rates based on peer company comparisons.

Equity Awards. Aptevo expects its board of directors to adopt, and Emergent, as its sole stockholder prior to the distribution, to approve, the Aptevo Therapeutics Inc. 2016 Stock Incentive Plan, or the Aptevo Stock Incentive Plan, which will become effective upon Emergent's approval. The Aptevo Stock Incentive Plan will provide for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, awards of restricted stock, restricted stock units, other stock-based awards, and cash-based awards.

Upon effectiveness of the Aptevo Stock Incentive Plan, the number of shares of Aptevo common stock that will be reserved for issuance under the Aptevo Stock Incentive Plan will be ● shares. Aptevo's employees, officers, directors, consultants and advisors will be eligible to receive awards under the Aptevo Stock Incentive Plan; however, incentive stock options may only be granted to Aptevo's employees. The maximum number of shares of common stock with respect to which awards may be granted to any participant under the Aptevo Stock Incentive Plan is ● per calendar year. For purposes of this limit on the maximum number of shares that may be awarded to any participant, the combination of an option in tandem with a stock appreciation right will be treated as a single award. In addition, under the Aptevo Stock Incentive Plan, awards can provide for cash payments of up to ● per calendar year per individual. In addition, the Aptevo Stock Incentive Plan provides that in any calendar year, the sum of cash compensation paid to any non-employee director for service as a director and the value of awards under the Aptevo Stock Incentive Plan made to such non-employee director (calculated based on the grant date fair value for financial reporting purposes) may not exceed ●.

Pursuant to the terms of the Aptevo Stock Incentive Plan, Aptevo's board of directors (or a committee delegated by our board of directors) administers the plan and, subject to any limitations set forth in the plan, will select the recipients of awards and determine:

- The number of shares of Aptevo's common stock covered by options and the dates upon which the options become exercisable;
- The type of options to be granted;
- The duration of options, which may not be in excess of ten years;
- The exercise price of options, which price must be at least equal to the fair market value of Aptevo's common stock on the date of grant;
- The methods of payment of the exercise price of options; and
- The number of shares of Aptevo's common stock subject to and the terms and conditions of any stock appreciation rights, awards of restricted stock, restricted stock units, other stock-based awards, or cash-based awards including conditions for repurchase, measurement price, issue price and repurchase price and performance conditions (though the measurement price of stock appreciation rights must be at least equal to the fair market value of Aptevo's common stock on the date of grant and the duration of such awards may not be in excess of ten years), if any.

If Aptevo's board of directors delegates authority to one or more of Aptevo's officers to grant awards under the Aptevo Stock Incentive Plan, the executive officer will have the power to make awards to all of Aptevo's employees, except executive officers (as defined by Rule 3b-7 under the Exchange Act) and officers (as defined by Rule 16a-1(f) under the Exchange Act) and to exercise such powers under the Aptevo Stock Incentive Plan as Aptevo's board of directors may determine. However, Aptevo's board of directors will fix the terms of the awards to be granted by such officers, the maximum number of shares subject to awards that such officers may grant, and the time period in which awards may be granted. Awards to Aptevo's non-employee directors will be granted and administered by a committee of Aptevo's board of directors, all of the members of which will be independent directors under The NASDAQ Marketplace Rules.

In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Aptevo's common stock other than an ordinary cash dividend, Aptevo is required by the Aptevo Stock Incentive Plan to make equitable adjustments (or make substitute awards, if applicable), in a manner determined by Aptevo's board, to:

- The number and class of securities available under the Aptevo Stock Incentive Plan;
- The share counting rules and sublimits under the Aptevo Stock Incentive Plan;

- The number and class of securities and exercise price per share of each outstanding option;
- The share and per-share provisions and measurement price of each outstanding stock appreciation right;
- The number of shares and repurchase price per share subject to each outstanding award of restricted stock; and
- The share and per-share related provisions and purchase price, if any, of each outstanding restricted stock unit and other stock-based award.

Upon a merger or other reorganization event (as defined in the Aptevo Stock Incentive Plan) regardless of whether such event also constitutes a change in control event (as defined in the Aptevo Stock Incentive Plan), Aptevo's board of directors may, on such terms as Aptevo's board determines (except to the extent specifically provided otherwise in an applicable award agreement or other agreement between the participant and Aptevo), take any one or more of the following actions pursuant to the Aptevo Stock Incentive Plan, as to all or any (or any portion of) outstanding awards, other than awards of restricted stock:

- Provide that all outstanding awards will be assumed or substantially equivalent awards will be substituted by the acquiring or successor corporation (or an affiliate thereof);
- Upon written notice to a participant, provide that all of the participant's unexercised and/or unvested awards will terminate immediately prior to the consummation of such reorganization event unless exercised by the participant (to the extent then exercisable) within a specified period following the date of such notice;
- Provide that outstanding awards will become exercisable, realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon such reorganization event;
- In the event of a reorganization event pursuant to which holders of shares of Aptevo's common stock will receive a cash payment for each share surrendered in the reorganization event, make or provide for a cash payment to the participants with respect to each award held by a participant equal to (1) the number of shares of Aptevo's common stock subject to the vested portion of the award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such reorganization event) multiplied by (2) the excess, if any, of the cash payment for each share surrendered in the reorganization event over the exercise, grant or purchase price of such award and any applicable tax withholdings, in exchange for the termination of such award; and
- Any combination of the foregoing.

Aptevo's board of directors is not obligated by the Aptevo Stock Incentive Plan to treat all awards, all awards held by a participant, or all awards of the same type, identically. In the case of certain restricted stock units, no assumption or substitution is permitted, and the restricted stock units will instead be settled in accordance with the terms of the applicable restricted stock unit agreement.

Notwithstanding the provisions described above and except to the extent specifically provided to the contrary in the applicable award agreement or any other agreement between the participant and Aptevo, each award (other than an award of restricted stock) will become immediately vested, exercisable or free from forfeiture, as applicable, if on or prior to the first anniversary of the date of the change in control event, the participant's service with Aptevo or the successor corporation is terminated without cause by Aptevo or the successor corporation or is terminated for good reason by the participant (as such terms are defined in the Aptevo Stock Incentive Plan).

Upon the occurrence of a reorganization event (regardless of whether such event also constitutes a change in control event), the repurchase and other rights with respect to outstanding awards of restricted stock will continue

for the benefit of the successor company and will, unless Aptevo's board of directors otherwise determines, apply to the cash, securities or other property which Aptevo's common stock is converted into or exchanged for pursuant to the reorganization event. However, Aptevo's board of directors may provide for the termination or deemed satisfaction of such repurchase or other rights under the restricted stock award agreement or any other agreement between the participant and Aptevo, either initially or by amendment. Upon the occurrence of a change in control event (regardless of whether such event also constitutes a reorganization event), except to the extent specifically provided to the contrary in the applicable restricted stock award agreement or any other agreement between the participant and Aptevo, each award of restricted stock will become immediately vested and free from forfeiture if on or prior to the first anniversary of the date of the change in control event, the participant's service with the Aptevo or the successor corporation is terminated without cause by Aptevo or the successor corporation or is terminated for good reason by the participant.

Aptevo's board of directors will specify at the time of grant or thereafter the effect of (i) a reorganization event that is not a change in control event on any other stock-based award or cash-based award granted under the Aptevo Stock Incentive Plan and (ii) a change in control event (regardless of whether such event also constitutes a reorganization event) on any other stock-based award or cash-based award granted under the Aptevo Stock Incentive Plan.

Aptevo's board of directors may at any time provide that any award under the Aptevo Stock Incentive Plan will become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

Aptevo's board of directors may amend, modify or terminate any outstanding award under the Aptevo Stock Incentive Plan, including but not limited to, substituting therefor another award of the same or a different type, changing the date of exercise or realization, and converting an incentive stock option into a nonstatutory stock option, subject to certain participant consent requirements. However, unless Aptevo's stockholders approve such action, the Aptevo Stock Incentive Plan provides that Aptevo may not (except as otherwise permitted in connection with a change in capitalization or reorganization event):

- Amend any outstanding stock option or stock appreciation right granted under the Aptevo Stock Incentive Plan to provide an exercise or measurement price per share that is lower than the then-current exercise or measurement price per share of such outstanding award;
- Cancel any outstanding option or stock appreciation right (whether or not granted under the Aptevo Stock Incentive Plan) and grant in substitution therefor new awards under the Aptevo Stock Incentive Plan (other than substitute awards permitted in connection with a merger or consolidation of an entity with Aptevo or Aptevo's acquisition of property or stock of another entity) covering the same or a different number of shares of Aptevo's common stock and having an exercise or measurement price per share lower than the then-current exercise or measurement price per share of the cancelled award;
- Cancel in exchange for a cash payment any outstanding option or stock appreciation right with an exercise or measurement price per share above the then-current fair market value of Aptevo's common stock; or
- Take any other action that constitutes a "repricing" within the meaning of the rules of The NASDAQ Stock Market.

No award may be granted under the Aptevo Stock Incentive Plan after 10 years from the effectiveness of the Aptevo Stock Incentive Plan but awards previously granted may extend beyond that date. Aptevo's board of directors may amend, suspend or terminate the Aptevo Stock Incentive Plan at any time, except that stockholder approval will be required to comply with Section 162(m) of the Internal Revenue Code, applicable law or stock market requirements.

In connection with the separation, the Emergent compensation committee considered long term incentive program guidelines for Aptevo, or the Aptevo LTI Guidelines. These Aptevo LTI Guidelines anticipate that:

- Aptevo will use stock option and restricted stock unit awards as the forms of long-term incentive compensation for executive officers and other employees;
- All stock option and restricted stock unit awards to the Aptevo named executive officers will be approved by Aptevo's compensation committee; and
- Equity awards to the Aptevo named executive officers will be determined using proxy and Radford Survey data.

Fixed share guidelines were developed to provide market competitive grants. The value of the actual grants delivered annually will depend on movements in Aptevo's stock price. Consistent with the Aptevo LTI Guidelines, it is expected that following the separation, Aptevo's compensation committee will make the following grants to the Aptevo named executive officers in 2017:

Name	Shares Subject to Options
Marvin L. White	267,300
Jeffrey G. Lamothe	118,800
Scott C. Stromatt, M.D.	118,800

Each stock option is expected to vest in three equal instalments on the first, second and third annual anniversaries of the date of grant and to have an exercise price equal to the closing sales price per share of Aptevo's common stock on The NASDAQ Global Market on the trading day immediately preceding the date of grant.

Inspiration Grant. It is currently anticipated that all active Aptevo employees, except for Mr. White, will receive a restricted stock unit inspiration grant effective upon the distribution having a value equal to 40% of their base salary. Vesting will occur in two increments. The first vesting event will occur six months from the distribution date and the second vesting event will take place within 18 months of the distribution.

White Transition Grant. In lieu of receiving an annual restricted stock unit award from Emergent for his service as an Emergent director and the inspiration grant described above, Mr. White is expected to receive a transition grant of options to purchase 400,950 shares of Aptevo common stock as part of his compensation package in connection with his appointment as chief executive officer of Aptevo, which will be granted in connection with the separation. Each stock option is expected to vest in three equal instalments on the first, second and third annual anniversaries of the date of grant and to have an exercise price equal to the closing sales price per share of Aptevo's common stock on The NASDAQ Global Market on the trading day immediately preceding the date of grant.

This grant is roughly equal to 150% of the annual grant guideline established for the Aptevo chief executive officer position.

Stromatt Retention Grant. In addition to his inspiration grant (described above), Dr. Stromatt is expected to receive a retention grant of restricted stock units with a value equal to $229,682 based on the closing sales price per share of Aptevo's common stock on The NASDAQ Global Market on the trading day immediately preceding the date of grant. These restricted stock units are expected to vest 12 months following the date of grant.

Following the distribution, Aptevo's compensation committee may establish its own long-term incentive guidelines and practices, which may differ from the Aptevo LTI Guidelines initially approved.

The following table sets forth, for each Aptevo named executive officer, the percentage of base salary and period of continued employee benefits to which the participant is expected to be entitled under the Aptevo SMSP if Aptevo terminates the participant's employment without cause, subject to the terms of the Aptevo SMSP.

Benefits for a Termination Without Cause

Name	Percentage of Annual Base Salary and Bonus	Stated Period for Continued Employee Benefits
Marvin L. White	150%	18 months
Jeffrey G. Lamothe(1)	75%	9 months
Scott C. Stromatt, M.D.	75%	9 months

The following table sets forth, for each Aptevo named executive officer, the percentage of base salary and bonus and the stated period for continued employee benefits to which each participant is expected to be entitled in connection with a change of control, subject to the terms of the Aptevo SMSP.

Benefits for a Termination In Connection with a Change in Control

Name	Percentage of Annual Base Salary and Bonus	Stated Period for Continued Employee Benefits
Marvin L. White	250%	30 months
Jeffrey G. Lamothe	125%	12 months
Scott C. Stromatt, M.D.	125%	12 months

Benefits. It is anticipated that the Aptevo named executive officers will receive benefits similar to those provided to executives of Emergent. For a summary of provisions concerning retirement, health and welfare benefits to our employees upon completion of the separation, see the section entitled "Certain Relationships and Related Party Transactions—Employee Matters Agreement."

Executive Severance Arrangements. In connection with the separation, the Aptevo board of directors is expected to adopt a senior management severance plan for Aptevo, or the Aptevo SMSP, with terms that are similar to those of Emergent's Second Amended and Restated Senior Management Severance Plan, which is described below. See section titled "2015 Emergent Compensation—Executive Severance Arrangements" for a discussion regarding Emergent's Second Amended and Restated Senior Management Severance Plan. The Aptevo SMSP will be effective upon the completion of the separation.

Aptevo Converted Equity Awards Incentive Plan. Prior to the completion of the distribution, our board of directors will adopt and Emergent, as sole stockholder of Aptevo, will approve, the Aptevo Converted Equity Awards Incentive Plan, or the Converted Equity Awards Plan. The sole purpose of the Converted Equity Awards Plan is to govern the terms of Emergent stock options and Emergent restricted stock units granted under the Emergent BioSolutions Inc. Fourth Amended and Restated 2006 Stock Incentive Plan (including any predecessor versions of such) that will be converted into Aptevo stock options and Aptevo restricted stock units in connection with the separation, or the Converted Aptevo Awards. For a description of the treatment of Emergent equity awards in connection with the separation, see "The Separation and Distribution—Treatment of Equity Based Compensation." Upon effectiveness of the Converted Equity Awards Plan, the number of shares of Aptevo common stock that will be reserved for issuance under the Converted Equity Awards Plan will be ● shares. No awards may be granted under the Converted Equity Awards Plan in connection with or following the distribution other than the Converted Aptevo Awards. Except as otherwise described above, the material terms of the Converted Equity Awards Plan are similar to the terms of the Aptevo Stock Incentive Plan described above.

Effects of the Separation on Outstanding Executive Compensation Awards. For a discussion of the treatment of equity compensation awards in the separation, see the sections entitled "The Separation and Distribution—Treatment of Equity Based Compensation" and "Certain Relationships and Related Person Transactions— Employee Matters Agreement."

2015 Emergent Compensation

This section describes the compensation programs at Emergent in 2015 that applied to the Aptevo named executive officers in 2015. None of the Aptevo named executive officers is a named executive officer of Emergent. Mr. White was a non-employee director of Emergent until his resignation from the Emergent board of directors, effective on May 18, 2016. Mr. Lamothe is currently a vice president at Emergent and Dr. Stromatt is a senior vice president at Emergent. Therefore, each Aptevo named executive officer was compensated differently from Emergent's named executive officers in the fiscal year ending December 31, 2015. The section titled "Lamothe and Stromatt Compensation" contains a description of the compensation programs to which Mr. Lamothe and Dr. Stromatt were subject in the fiscal year ending December 31, 2015. The Section titled "Marvin White Compensation" contains a qualitative description of the compensation Mr. White received in the fiscal year ending December 31, 2015.

Lamothe and Stromatt Compensation

As employees of Emergent, Mr. Lamothe and Dr. Stromatt are compensated under Emergent's standard compensation program, which is applicable to all senior level employees (other than the named executive officers), consisting of base salary and bonuses, which are set within a range for each position that is determined by senior management. Mr. Lamothe and Dr. Stromatt are also eligible for equity awards under the Third Amended and Restated Emergent BioSolutions Inc. 2006 Stock Incentive Plan.

Base Salary. Emergent generally provides base salaries to its employees that are externally competitive while appropriately recognizing individual contributions. Emergent initially used the Radford Global Life Sciences Survey data to set salaries for each Emergent role. Each Emergent role is assigned a pay grade in the salary structure based on prevailing market rates. Each pay grade consists of a minimum, a midpoint and a maximum pay rate that generally reflects the 25th, 50th and 75th percentile of the market value of the position. Salary ranges are updated annually to reflect market changes using surveys, such as Aon Hewitt and World at Work. New pay ranges are published annually and salary adjustments are recommended based on the review of the data and job performance. While Emergent attempts to target the market median, it recognizes that the percentile for any given position may vary below or above these targets based on a variety of factors, including the employee's scope of responsibilities, individual performance and potential future contributions to Emergent. In addition, Emergent considers its overall financial performance in making decisions to adjust executive salaries.

Emergent management used the information described above in approving the annual base salaries paid to Mr. Lamothe and Dr. Stromatt for 2014 and 2015, which are described below.

Name	2014 Base Salary	2015 Base Salary	Increase from 2014
Jeffrey G. Lamothe	$213,208	$214,274(1)	$ 1,066
Scott C. Stromatt, M.D.	$378,997	$382,803(2)	$ 3,806

(1) Includes a 0.5% merit increase.
(2) Includes a 1% merit increase.

Annual Cash Bonuses. Management has the authority under Emergent's Annual Bonus Plan to award annual cash bonuses. Such cash bonuses are intended to motivate and compensate each participant for achieving financial and operational goals and individual performance objectives. At the beginning of each fiscal year, Emergent establishes objective and clear corporate goals, which may be tied to achievement of specific goals including, but not limited to, specific revenue or net income targets, business development activities, manufacturing objectives, or product development milestones. The divisional group/divisional department goals support the achievement of the corporate goals and provide a framework for development of individual goals. The individual component includes consideration of the employee's day-to-day job performance, achievement of

specific annual goals, and performance against job related behavioral competencies. Each of the three components, corporate, divisional group/divisional department and individual, is assigned a rating, from 0% to 150% that is used to calculate the bonus award. At the end of the performance year, each performance factor is assessed. The maximum payout was capped at 200% of the employee's bonus target for bonuses payable in 2015 based on 2014 performance. Management may also award discretionary bonuses outside of the framework of the bonus plan.

The Emergent compensation committee makes an annual assessment of the level of achievement of Emergent's corporate goals to determine the "corporate factor." In January 2015, the Emergent compensation committee met to determine the corporate factor to be applied to bonuses paid in 2015 for 2014 performance and approved a corporate factor of 0.90. In reviewing Emergent's performance against goals set for 2014, the committee considered both financial and non-financial achievement of goals. In its deliberations, and given that Emergent's financial performance is a key driver of shareholder value creation, the committee determined that Emergent had achieved 90% of its overall targets.

The Emergent compensation committee reviewed the Emergent 2014 corporate goals and assessed the degree to which Emergent achieved those goals, as follows:

Goal	Performance	Achievement
Achieve revenue of at least $425 million.	Achieved revenues of approximately $450.1 million.	Achieved; the Emergent compensation committee considered the fact that Emergent exceeded this goal by approximately $25 million, or approximately 6%.
Achieve net income of at least $36 million.	Achieved net income of $36.7 million.	Achieved; reported net income was $36.7 million, or approximately 2% above the target goal.
Complete acquisition of product that will generate revenue within 12 months of acquisition.	Progressing on three potential acquisition targets that could be completed in 2015.	Goal Not Achieved.
Advance product portfolio by initiating partnered Phase 3 study for otlertuzumab.	Agreed with the Emergent board of directors to initiate Phase 2 triple drug combination studies in 2014 and Emergent is on track to initiate such studies; Emergent continues to pursue partnering discussions with third parties.	Goal Not Achieved; the Emergent compensation committee considered the fact that Emergent entered into a partnering agreement for ES414 for up to $183 million with $20 million upfront; financial results are comparable to the targeted otlertuzumab partnering.
Advance progress of Building 55 licensure by completing all activities to support sBLA submission in first half of 2015.	Initiated final pivotal rabbit study; Final data from ongoing non-clinical targeted to be submitted second quarter of 2015.	Achieved
Initiate factor IX US launch following FDA approval.	Agreement reached with the FDA on path to approval and complete response letter issues addressed with no financial impact; Launch targeted for first half of 2015.	Goal Not Achieved.

Lamothe Annual Bonus. Mr. Lamothe had a 30% bonus target, of which he received $58,953, based on Emergent's 0.90 corporate factor, meeting 100% of his individual factor and exceeding 100% of his group or division level performance factor (actual was 103%). This amount also reflects 10 months proration based on the fact that Mr. Lamothe assumed his position with Emergent in late February 2014 in connection with Emergent's acquisition of Cangene Corporation.

Stromatt Annual Bonus. Dr. Stromatt had a 35% bonus target, of which he received $119,384 based on Emergent's 0.90 corporate factor and meeting 100% of his individual and group factors.

Retention Bonus . Mr. Lamothe also received a retention bonus in the amount of $275,586 in 2015 resulting from his decision to remain employed with Emergent in 2015 after its acquisition of Cangene Corporation in 2014.

Equity Awards. Emergent uses stock option and restricted stock unit awards as forms of long-term incentive compensation for executives and other employees. Equity awards to Mr. Lamothe and Dr. Stromatt in 2015 were valued at $103,240 and $212,570, respectively. Target equity award values are intended to align with the market 50th percentile, but actual grants may be positioned above or below based on individual performance, which is based on an evaluation of each participant's performance of day-to-day responsibilities, behavioral competencies, and achievement of individual goals, which were assessed by management of Emergent for Mr. Lamothe and Dr. Stromatt. The Emergent compensation committee approves equity grant guidelines that set forth a dollar value for the amount of annual equity grants that Emergent may make to executives and other employees and includes a recommended minimum, midpoint and maximum target value of equity to be awarded at each participant level.

Emergent generally makes an annual equity grant to all executives and eligible employees on the third full trading day following the release of its financial results for the prior fiscal year. Emergent generally makes an equity grant on the third full trading day following the release of its financial results for the most recently completed fiscal quarter to executives and eligible employees who have been hired or promoted since the occurrence of the last equity grant. If circumstances warrant, Emergent also may make equity grants at various other points throughout the year. Emergent's chief executive officer, chief financial officer, and executive chairman have been authorized to make awards to certain eligible employees.

The exercise price of all stock options Emergent grants is equal to the fair market value of its common stock on the date of grant, which Emergent considers to be the closing sales price of its common stock on the NYSE on the trading day immediately preceding the date of grant. Stock options and restricted stock units generally vest in three equal annual instalments beginning one year from the date of grant and stock options have a seven-year term. The vesting feature of Emergent's stock option and restricted stock unit awards is intended to aid in executive retention by providing an incentive to its eligible employees to remain in Emergent's employ during the vesting period.

With stock options, eligible employees are rewarded if Emergent's stock price increases above the exercise price of the stock option. Emergent believes that stock option awards are an effective method of motivating employees to manage the company in a manner that is consistent with the long-term interests of Emergent's stockholders. Emergent believes that restricted stock units are another effective tool for motivating, retaining and incentivizing senior management, particularly when used in combination with stock option awards.

Benefits. Emergent maintains broad-based benefits that are generally available to all employees, including health insurance, life and disability insurance, dental insurance and, for its U.S. employees, a 401(k) plan. Senior management is eligible to participate in all of Emergent's employee benefit plans, in each case on the same basis as other employees, except that Canadian employees, such as Mr. Lamothe receive benefits that are slightly different from their U.S. counterparts. Aptevo is not expected to have any Canadian employees after the separation.

Emergent provides a matching contribution for each 401(k) plan participant of 50% of the participant's elective deferrals for the year up to 6% of the participant's eligible compensation, subject to IRS limitations. The matching contribution is fully and immediately vested.

Executive Severance Arrangements. Dr. Stromatt is a participant in Emergent's Second Amended and Restated Senior Management Severance Plan, or the Senior Management Severance Plan, which includes severance and change of control benefits. The Senior Management Severance Plan provides for payments and benefits as a result of involuntary termination without cause or termination of employment in particular circumstances in connection with a change of control (as such terms are defined in the Senior Management Severance Plan). The Senior Management Severance Plan is designed based on Emergent's understanding of market practice at comparable companies for similarly situated employees and in a manner that Emergent believes is likely to attract and help retain high quality executive talent. The Senior Management Severance Plan is described in greater detail under "Payments Upon Termination or Change of Control." Emergent does not provide any payments or benefits in the case of termination by an executive without good reason (as defined in the Senior Management Severance Plan) or in the case of termination for cause under its Senior Management Severance Plan.

With respect to Mr. Lamothe, in the event that the biosciences division of Emergent is spun-off, and in connection with such spin-off, he does not become the chief financial officer of the spin-off company, he will be entitled to $334,771 in total severance payments in lieu of any other severance benefits to which he might otherwise be entitled, so long as Mr. Lamothe does not voluntarily decline the position of chief financial officer or the Emergent biosciences division is not acquired by another company. In the event that this severance benefit is triggered, Mr. Lamothe would continue to be covered by the Emergent medical and dental benefits plan for Emergent Canadian employees for the 24 month period commencing on the last day of his employment.

Marvin White Compensation

Marvin L. White was a non-employee director of Emergent until his resignation from its board of directors, effective on May 18, 2016. Mr. White did not receive compensation from Emergent in 2015 beyond his board and committee retainers and the compensation he received under his consulting agreement, which is described in more detail below. Consistent with Emergent's director compensation practices in 2015, Mr. White received 9,400 restricted stock units for his service as a director. Grants of restricted stock units are made by the board of directors effective on the date of Emergent's annual meeting of stockholders, provided that the director continues serving as a director after the annual meeting and has served on the board of directors for at least six months.

On November 11, 2015, Emergent and Mr. White entered into a consulting agreement pursuant to which Mr. White provides consulting services to Emergent consisting of strategy, advice and guidance in connection with the separation. In accordance with the terms of the consulting agreement, Mr. White received a consulting fee of: $5,000 per month through December 31, 2015; $10,000 per month through March 31, 2016; has and will continue to receive $15,000 per month until completion of the spin-off and reimbursement for his reasonable out-of-pocket expenses, subject to a maximum limit of $120,000 for total compensation and non-travel-related expense reimbursement. For fiscal year ended December 31, 2015, Mr. White earned $8,000 in fees under this consulting agreement.

Other Executive Compensation Practices

Stock Ownership Requirements and Hedging Policies. Because Emergent believes it is important for executives to have an equity stake in the company to help align their interests with those of its stockholders, in January 2012 Emergent adopted a formal stock ownership requirement for its directors and employee executive officers. Directors and employee executive officers must directly or indirectly hold stock or restricted stock units in Emergent with a value equal to the amounts set forth in the table below. In May 2014, Emergent revised the stock ownership requirement for its non-employee directors from one to three times the base annual retainer.

Position	Requirement
Non-employee Directors	Three times the base annual retainer
Chief Executive Officer	Three times base salary
Other Executive Officers	One time base salary

Emergent's directors, chief executive officer and employee executive officers have five years to satisfy the ownership requirements, which are measured from January 2012 for all its existing directors and executive officers or from the date of appointment for newly hired directors or executive officers. Until these ownership requirements are satisfied, Emergent's directors, chief executive officer and employee executive officers must retain 50% of after-tax shares after vesting of restricted stock units or exercise of stock options. This requirement became effective beginning in 2014. Although Mr. White was subject to this policy as a director of Emergent, Mr. Lamothe and Dr. Stromatt are not.

Compensation Recovery Policy. In 2011, Emergent adopted a compensation recovery policy pursuant to which certain incentive based compensation can be recouped from a current or former executive officer if Emergent's board of directors determines that:

- Such compensation has been awarded or received by such executive officer based on financial results that were achieved or operating metrics that were satisfied, as a result of fraudulent or illegal conduct;
- Certain restatements of its financial results are required due to material noncompliance with financial reporting requirements by such executive; or
- Such executive officer engaged in intentional misconduct that contributed in any material respect to improper accounting or incorrect financial data resulting in a restatement of its financial results.

Tax and Accounting Considerations. Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, generally disallows a tax deduction for compensation in excess of $1.0 million paid to the chief executive officer and to each other officer (other than the chief financial officer) whose compensation is required to be reported to stockholders pursuant to the Exchange Act by reason of being among the three most highly paid executive officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. Emergent periodically reviews the potential consequences of Section 162(m) of the Internal Revenue Code and it may structure the performance-based portion of its executive compensation, where feasible, to comply with exemptions in Section 162(m) so that the compensation remains tax deductible to Emergent. However, the Emergent compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent and are in the best interest of Emergent stockholders. We expect that the Aptevo compensation committee will develop its own policies and practices with respect to Section 162(m) of the Internal Revenue Code following completion of the separation.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth information for the fiscal years ended December 31, 2015, 2014 and 2013 regarding the historical compensation that the Aptevo named executive officers received from Emergent.

Name and Principal Position	Year	Salary(1)	Bonus(2)	Option Awards(3)	Stock Awards(4)	All Other Compensation(5)	Total
Marvin L. White	2015	$ —	$ —	$ —	$ 295,066	$ 100,921	$ 395,987
Chief Executive Officer	2014	$ —	$ —	$ 68,593	$ 96,068	$ 120,696	$ 285,357
	2013	$ —	$ —	$ 43,301	$ 51,300	$ 118,500	$ 213,101
Jeffrey G. Lamothe(6)	2015	$ 227,584	$ 342,993	$ 29,542	$ 51,620	$ 12,139	$ 663,878
Chief Financial Officer	2014	$ 218,688	$ 221,418	$ 80,864	$ 139,748	$ 21,666	$ 682,384
Scott C. Stromatt, M.D.	2015	$ 397,409	$ 149,293	$ 60,827	$ 106,285	$ 5,863	$ 719,677
Chief Medical Officer	2014	$ 370,779	$ 119,384	$ 130,710	$ 183,990	$ 7,800	$ 812,663
	2013	$ 369,871	$ 144,388	$ 83,833	$ 99,389	$ 6,695	$ 704,176

(1) Includes amounts deferred at the direction of the participant to Emergent's 401(k) plan or other retirement related plans.

(2) Represents cash bonuses paid in February or March following the year indicated, for performance in the year indicated. For Mr. Lamothe, the bonus amount also includes retention bonuses received in 2014 and 2015.

(3) The amounts in the "Option Awards" column reflect grant date fair value of stock option awards in the fiscal years indicated, calculated in accordance with SEC rules. For a discussion of the valuation assumptions, see Note 11 to the combined financial statements included in this information statement.

(4) The amounts in the "Stock Awards" column reflect the grant date fair value of restricted stock unit awards granted in the fiscal years indicated, calculated in accordance with SEC rules. For a discussion of the valuation assumptions, see Note 11 to the combined financial statements included in this information statement.

(5) Represents 401(k) or other retirement related plan matching contributions. For Mr. White, "All Other Compensation" includes his compensation as a board member of Emergent of $92,821 in 2015, along with $8,000 in compensation received under his consulting agreement with Emergent during 2015. For the years 2014 and 2013, "All Other Compensation" for Mr. White consists of compensation as a board member of Emergent.

(6) Amounts for Mr. Lamothe listed above and in the "Compensation Discussion and Analysis" section are shown in dollars at an exchange rate of 0.720892 and 0.861995 U.S. dollars, respectively, for Canadian dollars for December 31, 2015 and 2014. This exchange rate represents the spot rate as of December 31, 2015 and 2014.

Employment Agreements

None of the Aptevo named executive officers has an employment agreement with Emergent.

Emergent does not have any formal or informal policy for the amount of executive salary and bonus in proportion to total compensation.

2015 GRANTS OF PLAN-BASED AWARDS

The following table sets forth information regarding each grant of an award made to each Aptevo named executive officer by Emergent during the fiscal year ended December 31, 2015 under any plan, contract, authorization or arrangement pursuant to which cash, securities, similar instruments or other property may be received.

Name	Grant Date	Number of Shares of Stock or Units(1)	Number of Securities Underlying Options(2)	Exercise Price of Option Awards ($/sh)(3)	Grant Date Fair Value of Stock and Option Awards(4)
Marvin L. White	3/10/2015	9,400	—	$ —	$ 295,066
Jeffrey G. Lamothe	3/10/2015	1,780	—	$ 29.00	$ 29,542
	3/10/2015	—	3,560	$ —	$ 51,620
Scott C. Stromatt, M.D.	3/10/2015	3,665	—	$ 29.00	$ 60,827
	3/10/2015	—	7,330	$ —	$ 106,285

(1) Represents shares of common stock underlying a restricted stock unit award.
(2) Represents shares of common stock issuable upon exercise of stock options.
(3) Represents the fair market value of Emergent's common stock on the date of grant, which is considered to be the closing sales price of Emergent's common on the NYSE on the trading day immediately preceding the date of grant.
(4) The amounts in the "Grant Date Fair Value of Stock and Option Awards" column reflect the grant date fair value of each equity award calculated in accordance with SEC rules. For a discussion of the valuation assumptions, see Note 11 of the combined financial statements included in this information statement.

In 2015, all equity awards granted to Emergent officers and directors were made under Emergent BioSolutions Inc. Third Amended and Restated 2006 Stock Incentive Plan, as amended, and vest in three equal instalments on the day prior to the first, second and third annual anniversaries of the grant date. All stock options have an exercise price equal to the closing sale price per share of Emergent's common stock on the NYSE on the trading day immediately preceding the date of grant. Under the terms of the agreements governing the restricted stock unit awards granted to Emergent officers and directors in 2015, each is entitled to receive, at the time of the issuance of any shares upon vesting of the applicable restricted stock unit award, an amount of cash equal to the aggregate amount of all dividends paid by Emergent between the date of grant and the issuance of such shares, if any.

2015 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth information regarding unexercised Emergent stock options and unvested restricted stock unit awards outstanding as of December 31, 2015 for each of the Aptevo named executive officers.

	2015 Outstanding Equity Awards at Fiscal Year-End					
	Option Awards				Stock Awards	
	Number of Securities Underlying					
Name	Exercisable	Unexercisable	Option Award	Option Award Expiration Date	Unvested Stock Awards	Market Value Unvested Stock
Marvin White	10,800	—	$15.75	5/31/2020	—	$ —
	7,200	—	$22.02	5/19/2021	—	$ —
	7,200	—	$14.66	5/17/2019	—	$ —
	4,800	2,400(1)	$14.25	5/22/2020	—	$ —
	3,134	6,266(2)	$20.44	5/22/2021	—	$ —
	—	—	$ —	—	1,200(6)	$ 48,012(12)
	—	—	$ —	—	3,133(7)	$ 125,351(12)
	—	—	$ —	—	9,400(8)	$ 376,094(12)
Jeff Lamothe	3,317	6,633(3)	$28.09	3/10/2021	—	$ —
	—	3,560(4)	$29.00	3/9/2022	—	$ —
	—	—	$ —	—	3,316(9)	$ 132,673(12)
	—	—	$ —	—	1,780(10)	$ 71,218(12)
Scott C. Stromatt, M.D.	—	4,517(5)	$14.67	3/11/2020	—	$ —
	—	8,733(3)	$28.09	3/10/2021	—	$ —
	—	7,330(4)	$29.00	3/9/2022	—	$ —
	—	—	$ —	—	2,258(11)	$ 90,343(12)
	—	—	$ —	—	4,366(9)	$ 174,684(12)
	—	—	$ —	—	3,665(10)	$ 146,637(12)

(1) The unexercisable portion of this stock option award vested on May 18, 2016.
(2) Approximately one half of this stock option award vested on May 18, 2016 and the remaining unvested portion of this stock option award will vest on May 21, 2017.
(3) Approximately one half of this stock option award vested on March 10, 2016 and the remaining unvested portion of this stock option award will vest on March 10, 2017.
(4) Approximately one third of this stock option award vested on March 9, 2016 and approximately one third of this stock option award will vest on each of March 9, 2017 and 2018.
(5) The unexercisable portion of this stock option award vested on March 11, 2016.
(6) The unvested portion of this restricted stock unit award vested on May 18, 2016.
(7) Approximately one half of this restricted stock unit award vested on May 18, 2016 and the remaining unvested portion of this restricted stock unit award will vest on May 21, 2017.
(8) Approximately one third of this restricted stock unit award vested on May 20, 2016 and approximately one third of this restricted stock unit award will vest on each of May 20, 2017 and 2018.
(9) Approximately one half of this restricted stock unit award vested on March 10, 2016 and the remaining unvested portion of this restricted stock unit award will vest on March 10, 2017.
(10) Approximately one third of this restricted stock unit award vested on March 9, 2016 and approximately one third of this restricted stock unit award will vest on each of March 9, 2017 and 2018.
(11) The unvested portion of this restricted stock unit award vested on March 11, 2016.
(12) Represents the closing price of Emergent's common stock on December 31, 2015 multiplied by the number of shares underlying the unvested proration of the restricted stock unit award as of December 31, 2015.

2015 OPTION EXERCISES AND STOCK AWARDS VESTED

The following table sets forth information regarding the exercise of stock options and the vesting of restricted stock unit awards during the fiscal year ended December 31, 2015 for each of the Aptevo named executive officers on an aggregated basis.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vest	Value Realized on Vest(2)
Marvin L. White	—	$ —	3,967	$ 122,088
Jeffrey G. Lamothe	—	$ —	1,659	$ 48,094
Scott C. Stromatt, M.D.	28,800	$ 893,376	6,175	$ 178,568

(1) The amounts in the "Value Realized on Exercise" column are calculated based on the difference between the closing market price per share of Emergent's common stock on the date of exercise and the exercise price per share of the applicable stock option.

(2) The amounts in the "Value Realized on Vest" column are calculated based on the closing market price per share of Emergent's common stock on the date of vest.

PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The Emergent Senior Management Severance Plan is for the benefit of employees with the title of executive chair, chief executive officer, president, executive vice president, senior vice president or vice president who have been designated to participate in the Senior Management Severance Plan by Emergent's board of directors or, with the authorization of its board of directors, by Emergent's chief executive officer. Emergent's chief executive officer is authorized to designate the greater of 7% of the total number of its employees or 35 employees to be participants in the Senior Management Severance Plan at any particular time, on the basis of name, title, function or compensation level.

For-cause terminations. If during the term of the Senior Management Severance Plan, Emergent terminates a participant's employment with cause, as defined in the Senior Management Severance Plan, then the participant will not be entitled to receive any compensation, benefits or rights under the Senior Management Severance Plan, and any stock options or other equity participation benefits vested on or prior to the date of the termination, but not yet exercised, will immediately terminate.

Without-cause terminations. If during the term of the Senior Management Severance Plan, Emergent terminates a participant's employment without cause, the participant will be entitled to:

- Any unpaid base salary and accrued paid time-off through the date of termination;
- A pro rata portion of the participant's target annual bonus in respect of the year of termination paid in equal installments for a stated period following the participant's date of termination as indicated in the table below;
- Any bonus earned but unpaid as of the date of termination for any previously completed year paid in equal installments for a stated period following the participant's date of termination as indicated in the table below;
- Reimbursement for any unreimbursed expenses incurred by the participant prior to the date of termination;
- An amount equal to a specified percentage of the participant's annual base salary and target bonus, as indicated in the table below paid in installments for a stated period following the participant's date of termination as indicated in the table below;

- Employee and fringe benefits and perquisites, if any, to which the participant may be entitled as of the date of termination under Emergent's relevant plans, policies and programs; and
- Continued eligibility for the participant and his or her eligible dependents to receive employee benefits (such as medical, dental, life insurance (not to exceed one year), and pension benefits), for a stated period following the participant's date of termination as indicated in the table below, except when the provision of employee benefits would result in a duplication of benefits provided by any subsequent employer.

The following table sets forth the percentage of base salary and the stated period over which certain payments are made and the participant in entitled to continued employee benefits if Emergent terminates the participant's employment without cause for each of Aptevo's named executive officers who participates in the plan.

	Benefits for a Termination Without Cause	
Name	Percentage of Annual Base Salary and Bonus	Stated Period for Continued Employee Benefits
Marvin L. White	none	none
Jeffrey G. Lamothe(1)	none	24 months
Scott C. Stromatt, M.D.	100%	9 months

(1) Mr. Lamothe opted out of the Senior Management Severance Plan and entered into a separate severance agreement with Aptevo.

The following table sets forth the amount of potential payments and value of benefits to which each of Aptevo's named executive officers that participates in the plan would have received if Emergent had terminated their employment without cause on December 31, 2015.

	Termination without Cause		
Name	Cash Payments(1)	Value of Benefits(2)	Value of Equity
Marvin L. White	$ —	$ —	$ —
Jeffrey G. Lamothe	$ 334,771	$ 36,657	$ —
Scott C. Stromatt, M.D.	$ 535,924	$ 25,393	$ —

(1) The amounts in this column represent the aggregate amount equal to the applicable specified percentage of the participant's annual base salary and target bonus in effect on December 31, 2015 plus 100% (the applicable pro rata portion) of the participant's target annual bonus for 2014.
(2) The amounts in this column reflect the estimated value of future premiums under Emergent's health and welfare benefit plans and life insurance program.

Change-of-control terminations. If during the term of the Senior Management Severance Plan, Emergent terminates a participant's employment without cause or a participant resigns for good reason, as defined in the Senior Management Severance Plan, in each case within 18 months following a change of control, as defined in the Senior Management Severance Plan, then the participant will be entitled to the payments and benefits described below. If, however, Emergent terminates a participant's employment prior to a change of control at the request of a party involved in such change of control or otherwise in connection with or in anticipation of a change of control, the participant becomes entitled to the same payments and benefits described below but they are paid or distributed in the same manner as if the termination had been a without cause termination.

- A lump sum amount equal to the sum of:
  - Any unpaid base salary and accrued paid time-off through the date of termination,
  - A pro rata portion of the participant's target annual bonus in respect of the year of termination,
  - Any bonus earned but unpaid as of the date of termination for any previously completed year,

- Any unreimbursed expenses incurred by the participant prior to the date of termination, and
- An amount equal to a specified percentage of the sum of the participant's base salary and the participant's target bonus, as indicated in the table below;

- Employee and fringe benefits and perquisites, if any, to which the participant may be entitled as of the date of termination of employment under Emergent's relevant plans, policies and programs;
- Any unvested stock options, stock appreciation rights, shares of restricted stock, restricted stock units and other stock-unit awards held by the participant that are outstanding on the date of termination will become fully vested as of that date. In addition, the period during which any stock options held by the participant that are outstanding on that date may be exercised shall be extended to a date that is the later of the 15th day of the third month following the termination date, or December 31 of the calendar year in which the stock option would otherwise have expired if the exercise period had not been extended, but not beyond the final date the stock option could have been exercised if the participant's employment had not terminated, in each case based on the term of the option at the original grant date;
- Continued eligibility for the participant and his or her eligible dependents to receive employee benefits (such as medical, dental, life insurance (not to exceed one year), disability and pension benefits), for a stated period following the participant's date of termination as indicated in the table below, except when the provision of employee benefits would result in a duplication of benefits provided by any subsequent employer;
- The retention for the maximum period permitted by applicable law of all rights the participant has to indemnification from Emergent immediately prior to the change of control and the continuation throughout the period of any applicable statute of limitations of any director's and officer's liability insurance covering the participant immediately prior to the change of control; and
- The advancement to the participant of all costs and expenses, including attorney's fees and disbursements, incurred by the participant in connection with any legal proceedings that relate to the termination of employment or the interpretation or enforcement of any provision of the Senior Management Severance Plan, for which the participant will have no obligation to reimburse Emergent if the participant prevails in the proceeding with respect to at least one material issue or the proceeding is settled.

The following table sets forth the percentage of base salary and bonus and the stated period for continued employee benefits to which each participant is entitled under the circumstances described above in connection with a change of control.

Benefits for a Termination In Connection with a Change in Control		
Name	**Percentage of Annual Base Salary and Bonus**	**Stated Period for Continued Employee Benefits**
Marvin L. White	none	none
Jeffrey G. Lamothe(1)	none	24 months
Scott C. Stromatt, M.D.	125%	12 months

(1) Mr. Lamothe opted out of the Senior Management Severance Plan and entered into a separate severance agreement with Aptevo.

The following table sets forth the amount of potential payments and value of benefits that each participant would have received if Emergent had terminated their employment prior to or in connection with a change of control on December 31, 2015.

	Termination Prior to or in Connection with a Change of Control		
Name	Cash Payments(1)	Value of Benefits(2)	Value of Equity Awards(3)
Marvin L. White	$ —	$ —	$ —
Jeffrey G. Lamothe(3)	$ 334,771	$ 36,657	$ 322,152
Scott C. Stromatt, M.D.	$ 669,906	$ 19,045	$ 710,924

(1) The amounts in this column represent the aggregate amount equal to the applicable specified percentage of the participant's annual base salary and target bonus in effect on December 31, 2015, plus 100% (the applicable pro rata portion) of the participant's target annual bonus for 2015.

(2) The amounts in this column reflect the estimated value of future premiums under Emergent's health and welfare benefit plans and life insurance program.

(3) The amounts in this column reflect the value of accelerated vesting of stock options and restricted stock units. The amounts reflecting the value of accelerated vesting of stock options are calculated by multiplying the number of shares subject to accelerated vesting under outstanding stock options by the difference between $40.01, which was the closing market price per share of Emergent common stock on December 31, 2015, and the per share exercise price of the applicable accelerated stock option. The amounts reflecting the value of accelerated vesting of restricted stock units are calculated by multiplying the number of shares subject to accelerated vesting under restricted stock unit grants by $40.01, which was the closing market price per share of Emergent common stock on December 31, 2015.

General provisions. All payments under the Senior Management Severance Plan will be reduced by any applicable taxes required by applicable law to be paid or withheld by Emergent. If at the time a participant's employment is terminated, the participant is a specified employee within the meaning of Section 409A of the Internal Revenue Code, or Section 409A, then any payments to the participant that constitute non-qualified deferred compensation within the meaning of Section 409A will be delayed by a period of six months. All such payments that would have been made to the participant during the six-month period will be made in a lump sum on the date that is six months and one day following the date of termination, and all remaining payments will commence in the seventh month following the date of termination. Emergent's board of directors or any committee thereof designated by the Emergent board of directors is authorized to administer the Senior Management Severance Plan and has authority to adopt, amend and repeal the administrative rules, guidelines and practices relating to the Senior Management Severance Plan as it deems advisable.

As a condition to payment of any amounts payable upon a termination without cause under the Senior Management Severance Plan, the participant is required:

- For a period of 12 months (or six months for vice presidents who participate in the Senior Management Severance Plan) not to:
  - Induce, counsel, advise, solicit or encourage its employees to leave its employ or to accept employment with any other person or entity,
  - Induce, counsel, advise, solicit or encourage any person who Emergent employed within six months prior to that time to accept employment with any person or entity besides us or hire or engage that person as an independent contractor,
  - Solicit, interfere with or endeavor to cause any of its customers, clients or business partners to cease or reduce its relationship with it or induce any such customer, client or business partner to breach any agreement that such customer, client or business partner may have with Emergent, and

- Engage in or have a financial interest in any business competing with Emergent within any state, region or locality in which Emergent is then doing business or marketing products;

- Upon reasonable notice and at Emergent's expense, to cooperate fully with any reasonable request that may be made by Emergent in connection with any investigation, litigation or other similar activity to which Emergent is or may be a party or may otherwise be involved and for which the participant may have relevant information; and

- To sign and deliver a suitable waiver and release under which the participant will release and discharge Emergent from and on account of any and all claims that relate to or arise out of the employment relationship.

Director Compensation Following the Separation

Aptevo's non-employee directors have not received, and will not receive, any compensation for their service on Aptevo's board of directors prior to the completion of the distribution.

In anticipation of the separation, the Emergent compensation committee engaged Willis Towers Watson to review market practice and recommend a potential compensation structure for Aptevo's non-employee directors. Upon this review, the Emergent board of directors approved the Aptevo Directors Compensation Program, which we expect to be effective upon the completion of the separation and distribution, subject to any adjustments by Aptevo's compensation committee and board of directors following the distribution. Under the Aptevo Directors Compensation Program, we expect that Aptevo's non-employee directors will receive the compensation set forth in the table below. We also expect to reimburse Aptevo's non-employee directors for out-of-pocket expenses incurred in connection with attending our board and committee meetings.

Element	Program
Annual Cash Retainer	$40,000
Committee Chair Retainer	$20,000 – Audit $15,000 – Compensation
Committee Member Retainer	$10,000 – Audit $7,500 – Compensation
Annual Equity Grant	25,000 options
Initial Equity Grant (including annual)	37,500 options

As indicated in the table above, we expect that the Aptevo Director Compensation Program will provide for the award of stock options upon commencement of service on Aptevo's board of directors and for the annual award of stock options. The initial grant of stock options are expected to vest in three equal instalments on the first, second and third annual anniversaries of the date of grant. Thereafter, annual equity grants are expected to vest in four equal instalments each quarter of the year.

Director Transition Grants

It is currently anticipated that Emergent directors who will join Aptevo as directors and those Emergent directors who will serve on both boards of directors following the separation will receive additional equity grants in connection with their formal Aptevo appointments. As previously noted, Mr. White is expected to receive a transition grant of options to purchase 400,950 shares of Aptevo common stock in connection with his appointment as Aptevo's chief executive officer. Final decisions regarding equity grants to other Emergent directors who will join the Aptevo board will be made in the future.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with Emergent

Following the separation and distribution, Aptevo and Emergent will operate separately, each as an independent public company. Aptevo will enter into a separation and distribution agreement with Emergent, which is referred to in this information statement as the "separation agreement," to effect the separation. In connection with the separation, Aptevo will also enter into various other agreements to provide a framework for its relationship with Emergent after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian distributor agreement, a trademark license agreement and a product license agreement. These agreements will provide for the allocation between Aptevo and Emergent of Emergent's assets, liabilities and obligations (including investments, property and employee benefits, and tax-related assets and liabilities) attributable to periods prior to, at and after Aptevo's separation from Emergent and will govern certain relationships between Aptevo and Emergent after the separation.

The material agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth the terms of the agreements that we believe are material. These summaries are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. When used in this section, "distribution date" refers to the date on which Emergent distributes Aptevo common stock to the holders of Emergent common stock.

Separation Agreement

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of Aptevo and Emergent as part of the separation of Emergent into two companies, and will provide for when and how these transfers, assumptions and assignments will occur. Certain of the necessary transfers, assumptions and assignments will be accomplished through the internal reorganization. In particular, the separation agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets related to Emergent's biosciences business (and certain legacy businesses and operations of Aptevo), which we refer to as the "Aptevo Assets," will be transferred to Aptevo or one of its subsidiaries;
- certain liabilities related to Aptevo's business or the Aptevo Assets, which we refer to as the "Aptevo Liabilities," will be retained by or transferred to Aptevo, including certain liabilities associated with previously consummated divestitures of assets primarily related to the biosciences business; and
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the Aptevo Assets and Aptevo Liabilities (such assets and liabilities, other than the Aptevo Assets and the Aptevo Liabilities, we refer to as the "Excluded Assets" and "Excluded Liabilities," respectively) will be retained by or transferred to Emergent.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither Aptevo nor Emergent will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either Aptevo or Emergent, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be

transferred on an "as is," "where is" basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law, agreements, security interests, or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement will provide that, in the event that the transfer or assignment of certain assets and liabilities to Aptevo or Emergent, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, Aptevo or Emergent, as applicable, will hold such assets in trust for the other party.

The Distribution

The separation agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, Emergent will distribute to its stockholders that hold Emergent common stock as of the record date for the distribution all of the issued and outstanding shares of Aptevo common stock on a pro rata basis. Stockholders will receive cash in lieu of any fractional shares, if applicable.

Conditions to the Distribution

The separation agreement will provide that the distribution is subject to satisfaction (or waiver by Emergent) of certain conditions. These conditions are described under "The Separation and Distribution—Conditions to the Distribution." Emergent will have the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent that it determines to so proceed, to determine the record date for the distribution and the distribution date.

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement will provide that Aptevo and its affiliates will release and discharge Emergent and its affiliates from all liabilities assumed by Aptevo as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to Aptevo's business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement. Emergent and its affiliates will release and discharge Aptevo and its affiliates from all liabilities retained by Emergent and its affiliates as part of the separation and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian distributor agreement, a trademark license agreement and a product license agreement.

Indemnification

In the separation agreement, Aptevo will agree to indemnify, defend and hold harmless Emergent, each of Emergent's affiliates and each of Emergent and its affiliates' respective directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the failure of Aptevo, any subsidiary of Aptevo, or any person controlled by Aptevo, which we refer to as the "Aptevo Group" or any other person to pay, perform or otherwise promptly discharge any Aptevo Liabilities or Aptevo Contract in accordance with its respective terms, whether prior to, on or after the distribution date;
- the business and operations of the biosciences business and related businesses and operations (except to the extent it constitutes an Excluded Liability), any Aptevo Liability or any Aptevo Contract;
- any breach by Aptevo or any other member of the Aptevo Group of the separation agreement or any of the ancillary agreements;
- except to the extent it constitutes an Excluded Liability, any guarantee, indemnification obligation, letter of credit reimbursement obligation, surety, bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Aptevo Group by Emergent, any subsidiary of Emergent, any person controlled by Emergent, which we refer to as the "Emergent Group," that survives following the distribution; and
- any untrue statement or alleged untrue statement in the registration statement on Form 10, including within this information statement, of a material fact, except to the extent related exclusively to Emergent Group, Emergent Business, Emergent's intentions with respect to the distribution or terms of the distribution.

Emergent will agree to indemnify, defend and hold harmless Aptevo, each of Aptevo's affiliates and each of Aptevo's and Aptevo's affiliates' respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the failure of Emergent or any other member of the Emergent Group or any other person to pay, perform or otherwise promptly discharge any Excluded Liabilities in accordance with their terms, whether prior to, on or after the distribution date;
- the Excluded Liabilities;
- the businesses and operations of the Emergent Group other than the biosciences business (except to the extent it constitutes an Aptevo Liability and other than the conduct of business, operations or activities for the benefit of the Aptevo Group pursuant to any ancillary agreement);
- any breach by Emergent or any other member of the Emergent Group of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement in the registration statement on Form 10, including within this information statement, of a material fact, solely to the extent such statement or omission is related exclusively to Emergent Group, Emergent Business, Emergent's intentions with respect to the distribution or terms of the distribution.

The separation agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Insurance

The separation agreement provides for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and sets forth procedures for the administration of insured claims.

Non-competition and Non-solicitation Provisions

The separation agreement prohibits Emergent from making, manufacturing, using, selling, offering for sale, importing or otherwise exploiting protein therapeutics intended to treat oncolytic diseases during the period commencing upon completion of the distribution and ending on the earlier of the third anniversary of the completion of the distribution or a change of control of Emergent, subject to certain exceptions.

The separation agreement also prohibits, for a period of 12 months following the completion of the distribution, each of Emergent and Aptevo from soliciting the employees of the other party to leave his or her employment with the other party, or to hire such party, subject to certain exceptions.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, both Aptevo and Emergent agree in the separation agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between Aptevo and Emergent related to the separation or distribution. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by negotiation by applicable local or functional representatives of Aptevo and Emergent and, if necessary, escalation of the matter to a transition committee composed of representatives of Aptevo and Emergent. If such efforts are not successful, either Aptevo or Emergent may submit the dispute, controversy or claim to binding arbitration, subject to the provisions of the separation agreement.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, Emergent will be responsible for all costs and expenses incurred in connection with the separation prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation. Except as expressly set forth in the separation agreement or in any ancillary agreement, or as otherwise agreed in writing by Emergent and Aptevo, all costs and expenses incurred in connection with the separation after the distribution will be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation agreement will include access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Termination

The separation agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole discretion of Emergent without the approval of any person, including Aptevo or Emergent stockholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation agreement may not be terminated except by an agreement in writing signed by both Emergent and Aptevo.

Transition Services Agreement

Aptevo and Emergent will enter into a transition services agreement in connection with the separation pursuant to which Emergent and its affiliates will provide to Aptevo and its affiliates, on an interim, transitional basis, various services, including, but not limited to, accounts payable administration, information technology services, regulatory and clinical support, general administrative services and other support services. The agreed-upon charges for such services are generally intended to allow Emergent to recover all direct and indirect costs. Aptevo will be provided with reasonable information that supports the charges for such transition service by Emergent.

The services will commence on the distribution date and terminate up to two years following the distribution date. Aptevo may terminate certain specified services by giving prior written notice to Emergent and paying any applicable wind-down charges.

Subject to certain exceptions, the liabilities of Emergent under the transition services agreement will generally be limited to the aggregate charges (excluding any third-party costs and expenses included in such charges) actually paid to Emergent by Aptevo pursuant to the transition services agreement. The transition services agreement also will provide that Emergent will not be liable to Aptevo for any special, indirect, incidental, punitive or consequential damages.

Tax Matters Agreement

In connection with the separation, Aptevo and Emergent will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes (including taxes arising in the ordinary course of business and taxes, if any, incurred as a result of any failure of the distribution and certain related transactions to qualify as tax-free for U.S. federal income tax purposes), tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and assistance and cooperation in respect of tax matters.

With respect to taxes arising in the ordinary course of business, Aptevo will generally be liable for all taxes relating to the biosciences business that are attributable to the period after the distribution, and Emergent will indemnify Aptevo for all taxes relating to the biosciences business that are attributable to the period prior to the distribution.

In addition, to preserve the tax-free treatment to Emergent and its stockholders of the distribution, under the tax matters agreement, Emergent and Aptevo will be restricted from taking, or failing to take, any action that could reasonably be expected to prevent the distribution, together with certain related transactions, from qualifying as a transaction described in Sections 355 and 368(a)(1)(D) of the Code. In particular, for a period of two years following the separation, Aptevo will be restricted from taking certain actions (including restrictions on share issuances, business combinations, sales of assets, amendments to organizational documents and similar transactions) that could cause the distribution, together with certain related transactions, to fail to so qualify. Aptevo may take such a restricted action if (i) it provides Emergent with an opinion from a U.S. tax counsel or accountant of recognized national standing, reasonably acceptable to Emergent, in form and substance satisfactory to Emergent, that the transaction will not affect the tax-free status of the distribution and certain related transactions, (ii) Emergent obtains, at Aptevo's request, a supplemental ruling from the IRS, in form and substance reasonably satisfactory to Emergent, that the action will not affect the tax-free status of the distribution and certain related transactions, or (iii) Emergent waives in writing the requirement to obtain such opinion or ruling.

The tax matters agreement will provide special rules that allocate tax liabilities and related expenses (including damages related to claims of Emergent stockholders) resulting from the failure of the distribution, together with certain related transactions, to qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D)

of the Code. In general, under the tax matters agreement, each party is expected to be responsible for any taxes imposed on Aptevo or Emergent that arise from the failure of the distribution, together with certain related transactions, to qualify as a transaction described under Sections 355 and 368(a)(1)(D), to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant representations or covenants made by that party in the tax matters agreement or the IRS private letter ruling or in the representation letters provided to WilmerHale LLP in connection with its providing an opinion regarding the tax consequences of the distribution and certain related transactions. This indemnification will apply with respect to an acquisition of a party's stock even if such party has not facilitated such acquisition. This indemnification will also apply even if Emergent has permitted Aptevo to take an action that would otherwise have been prohibited under the tax-related covenants described above.

Employee Matters Agreement

Aptevo and Emergent will enter into an employee matters agreement prior to the distribution to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefit plans and programs and other related matters.

Generally, the employee matters agreement will provide for the transfer or assignment of employees from Emergent to Aptevo, provide for the establishment of Aptevo compensation and benefit plans and programs, which are expected to be generally comparable to those currently in place at Emergent, and allocate liabilities and responsibilities relating to their respective employees' and former employees' compensation and benefit plans and programs between Emergent and Aptevo. Among other things, the employee matters agreement will provide that, following the distribution, Aptevo's active employees generally will no longer participate in benefit plans sponsored or maintained by Emergent and will commence participation in Aptevo's benefit plans. The employee matters agreement will also provide for the treatment of outstanding Emergent equity awards (as described in the section entitled "The Separation and Distribution—Treatment of Equity Based Compensation") and certain other outstanding incentive awards. In addition, the employee matters agreement will set forth the general principles relating to employee matters, including the assumption and/or retention of liabilities and related benefit plan assets, the treatment of expense reimbursements, workers' compensation, employee leaves of absence, the provision of employee service credit, the sharing of employee information and the non-duplication or acceleration of benefits.

Intellectual Property Agreements

Product License Agreement. Aptevo will enter into a product license agreement with Emergent pursuant to which Emergent will grant to Aptevo a perpetual, exclusive royalty-free, nontransferable worldwide license, under certain licensed intellectual property rights, to research, develop, make, have made, use, sell, offer to sell and import WinRho SDF, HepaGam B and VARIZIG in their respective indications. Aptevo will only be permitted to exercise rights under the license with respect to Emergent's human hyperimmune platform manufacturing know-how through a third-party contract manufacturer, and then only if the manufacturer is bound to maintain the confidentiality of the manufacturing know-how and is either approved by Emergent, in its sole discretion, or there has been a manufacturing failure under the manufacturing services agreement. In addition, Aptevo will grant Emergent a non-exclusive, royalty-free, worldwide, perpetual, irrevocable, fully paid-up, fully sublicensable, fully transferable license to reproduce, copy, make derivative works of, use and otherwise exploit the clinical and pre-clinical data, including the related safety data, that exists on the distribution date and is related to WinRho SDF, HepaGam B and VARIZIG.

Aptevo may terminate its rights under the agreement at any time by providing written notice to Emergent. Emergent may terminate the agreement if Aptevo breaches the agreement and the breach is not cured within a specified period of time or is uncurable. Each party may terminate the agreement if the other party experiences certain bankruptcy events.

Trademark License Agreement. Aptevo will enter into a license agreement with Emergent pursuant to which Emergent will grant Aptevo a non-exclusive, royalty-free, worldwide, non-sublicenseable license under certain trademarks of Emergent to distribute the physical inventory of packaging and marketing materials assigned to Aptevo as part of the distribution, solely to sell, offer to sell and otherwise commercialize the commercial products until such inventory of packaging and marketing materials is depleted but in no event after the third anniversary of the distribution. The license will also permit Aptevo to include Emergent's trademarks on additional packaging and marketing materials created after the distribution date for WinRho SDF, HepaGam B, and VARIZIG intended for sale outside the United States, to the extent necessary to comply with regulatory requirements for so long as Emergent is providing distribution services for those products or manufacturing services for such products, or both. In addition, Emergent will covenant not to sue Aptevo for trade dress infringement pertaining to applicable packaging materials while Emergent is performing services for Aptevo under the manufacturing services agreement and for a specified period of time thereafter. Aptevo will grant Emergent a non-exclusive, worldwide, irrevocable, royalty-free license to use, have used, display and have displayed trademarks of Aptevo in furtherance of Emergent's performance under the agreements between Emergent and Aptevo and for incidental uses (the latter limited to two years from the distribution date).

Aptevo may terminate its rights under the agreement at any time by providing written notice to Emergent. Emergent may terminate the agreement if Aptevo breaches the agreement and the breach is not cured within a specified period of time or is uncurable.

Commercial Agreements

The terms of these agreements are still being finalized and the descriptions included herein will be updated in a subsequent amendment.

Manufacturing Services Agreement. Aptevo will enter a manufacturing services agreement with Emergent prior to the distribution pursuant. The expiration date of the manufacturing services agreement is ten years following the date of its execution, which is expected to occur on the separation date.

Under the manufacturing services agreement, Emergent will manufacture, fill and finish, label, package and ship the hyperimmune products for Aptevo and will provide these services, other than manufacturing, fill and finish and certain other services, for the IXINITY product as well. Management believes these payments approximate those that would be made in an arm's length transaction.

Canadian Distributor Agreement. Aptevo will enter into a Canadian distributor agreement with Emergent pursuant to which Emergent will make product intended for sale in Canada available to Aptevo's Canadian customers.

Funding Arrangement

At or prior to the separation, Emergent will issue a non-negotiable promissory note in the amount of $20 million to Aptevo. This note will be unsecured, will bear no interest, will be non-transferrable and will be payable by Emergent six to 12 months after the distribution date on demand by Aptevo. For additional information, see the section entitled "Risk Factors—Risks Related to Aptevo's Business."

Consulting Arrangements Entered into in Connection with the Separation

John E. Niederhuber, M.D. On May 18, 2016, John E. Niederhuber, M.D. entered into a consulting agreement with Emergent, pursuant to which Dr. Niederhuber provides consulting services consisting of evaluative services, expert advice and guidance, general strategy recommendations, and other similar assistance regarding industry products, technology platforms, and research and development programs to the Emergent board of directors. In accordance with the terms of the consulting agreement, Dr. Niederhuber receives a

consulting fee from Emergent of $2,000 per calendar quarter and is reimbursed for his reasonable out-of-pocket expenses. In addition, Dr. Niederhuber was granted 2,000 Emergent restricted stock units on the effective date of his consulting agreement and will receive an additional 2,000 Emergent restricted stock units on the one-year anniversary of the effective date of the agreement. Both restricted stock unit grants will vest on the first anniversary of the date of grant. The consulting agreement has a term that expires on June 30, 2018, unless it is otherwise terminated earlier by Dr. Niederhuber, for any reason, or by Emergent for "cause" as defined in the agreement.

Marvin L. White. For a discussion of the consulting agreement entered into by and between Emergent and Mr. White in anticipation of the separation, see the section entitled "Compensation Discussion and Analysis—Marvin White Compensation."

Procedures for Approval of Related Party Transactions

Aptevo's board of directors will adopt a written policy regarding the review and approval or ratification of transactions involving Aptevo and its directors, nominees for directors, executive officers, immediate family members of these individuals, and stockholders owning 5% or more of our outstanding common stock, each of whom is referred to as a "related party." The policy will cover any related party transaction, arrangement or relationship where a related party has a direct or indirect material interest and the amount involved exceeds $120,000 in any calendar year. Under the policy, the Audit Committee of Aptevo's Board of Directors will be responsible for reviewing and approving, or ratifying, the material terms of any related party transactions. The committee will be charged with determining whether the terms of the transaction are any less favorable than those generally available from unaffiliated third parties, and determining the extent of the related party's interest in the transaction.

Related party transactions that will require review by the Audit Committee pursuant to this policy will be identified in:

- questionnaires annually distributed to Aptevo's directors and officers;
- certifications submitted annually by our officers related to their compliance with Aptevo's Code of Conduct; or
- communications made directly by the related party to Aptevo's chief financial officer or general counsel.

In determining whether to approve or ratify a related party transaction, the Audit Committee will consider the following items, among others:

- the related party relationship with Aptevo and interest in any transaction with Aptevo;
- the material terms of a transaction with Aptevo, including the type and amount;
- the purpose of, and the potential benefits to Aptevo of, any proposed or actual transaction;
- whether a transaction was undertaken in the ordinary course of our business; and
- any information regarding the related party transaction or the related party in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

This process will be included in the written policy.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the distribution, all of the outstanding shares of Aptevo's common stock will be owned beneficially and of record by Emergent. The following table sets forth information with respect to the expected beneficial ownership of Aptevo's common stock, upon the distribution, by (1) each person who Aptevo believes will be a beneficial owner of 5% or more of Aptevo's outstanding common stock, (2) each expected director and named executive officer of Aptevo and (3) all of Aptevo's expected directors and named executive officers as a group. Aptevo based the share amounts on each person's beneficial ownership of Emergent's common stock and stock options or other equity awards as of ●, 2016 unless Aptevo indicates some other basis for the share amounts, and assume a distribution ratio of ● shares of Aptevo's common stock for every share of Emergent's common stock. The address of each director and executive officer shown in the table below is c/o Aptevo, ●.

Name and Address of Beneficial Owner	Beneficial Ownership of Aptevo's Common Stock	Percent of Class
Fuad El-Hibri		
Marvin L. White		*
Daniel J. Abdun-Nabi		*
Grady Grant, III		*
Zsolt Harsanyi, Ph.D.		*
Barbara Lopez Kunz		*
John E. Niederhuber, M.D.		*
Jeffrey G. Lamothe		*
Scott C. Stromatt, M.D.		*
[●]		
All directors and executive officers as a group (● persons)		

* Less than one percent

Prior to the effectiveness of the registration statement of which this information statement is a part, anticipated information regarding the Security Ownership of Certain Beneficial Owners and Management following the separation will be disclosed in accordance with the rules and regulations of the SEC in an amendment to this information statement.

THE SEPARATION AND DISTRIBUTION

Overview

On August 6, 2015, Emergent announced its intention to separate its biosciences business. The separation will occur by means of a pro rata distribution to Emergent stockholders of 100% of the shares of common stock of Aptevo, which was formed to hold certain assets of Emergent's biosciences business. In connection with this distribution, we expect that Emergent will complete an internal reorganization, which we refer to as the "internal reorganization," as a result of which Aptevo will become the parent company of those Emergent operations comprising, and the entities that will conduct, the biosciences business.

On ●, 2016, the Emergent board of directors approved the distribution of all of Aptevo's issued and outstanding shares of common stock on the basis of ● shares of Aptevo common stock for every share of Emergent common stock held as of the close of business on ●, 2016, the record date for the distribution.

At ● on ●, 2016, the distribution date, each Emergent stockholder will receive ● shares of Aptevo common stock for every share of Emergent common stock held at the close of business on the record date for the distribution, as described below. Emergent stockholders will receive cash in lieu of any fractional shares of Aptevo common stock that they would have received after application of this ratio. You will not be required to make any payment, surrender or exchange your Emergent common stock or take any other action to receive your shares of Aptevo common stock in the distribution. The distribution of Aptevo common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution."

Reasons for the Separation

The Emergent board of directors believes that separating the biosciences business from the biodefense business of Emergent is in the best interests of Emergent and its stockholders for a number of reasons, including the following:

- *Allocation of Capital*. The Emergent board believes that the separation will permit each company to allocate its financial resources in a manner more tailored to its own commercial and strategic priorities and eliminate the competition for capital that has arisen between the two businesses.
- *Targeted Investment Opportunities*. The Emergent board believes that the separation will (1) allow each company to target investors attracted to its business profile, (2) allow investors to separately value each company based on its unique investment identity and (3) attract investors to each company that are not willing to invest in a combined entity but are willing to invest in a distinct "pure play" company.
- *Access to Capital and Acquisition Currency*. The Emergent board believes that the separation will create an independent equity currency for each of Emergent and Aptevo that will afford each company (1) direct, standalone access to the capital markets, (2) the opportunity to capitalize on its unique growth opportunities and (3) facilitate an ability to finance future acquisitions using its capital stock.
- *Management Focus and Operational Efficiency*. The Emergent board believes that the separation will permit the management of each company to tailor business strategies to best pursue targeted opportunities for long-term growth and profitability and enhance the business focus of each company and better align resources to achieve strategic priorities.
- *Competitive Equity Compensation*. The Emergent board believes that the separation will permit Aptevo to use equity compensation to attract and retain top talent in a manner and degree consistent with its operational priorities and growth prospects and more competitive with its industry peers, and that the separation will better align the value of equity compensation with the performance of the business for which the individual is employed, which is expected to make equity compensation more attractive to potential and existing employees.

The Emergent board of directors also considered a number of potentially negative factors in evaluating the separation, including the following:

- *Increased Administrative Costs*. As a current part of Emergent, Aptevo takes advantage of certain functions performed by Emergent, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Emergent will not perform certain of these functions for Aptevo, and, because of Aptevo's smaller scale as a standalone company, Aptevo's cost of performing such functions may be higher than the amounts reflected in Aptevo's historical financial statements, which may adversely affect Aptevo's results of operations.
- *Disruption Related to the Separation*. The actions required to separate Emergent's and Aptevo's respective businesses could disrupt Aptevo's operations.
- *Increased Impact of Certain Costs*. Certain costs and liabilities that were otherwise less significant to Emergent as a whole will be more significant for Aptevo as a standalone company due to Aptevo being smaller than Emergent.
- *Significant Separation Costs*. Emergent and Aptevo will incur costs in connection with the transition to being standalone public companies that may include accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Aptevo, costs related to establishing a new brand identity in the marketplace, tax costs and costs to separate information systems.
- *Risk of Failure to Achieve Anticipated Benefits of the Separation*. Aptevo may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (1) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing its business; and (2) following the separation, Aptevo may be more susceptible to market fluctuations and other adverse events than if Aptevo were still a part of Emergent because its business will be less diversified than Emergent's business prior to the completion of the separation.
- *Limitations on Strategic Transactions*. Under the terms of the tax matters agreement that Aptevo will enter into with Emergent, for a period of two years following the separation, Aptevo will be restricted from taking certain actions that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. During this period, these restrictions may limit Aptevo's ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of its business.
- *Loss of Scale*. As a current part of Emergent, Aptevo takes advantage of Emergent's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, Aptevo may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Emergent obtained prior to completion of the separation.
- *Loss of Joint Arrangements*. As a current part of Emergent, Aptevo takes advantage of Emergent's overall presence to procure more advantageous distribution arrangements. After the separation, as a standalone company, Aptevo may be unable to obtain similar arrangements to the same extent as Emergent did, or on terms as favorable as those Emergent obtained, prior to completion of the separation.
- *Uncertainty Regarding Stock Prices*. We cannot predict the effect of the separation on the trading prices of Aptevo or Emergent common stock or whether the combined market value of ● shares of Aptevo common stock and one share of Emergent common stock will be less than, equal to, or greater than the market value of one share of Emergent common stock prior to the distribution.

In determining to pursue the separation, the Emergent board of directors concluded that the potential benefits of the separation outweighed the potential negative factors.

Formation of Aptevo

Aptevo was formed in Delaware in February 2016 for the purpose of holding certain assets and liabilities of Emergent's biosciences business. As part of the plan to separate the biosciences business from the remainder of its businesses, in connection with the internal reorganization, Emergent plans to transfer the equity interests of certain entities that are expected to operate the biosciences business and the assets and liabilities of the biosciences business to Aptevo prior to the distribution.

When and How You Will Receive the Distribution

With the assistance of Broadridge Financial Solutions, Inc., the distribution agent for the distribution, which we refer to as the "distribution agent," Emergent expects to distribute Aptevo common stock at ● on ●, 2016, the distribution date, to all holders of outstanding Emergent common stock as of the close of business on ●, 2016, the record date for the distribution. The distribution agent will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Aptevo common stock.

If you own Emergent common stock as of the close of business on the record date for the distribution, Aptevo common stock that you are entitled to receive in the distribution will be issued as of the distribution date, to you in direct registration form or in certificated form or to your bank or brokerage firm on your behalf. If you are a registered holder, the distribution agent will then mail you a direct registration account statement that reflects your shares of Aptevo common stock. If you hold your Emergent shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Aptevo shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to stockholders. If you sell Emergent common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Aptevo common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Emergent common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Aptevo common stock that have been registered in your name.

Most Emergent stockholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm is said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Emergent common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Aptevo common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Aptevo common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act of 1933, as amended, or the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us, which may include certain of our executive officers, directors or principal stockholders. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of our common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Aptevo Common Stock You Will Receive

For every share of Emergent common stock that you own at the close of business on ●, 2016, the record date for the distribution, you will receive ● shares of Aptevo common stock on the distribution date. Emergent will not distribute any fractional shares of Aptevo common stock to its stockholders. Instead, if you are a registered holder, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by Emergent or Aptevo, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either Emergent or Aptevo and the distribution agent is not an affiliate of either Emergent or Aptevo. Neither Aptevo nor Emergent will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The receipt by a holder of a pro rata share of the aggregate net cash proceeds of these sales of fractional shares will be taxable to such holder for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences” for additional information regarding the material U.S. federal income tax consequences of the distribution, including the receipt of cash in lieu of fractional shares. If you hold physical certificates for shares of Emergent common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your shares of Emergent common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity Based Compensation

Generally, pursuant to the employee matters agreement, each award of Emergent restricted stock units that is held by an Emergent employee or service provider (an “Emergent Holder”) as of the effective time of the distribution will be adjusted (the “Adjusted Emergent RSUs”), and each award of Emergent restricted stock units held by an Aptevo employee or service provider (an “Aptevo Holder”) as of the effective time of the distribution will be converted to a restricted stock unit award entitling the Aptevo Holder to Aptevo common stock (the “Aptevo RSUs”). The adjustment and conversion, respectively, will be structured to reflect the effect of the distribution. The Adjusted Emergent RSUs and the Aptevo RSUs will otherwise be subject to the same terms and conditions that applied to the original Emergent restricted stock units immediately before the distribution.

Similarly, the employee matters agreement generally provides that each Emergent stock option that is held by an Emergent Holder will remain an option to purchase Emergent common stock but will be adjusted (an “Adjusted Emergent Option”), and each Emergent stock option that is held by an Aptevo Holder will be converted into an option to purchase Aptevo common stock (an “Aptevo Option”). The exercise price and the number of shares covered by each Adjusted Emergent Option and Aptevo Option will reflect the effect of the distribution. Each Adjusted Emergent Option and Aptevo Option will otherwise be subject to the same terms and conditions that applied to the original Emergent stock options immediately before the distribution.

For purposes of the equity awards, the distribution will not result in a termination of employment or service for any holder of equity awards. Rather, the date of termination of employment or service with the applicable plan sponsor following the distribution shall be the holder’s termination date for purposes of outstanding equity awards. Following the distribution each Aptevo Holder will be considered to have been employed by or have provided services to, as the case may be, Aptevo before and after the distribution for purposes of vesting of such holder’s Aptevo RSUs and/or Aptevo Options.

Notwithstanding the foregoing and his anticipated election to the Aptevo board of directors, the employee matters agreement provides that any outstanding Emergent equity awards held by Dr. Niederhuber at the effective time of the distribution, including those recently awarded under the section entitled "Certain Relationships and Related Party Transactions—Consulting Arrangements Entered into in Connection with the Separation," will not be converted into awards to acquire shares of Aptevo common stock. Rather, he will be treated as an Emergent Holder and receive Adjusted Emergent RSUs and Adjusted Emergent Options. The employee matters agreement further provides that his Adjusted Emergent RSUs and Adjusted Emergent Options will continue to vest in accordance with their terms while he provides consulting services to Emergent.

No award shall be adjusted or converted as described above unless such adjustment or conversion is consistent with all applicable laws, including U.S. securities laws. The adjustment or conversion of Emergent stock options and Emergent restricted stock units will be effectuated in a manner that is intended to avoid the imposition of any penalty or other taxes on the holders of such awards pursuant to Section 409A of the Code. Following the distribution, Emergent will be responsible for all liabilities associated with the Adjusted Emergent RSUs and Adjusted Emergent Options, and Aptevo will be responsible for all liabilities associated with Aptevo RSUs and Aptevo Options.

For a further discussion of the employee matters agreement, see the section entitled "Certain Relationships and Related Party Transactions—Employee Matters Agreement."

Internal Reorganization

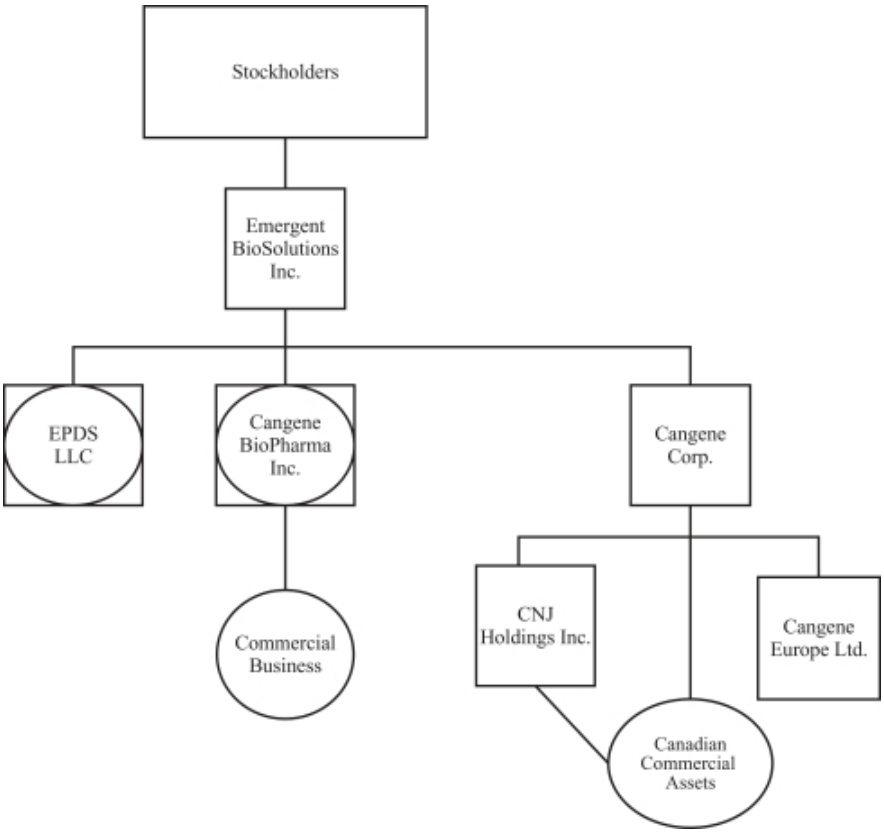
As part of the separation, and prior to the distribution, Emergent and its subsidiaries expect to complete an internal reorganization in order to transfer to Aptevo the biosciences business that Aptevo will hold following the separation. Among other things and subject to limited exceptions, the internal reorganization is expected to result in Aptevo owning, directly or indirectly, the operations comprising and the entities that conduct the biosciences business.

The internal reorganization is expected to include various restructuring transactions pursuant to which (1) the operations, assets and liabilities of Emergent and its subsidiaries used to conduct the biosciences business will be separated from the operations, assets and liabilities of Emergent and its subsidiaries used to conduct the biodefense business and (2) such biosciences operations, assets and liabilities will be contributed, transferred or otherwise allocated to Aptevo or one of its direct or indirect subsidiaries. Such restructuring transactions may take the form of asset transfers, mergers, demergers, dividends, contributions and similar transactions, and may involve the formation of new subsidiaries in U.S. and non-U.S. jurisdictions to own and operate the biosciences business or the biodefense business in such jurisdictions.

In the final step of the internal reorganization, Emergent will contribute to Aptevo certain assets, including all of the equity interests in the entities that are expected to conduct the biosciences business.

Following the completion of the internal reorganization and immediately prior to the distribution, Aptevo will be the parent company of the entities that are expected to conduct the biosciences business and Emergent (through subsidiaries other than Aptevo and its subsidiaries) will remain the parent company of the entities that are expected to conduct the biodefense business.

As more fully explained below, the diagram immediately below shows the simplified structure of the pre-internal reorganization businesses and entities of Emergent that are being contributed to Aptevo Therapeutics, Inc.:

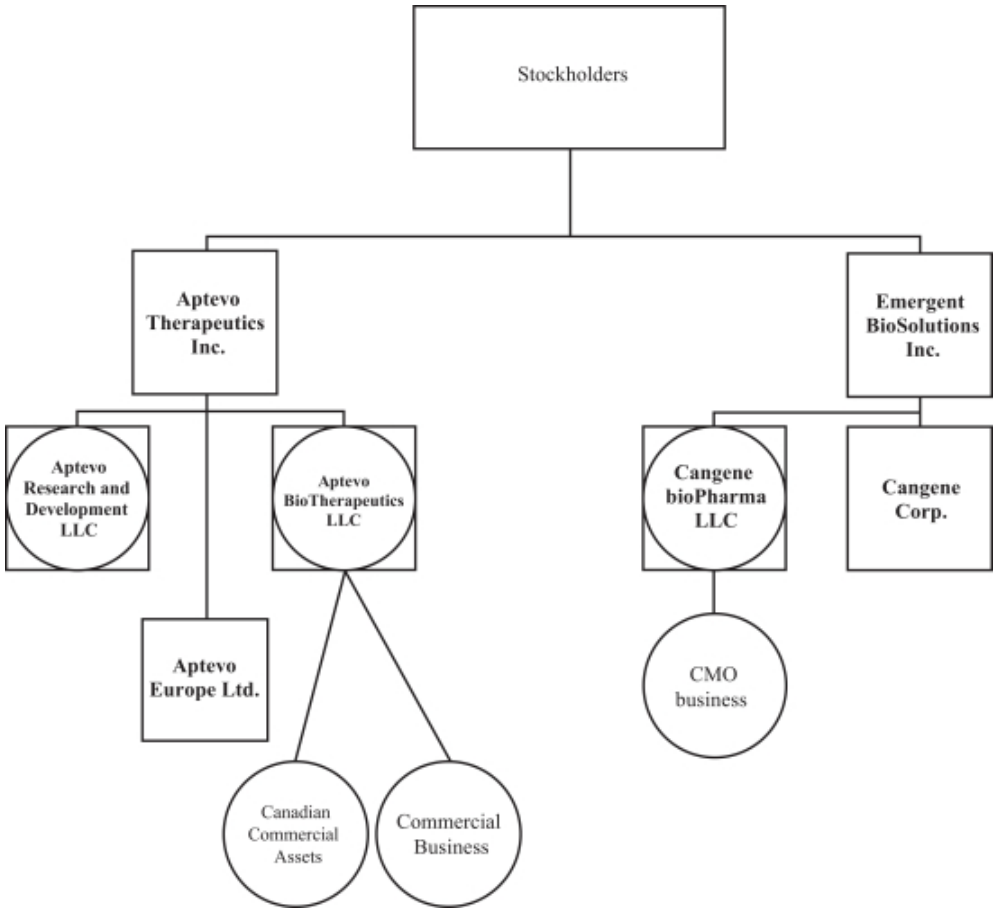


The Biosciences Business of Emergent BioSolutions Inc., as defined in Note 1 to the Audited Combined Financial Statements contained in this information statement, include the certain businesses and entities that will be contributed to Aptevo Therapeutics Inc. in the internal reorganization in anticipation of the separation, which are owned through multiple different entities. The diagram above has been simplified for illustrative purposes and does not set forth all affiliated entities, including intermediate subsidiaries. The material businesses and primary entities that will be contributed directly to Aptevo Therapeutics Inc. by Emergent, which are included in the chart above, are discussed below.

Emergent will directly contribute to Aptevo Therapeutics Inc. the Emergent Product Development Seattle LLC, or EPDS LLC, entity, which is primarily a research and development company focused on the generation and clinical testing of recombinant protein therapeutics, based on the ADAPTIR platform, for the treatment of cancer and autoimmune disease. The other primary entity being directly contributed by Emergent is Cangene Europe Limited, which focuses on hematology (blood disease) therapeutics.

The businesses being contributed in the internal reorganization come from multiple Emergent entities. Such entities include Cangene BioPharma Inc. (its hyperimmune commercial business assets are being contributed, but not its contract manufacturing business) and Canadian entities Cangene Corporation and CNJ Holdings Inc. (each of which will have their hyperimmune commercial business assets contributed to Aptevo Therapeutics Inc., but not their biodefense hyperimmune businesses).

The diagram below shows what we expect will be the simplified structure of each of Aptevo and Emergent after completion of the internal reorganization, the separation and the distribution:



This diagram has been simplified for illustrative purposes and does not set forth all affiliated entities, including intermediate subsidiaries.

Results of the Distribution

After the distribution, Aptevo will be an independent, publicly-traded company. The actual number of shares to be distributed will be determined at the close of business on ●, 2016, the record date for the distribution, and will reflect any exercise of Emergent options between the date the Emergent board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of Emergent common stock or any rights of Emergent stockholders. Emergent will not distribute any fractional shares of Aptevo common stock.

We will enter into a separation agreement and other related agreements with Emergent before the distribution to effect the separation and provide a framework for our relationship with Emergent after the separation. These agreements will provide for the allocation between Emergent and Aptevo of Emergent's assets, liabilities and obligations (including employee benefits, intellectual property, and tax-related assets and

liabilities) attributable to periods prior to Aptevo's separation from Emergent and will govern the relationship between Emergent and Aptevo after the separation. For a more detailed description of these agreements, see "Certain Relationships and Related Party Transactions."

Market for Aptevo Common Stock

There is currently no public trading market for Aptevo common stock. Aptevo has applied to have its shares of common stock listed on The NASDAQ Global Market under the symbol "APVO," subject to official notice of distribution. Aptevo has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

We cannot predict the price at which Aptevo common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of Aptevo common stock that each Emergent stockholder will receive in the distribution and the Emergent common stock held at the record date for the distribution may not equal the "regular-way" trading price of the Emergent common stock immediately prior to the distribution. The price at which Aptevo common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Aptevo common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Aptevo's Common Stock."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, Emergent expects that there will be two markets in Emergent common stock: a "regular-way" market and an "ex-distribution" market. Emergent common stock that trades on the "regular-way" market will trade with an entitlement to Aptevo common stock distributed in the distribution. Emergent common stock that trades on the "ex-distribution" market will trade without an entitlement to Aptevo common stock distributed in the distribution. Therefore, if you sell shares of Emergent common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Aptevo common stock in the distribution. If you own Emergent common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the shares of Aptevo common stock that you are entitled to receive pursuant to your ownership of shares of Emergent common stock as of the record date.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, Aptevo expects that there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for Aptevo common stock that will be distributed to holders of Emergent common stock on the distribution date. If you owned Emergent common stock at the close of business on the record date for the distribution, you would be entitled to Aptevo common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Aptevo common stock, without trading the Emergent common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Aptevo common stock will end, and "regular-way" trading will begin.

Conditions to the Distribution

The distribution will be effective at ● on ●, 2016, which is the distribution date, provided that the conditions set forth in the separation agreement have been satisfied (or waived by Emergent in its sole and absolute discretion), including, among others

- the continued validity of a private letter ruling received by Emergent from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions;

- the receipt of a tax opinion from counsel to Emergent substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code;
- the internal reorganization having been completed and the transfer of certain assets and liabilities of the biosciences business from Emergent to Aptevo having been completed in accordance with the separation agreement;
- no order, injunction, or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions being in effect;
- the actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws or blue sky laws and the rules and regulations thereunder having been taken or made, and, where applicable, having become effective or been accepted;
- all governmental approvals necessary to consummate the separation, the distribution and the transactions related thereto and to permit the operation of Aptevo's business after the distribution date having been obtained and being in full force and effect;
- the separation and the distribution not violating or resulting in a breach of applicable law or any material contract of Emergent or Aptevo or any of their respective subsidiaries;
- the approval for listing on NASDAQ for the shares of Aptevo common stock to be delivered to the record holders in the distribution having been obtained, subject to official notice of issuance;
- the SEC declaring effective the Form 10, with no order suspending the effectiveness of the Form 10 in effect and no proceedings for such purposes pending before or threatened by the SEC;
- this information statement and such other information concerning Aptevo, its business, operations and management, the distribution and such other matters as Emergent shall determine in its sole and absolute discretion and as may otherwise be required by law having been mailed to the holders of record of Emergent common stock on the record date;
- Emergent's board of directors authorizing and approving the distribution and not having withdrawn such authorization and approval;
- Emergent's board of directors approving the assets and liabilities included in the Aptevo balance sheet; and
- no other events or developments existing or having occurred that, in the judgment of Emergent's board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the transactions related thereto.

Emergent will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date, and the distribution ratio. Emergent will also have sole and absolute discretion to waive any of the conditions to the distribution. Emergent does not intend to notify its stockholders of any modifications to the terms of the separation or distribution that, in the judgment of its board of directors, are not material. For example, the Emergent board of directors might consider material such matters as significant changes to the distribution ratio and the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the Emergent board of directors determines that any modifications by Emergent materially change the material terms of the distribution, Emergent will notify Emergent stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of the material U.S. federal income tax consequences of the distribution to Emergent and Emergent stockholders. This discussion is based on the Code, laws, regulations, rulings and decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to varying interpretations, which could result in U.S. federal income tax consequences different from those described below.

This discussion addresses only the U.S. federal income tax consequences to Emergent stockholders who are U.S. holders (as defined below) who hold their shares of Emergent stock as capital assets and does not address all of the U.S. federal income tax consequences that may be relevant to a particular stockholder in light of the holder's individual circumstances. This discussion does not address the tax consequences to holders who are subject to special rules, including, without limitation, financial institutions, tax-exempt organizations, insurance companies, dealers in securities or foreign currencies, persons who hold their shares as part of a straddle, hedge, conversion, constructive sale, synthetic security, integrated investment or other risk-reduction transaction for U.S. federal income tax purposes, holders who acquired their shares pursuant to the exercise of employee stock options or otherwise as compensation, or holders who did not hold their shares continuously from the record date for the distribution to the time of the distribution. In addition, this discussion does not address the tax consequences under any state, local or foreign tax laws or the alternative minimum tax or net investment income tax provisions of the Code.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of Emergent common stock who is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state or political subdivision thereof;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) it has a valid election in place under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) holds Emergent common stock, the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Partnerships (or other entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) that hold Emergent common stock and partners of such partnerships should consult their tax advisors regarding the tax consequences of the distribution to them.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE DISTRIBUTION, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX RULES AND THE EFFECT OF POSSIBLE CHANGES IN LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.

Emergent has received a favorable private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions. It is a condition to the distribution that (i) the private letter ruling from the IRS continue to be valid and in full force and effect and (ii) Emergent receive an opinion from WilmerHale LLP, in form and substance satisfactory to Emergent, substantially to the effect

that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code. The IRS private letter ruling is based upon certain facts and representations submitted by Emergent to the IRS. In addition, the opinion from WilmerHale LLP will be based upon and rely on, among other things, the IRS private letter ruling and certain facts and assumptions, as well as certain representations and covenants of Emergent and Aptevo contained in the tax matters agreement and certain representations contained in representation letters provided by Emergent, Aptevo and certain stockholders to WilmerHale LLP, including representations and covenants relating to the past and future conduct of Emergent, Aptevo and such stockholders. If any of these facts, assumptions, representations, or covenants is, or becomes, inaccurate or incomplete, the IRS private letter ruling and/or the opinion of WilmerHale LLP may be invalid and the conclusions reached therein could be jeopardized. In addition, the IRS private letter ruling only addresses certain limited matters relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code, and the opinion of WilmerHale LLP will represent the judgment of such counsel which is not binding on the IRS or any court. Accordingly, notwithstanding the IRS private letter ruling and the opinion of WilmerHale LLP, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions should be treated as a taxable transaction for U.S. federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in any such challenge, Emergent, Aptevo, and our stockholders would be subject to the tax consequences described below under “Material U.S. Federal Income Tax Consequences if the Distribution is Taxable.”

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies Under Sections 355 and 368(a)(1)(D) of the Code

Assuming that the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution will generally be as follows:

- subject to the discussion below regarding Section 355(e), no gain or loss will be recognized by Emergent upon the distribution of Aptevo common stock to Emergent stockholders;
- no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Emergent common stock as a result of the distribution, except to the extent such holder receives cash in lieu of a fractional share of Aptevo common stock (as described below);
- an Emergent stockholder who receives shares of Aptevo common stock in the distribution will have an aggregate tax basis in the holder’s shares of Aptevo common stock received in the distribution (including any fractional share of Aptevo common stock to which the holder is entitled) and the holder’s shares of Emergent common stock immediately after the distribution equal to the holder’s aggregate tax basis in the holder’s shares of Emergent common stock immediately before the distribution, which basis will be allocated between the holder’s shares of Emergent common stock and shares of Aptevo common stock (including any fractional share of Aptevo common stock to which the holder is entitled) in proportion to their relative fair market values on the distribution date; and
- the holding period of the shares of Aptevo common stock received by an Emergent stockholder (including any fractional share of Aptevo common stock to which the holder is entitled) will include the holding period for the shares of the Emergent common stock with respect to which the shares of Aptevo common stock are received.

A stockholder of Emergent who receives cash in lieu of a fractional share of Aptevo common stock in the distribution will be treated as having sold such fractional share for cash and will recognize capital gain or loss on the sale of the fractional share equal to the difference between the cash received and the stockholder’s tax basis in the fractional share (as determined above). Such gain or loss will be long-term capital gain or loss if the stockholder’s holding period for its Emergent common stock exceeds one year at the time of the distribution.

If a stockholder of Emergent holds different blocks of Emergent common stock (generally, shares of Emergent common stock acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the tax basis and holding period of shares of Aptevo common stock received in the distribution in respect of particular blocks of Emergent common stock.

Material U.S. Federal Income Tax Consequences if the Distribution is Taxable

If the distribution, together with certain related transactions, does not qualify as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes, Emergent generally would recognize taxable gain on the distribution equal to the amount by which the fair market value of the Aptevo common stock distributed to Emergent stockholders exceeds Emergent's tax basis in its shares of Aptevo common stock. In addition, each stockholder who receives shares of Aptevo common stock in the distribution would generally be treated as receiving a taxable distribution in an amount equal to the fair market value of the shares of Aptevo common stock received (including any fractional share of Aptevo common stock to which the holder is entitled),

which would be taxable as a dividend to the extent of the holder's pro rata share of Emergent's current and accumulated earnings and profits (as increased to reflect any gain recognized by Emergent on the taxable distribution). The balance of the distribution would be treated as a nontaxable return of capital to the extent of the holder's tax basis in its shares of Emergent common stock, with any remaining amount being taxed as capital gain.

Even if the distribution otherwise qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, it may be taxable to Emergent (but not to Emergent stockholders) under Section 355(e) of the Code, if the distribution is later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest (by vote or value) in Emergent or Aptevo. For this purpose, any acquisitions (including issuances) of Emergent common stock or of Aptevo common stock within the period beginning two years before the distribution, and ending two years after the distribution, are presumed to be part of such a plan, although Emergent or Aptevo may be able to rebut that presumption. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual, and subject to an analysis of the facts and circumstances of a particular case. If acquisitions (including issuances) of Emergent stock or Aptevo stock cause Section 355(e) of the Code to apply, Emergent would recognize taxable gain as described above, but the distribution would be tax-free to each of Emergent's stockholders (except, as described above, for cash received in respect of a fractional share of Aptevo common stock).

Depending on the circumstances, under the tax matters agreement, Aptevo may be required to indemnify Emergent for any taxes and related expenses arising from the failure of the distribution, together with certain related transactions, to qualify as tax-free under Sections 355 and 368(a)(1)(D) of the Code (including as a result of the application of Section 355(e) of the Code). In general, Aptevo is required to indemnify Emergent for such taxes and related expenses to the extent that the failure to so qualify is attributable to actions, events or transactions relating to Aptevo's stock, assets or business, or a breach of the relevant representations or covenants made by Aptevo in the tax matters agreement or the IRS private letter ruling or in the representation letters provided to WilmerHale LLP. See "Certain Relationships and Related Party Transactions—Tax Matters Agreement" for a more detailed discussion of the tax matters agreement between Emergent and Aptevo.

Information Reporting and Backup Withholding

Payments to Emergent stockholders of cash in lieu of fractional shares of Aptevo common stock may be subject to information reporting and to backup withholding, unless such holder delivers a properly completed IRS Form W-9 certifying such holder's correct U.S. taxpayer identification number and certain other information or otherwise establishes a basis for exemption from backup withholding. Backup withholding is not an additional

tax. Any amounts withheld under the backup withholding rules may be refunded or credited against such holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Additional Information to Help Calculate Tax Basis

After completion of the distribution, additional information will be provided to our stockholders concerning the allocation of each stockholder's basis in Emergent common stock prior to the distribution between the shares of Emergent common stock and Aptevo common stock following the distribution, including fractional shares. We intend to provide this information by making it publicly available on the investor websites of Emergent and Aptevo.

Tax Return Statement

U.S. Treasury regulations require each Emergent stockholder who receives shares of Aptevo common stock in the distribution and who, immediately before the distribution, owned at least 5% (by vote or value) of Emergent's total outstanding stock to attach to the holder's U.S. federal income tax return for the year in which the distribution occurs a statement setting forth the information required by Treasury Regulation section 1.355-5(b).

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

DESCRIPTION OF APTEVO'S CAPITAL STOCK

The following description of our capital stock is intended as a summary only and therefore is not a complete description of our capital stock. This description is based upon, and is qualified by reference to, our certificate of incorporation and by-laws, which will be restated prior to the separation, and applicable provisions of Delaware corporate law. You should read our certificate of incorporation and by-laws, to be in effect at the time of the distribution, which are filed as exhibits to Aptevo's registration statement on Form 10, of which this information statement forms a part, for the provisions that are important to you.

Our authorized capital stock consists of 500,000,000 shares of common stock, $0.001 par value per share, and 15,000,000 shares of preferred stock, $0.001 par value per share. Immediately following the distribution, Aptevo expects that approximately ● shares of common stock will be issued and outstanding and no shares of preferred stock will be issued and outstanding.

Common Stock

Stockholder Meetings. Annual meetings of our stockholders will be held on the date designated in accordance with our by-laws. Written notice must be mailed to each stockholder entitled to vote not less than ten nor more than 60 days before the date of the meeting. The presence in person or by proxy of the holders of record of a majority of our issued and outstanding shares entitled to vote at such meeting constitutes a quorum for the transaction of business at meetings of the stockholders. Special meetings of the stockholders may be called for any purpose by our Board of Directors, our Chairman of the Board of Directors or our Chief Executive Officer, but such special meetings may not be called by any other person or persons. Except as may be otherwise provided by applicable law, our restated certificate of incorporation or our by-laws, all elections shall be decided by a plurality, and all other questions shall be decided by a majority, of the votes cast by stockholders entitled to vote thereon at a duly held meeting of stockholders at which a quorum is present.

Voting Rights. The holders of our common stock will be entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of our common stock are entitled to vote and do not have cumulative voting rights. An election of directors by our stockholders is determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

Dividends . Holders of our common stock will be entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

Liquidation and Dissolution. In the event of our liquidation or dissolution, the holders of our common stock will be entitled to receive ratably all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

Other Rights. Holders of our common stock will have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock will be subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

We will be authorized to issue "blank check" preferred stock, which may be issued in one or more series upon authorization of our board of directors. Our board of directors will be authorized to fix the designation of the series, the number of authorized shares of the series, dividend rights and terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences and any other rights, powers, preferences and limitations applicable to each series of preferred stock. The authorized shares of our preferred stock will be available for issuance without further action by our stockholders, unless such action is required by applicable law or the rules of any stock exchange on which our securities may be listed. If the approval of our stockholders is not required for the issuance of shares of our preferred stock, our board may determine not to seek stockholder approval.

A series of our preferred stock could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. Our board of directors will make any determination to issue preferred shares based upon its judgment as to the best interests of our stockholders. Our directors, in so acting, could issue preferred stock having terms that could discourage an acquisition attempt through which an acquirer may be able to change the composition of our board of directors, including a tender offer or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of the stock.

Provisions of Our Certificate of Incorporation and By-laws and Delaware Law That May Have Anti-Takeover Effects

Our certificate of incorporation and by-laws and Delaware law will contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

We expect that Fuad El-Hibri, our chairman, will be the beneficial owner of approximately ●% of our outstanding common stock upon completion of the separation and distribution, based on the number of shares of Emergent common stock beneficially owned by Mr. El-Hibri as of ●, 2016. As a result, Mr. El-Hibri will have significant influence over the election of the members of our board of directors. This control could discourage others from initiating a potential merger, takeover or other change of control transaction that other stockholders may view as beneficial.

Number of Directors. Subject to the rights of holders of any series of preferred stock to elect directors, our board of directors will establish the number of directors.

Staggered Board; Removal of Directors. Our certificate of incorporation and our by-laws will divide our directors into three classes with staggered three-year terms. Each class will consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. Our directors may be removed from office only for cause and only by the affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote.

Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by the vote of a majority of our directors then in office, although less than a quorum. The classification of our board of directors and the limitations on the removal of directors and filling of vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

Stockholder Action by Written Consent; Special Meetings. Our certificate of incorporation and our by-laws will provide that, after such time as Emergent and its subsidiaries, collectively, cease to own a majority of the voting power of all outstanding stock entitled to vote, any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Our certificate of incorporation and our by-laws also will provide that, except as otherwise required by law, special meetings of our stockholders can only be called by our board of directors, our chairman of the board or our Chief Executive Officer.

Advance Notice Requirements. Our by-laws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to the board of directors. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder’s intention to bring such

business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

Delaware Business Combination Statute. Section 203 of the DGCL is applicable to us. Section 203 of the DGCL restricts some types of transactions and business combinations between a corporation and a 15% stockholder. A 15% stockholder is generally considered by Section 203 to be a person owning 15% or more of the corporation's outstanding voting stock. Section 203 refers to a 15% stockholder as an "interested stockholder." Section 203 restricts these transactions for a period of three years from the date the stockholder acquires 15% or more of our outstanding voting stock. With some exceptions, unless the transaction is approved by the board of directors and the holders of at least two-thirds of the outstanding voting stock of the corporation, Section 203 prohibits significant business transactions such as:

- a merger with, disposition of significant assets to or receipt of disproportionate financial benefits by the interested stockholder, and
- any other transaction that would increase the interested stockholder's proportionate ownership of any class or series of our capital stock.

The shares held by the interested stockholder are not counted as outstanding when calculating the two-thirds of the outstanding voting stock needed for approval.

The prohibition against these transactions does not apply if:

- prior to the time that any stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction in which such stockholder acquired 15% or more of our outstanding voting stock, or
- the interested stockholder owns at least 85% of our outstanding voting stock as a result of a transaction in which such stockholder acquired 15% or more of our outstanding voting stock. Shares held by persons who are both directors and officers or by some types of employee stock plans are not counted as outstanding when making this calculation.

Super-Majority Voting. The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless a corporation's certificate of incorporation or by-laws, as the case may be, requires a greater percentage. The affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote will be required to amend or repeal the provisions of our certificate of incorporation described in this section entitled "Provisions of Our Certificate of Incorporation and By-laws and Delaware Law That May Have Anti-Takeover Effects." The affirmative vote of either a majority of the directors present at a meeting of our board of directors or holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote will be required to amend or repeal our by-laws.

Limitation of Liability and Indemnification of Officers and Directors

Our certificate of incorporation will contain provisions permitted under the DGCL relating to the liability of directors. The provisions eliminate a director's liability for monetary damages for a breach of fiduciary duty, except in circumstances involving wrongful acts, such as the breach of a director's duty of loyalty or acts or omissions that involve intentional misconduct or a knowing violation of law. Further, our certificate of incorporation will contain provisions to indemnify our directors and officers to the fullest extent permitted by the DGCL. We will enter into agreements to indemnify our directors and executive officers. These agreements, among other things, will provide that we will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as a director, officer, manager, employee, agent or representative of us. The indemnification agreements will also establish the procedures that will apply in the event a director or officer makes a claim for indemnification.

Exclusive Forum

Aptevo's amended and restated by-laws will provide that unless Aptevo consents in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Aptevo, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee or stockholder of Aptevo to Aptevo or Aptevo's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim arising pursuant to any provision of Aptevo's amended and restated certificate of incorporation or by-laws or governed by the internal affairs doctrine.

Registration Rights

Holders of an aggregate of approximately ● shares of our common stock immediately following the distribution will have the right to require us to register these shares of common stock under the Securities Act under specified circumstances, including any additional shares issued or distributed by way of a dividend, stock split or other distribution in respect of these shares.

Demand Registration Rights. Subject to specified limitations, holders of these registrations rights may require that Aptevo register all or part of Aptevo common stock subject to the registration rights for sale under the Securities Act. These holders may demand registration of Aptevo common stock so long as the offering price to the public of the shares requested to be registered is at least $25,000,000. Aptevo is required to effect only one demand registration, subject to specified exceptions.

Incidental Registration Rights. If Aptevo proposes to file a registration statement under the Securities Act either for its own account or for the account of other stockholders (other than in connection with a registration statement on Form S-8 or Form S-4 or to cover securities proposed to be issued in exchange for securities or assets of another corporation), the holders of registrable shares will be entitled to notice of the registration and Aptevo will be required to use its commercially reasonable efforts to register all or a portion of any registrable shares then held by such holders that they request that Aptevo register. In the event that any registration in which the holders of registrable shares participate pursuant to the Aptevo stockholders agreement is an underwritten public offering, Aptevo agrees to enter into an underwriting agreement containing such terms as are customary.

Limitations and Expenses. With specified exceptions, the right to include shares in a registration is subject to the right of underwriters for the offering to limit the number of shares included in the offering. Aptevo is required to pay one-half of all fees, costs and expenses of any demand registration, other than underwriting discounts and commissions.

Listing

Aptevo has applied to have its shares of common stock listed on The NASDAQ Global Market under the symbol "APVO."

Sale of Unregistered Securities

On February 22, 2016, Aptevo issued 1,000 shares of its common stock, par value $0.001 per share, to Emergent pursuant to Section 4(2) of the Securities Act. Aptevo did not register this issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for Aptevo's common stock will be Broadridge Financial Solutions, Inc.

WHERE YOU CAN FIND MORE INFORMATION

Aptevo has filed a registration statement on Form 10 with the SEC with respect to the shares of Aptevo common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Aptevo and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, Aptevo will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

Aptevo intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. Aptevo has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Ernst & Young LLP,
Independent Registered Public Accounting Firm,
on the Audited Combined Financial Statements

The Board of Directors and Stockholders of Emergent BioSolutions Inc.

We have audited the accompanying combined balance sheets of the Biosciences Business of Emergent BioSolutions Inc. (as defined in Note 1, the "Company") as of December 31, 2015 and 2014, and the related combined statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Biosciences Business of Emergent BioSolutions Inc. at December 31, 2015 and 2014, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

McLean, Virginia
April 15, 2016

The Biosciences Business of Emergent BioSolutions Inc.
Combined Balance Sheets
(in thousands)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,637	$ 3,593
Accounts receivable, net	6,456	13,820
Inventories	20,322	17,625
Income taxes receivable	1,376	1,310
Prepaid expenses and other current assets	2,343	5,203
Total current assets	35,134	41,551
Property, plant and equipment, net	4,179	3,202
In-process research and development	41,800	50,100
Intangible assets, net	17,441	11,216
Goodwill	13,902	13,902
Total assets	$ 112,456	$ 119,971
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,084	$ 11,472
Accrued compensation	3,334	4,118
Contingent consideration	444	1,119
Provisions for chargebacks	2,238	2,246
Deferred revenue, current portion	3,843	880
Total current liabilities	19,943	19,835
Deferred revenue, net of current portion	3,318	3,661
Deferred income taxes	506	1,867
Other liabilities	71	—
Total liabilities	23,838	25,363
Stockholders' equity:		
Net investment from Emergent	320,606	267,279
Accumulated deficit	(231,988)	(172,671)
Total stockholders' equity	88,618	94,608
Total liabilities and stockholders' equity	$ 112,456	$ 119,971

The accompanying notes are an integral part of the combined financial statements.

The Biosciences Business of Emergent BioSolutions Inc.
Combined Statements of Operations
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Product sales	$ 27,947	$ 30,036	$ —
Collaborations	5,654	15,595	170
Revenues	33,601	45,631	170
Operating expense:			
Cost of product sales	16,933	16,254	—
Research and development	34,726	46,589	38,074
Selling, general and administrative	43,042	34,280	15,451
Loss from operations	(61,100)	(51,492)	(53,355)
Other (expense) income, net	(237)	(222)	18
Loss before benefit from income taxes	(61,337)	(51,714)	(53,337)
Benefit from income taxes	(2,020)	(599)	—
Net and comprehensive loss	$(59,317)	$(51,115)	$(53,337)

The accompanying notes are an integral part of the combined financial statements.

The Biosciences Business of Emergent BioSolutions Inc.
Combined Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net loss	$(59,317)	$ (51,115)	$(53,337)
Adjustments to reconcile to net cash provided by (used in) operating activities:			
Stock-based compensation expense	1,107	1,074	955
Depreciation and amortization	2,907	2,021	666
Deferred income taxes	(1,361)	117	—
Change in fair value of contingent obligations	214	304	—
Provision for allowance for doubtful accounts	3,481	—	—
Other	—	—	(18)
Changes in operating assets and liabilities:			
Accounts receivable	3,884	(6,134)	(8)
Inventories	(2,697)	4,954	—
Income taxes	(66)	(716)	—
Prepaid expenses and other assets	2,860	(4,246)	29
Accounts payable	(1,669)	820	121
Accrued expenses and other liabilities	69	(63)	(64)
Accrued compensation	(784)	1,223	264
Provision for chargebacks	(8)	299	—
Deferred revenue	2,620	4,455	—
Net cash used in operating activities	(48,760)	(47,007)	(51,392)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(1,527)	(989)	(1,021)
Acquisition of Cangene Corporation, net of cash	—	(47,811)	—
Net cash used in investing activities	(1,527)	(48,800)	(1,021)
Cash flows from financing activities:			
Net investment from Emergent	52,220	100,104	52,413
Contingent obligation payments	(889)	(704)	—
Net cash provided by financing activities	51,331	99,400	52,413
Net increase in cash and cash equivalents	1,044	3,593	—
Cash and cash equivalents at beginning of year	3,593	—	—
Cash and cash equivalents at end of year	$ 4,637	$ 3,593	$ —

The accompanying notes are an integral part of the combined financial statements.

The Biosciences Business of Emergent BioSolutions Inc.
Combined Statement of Changes in Stockholders' Equity
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Beginning Balance	$ 94,608	$ 44,544	$ 44,513
Net transactions with Emergent	53,327	101,179	53,368
Net loss	(59,317)	(51,115)	(53,337)
Ending Balance	$ 88,618	$ 94,608	$ 44,544

The accompanying notes are an integral part of the combined financial statements.

The Biosciences Business of Emergent BioSolutions Inc.
Notes to the combined financial statements

1. Nature of Business and Basis of Presentation

On August 6, 2015, Emergent BioSolutions Inc. ("Emergent") announced its plan to spin-off Emergent's biosciences business focused on novel oncology and hematology therapeutics into a separate, stand-alone publicly-traded company. The core technology of the new biosciences company will be its ADAPTIR platform applied to immuno-oncology. Emergent will continue to operate as a global specialty life sciences company focused on providing specialty products for civilian and military populations that address intentional and naturally emerging public health threats. In accordance with the separation plan, Emergent will contribute to the new biosciences company, Aptevo Therapeutics Inc., certain biosciences operations, assets and liabilities, including all of the equity interests in the entities that are expected to conduct the new biosciences business, completing the transfer immediately prior to the separation. Aptevo Therapeutics Inc. is a wholly-owned subsidiary of Emergent within its biosciences business and was incorporated in February 2016. Upon formation, and to date, Aptevo Therapeutics Inc. has had no assets, liabilities or results of operations and has 1,000 shares of $0.001 par value common stock outstanding. The Biosciences Business of Emergent BioSolutions Inc. is referred to throughout these combined financial statements as "the Company".

To accomplish the separation, Emergent intends to make a pro rata distribution of all of Aptevo Therapeutics Inc. common stock to Emergent's stockholders. At the time of distribution, Aptevo Therapeutics Inc. will become the parent company of and will hold the assets and liabilities associated with the Biosciences Business of Emergent BioSolutions Inc. The distribution is subject to a number of conditions and approval by Emergent's board of directors.

The accompanying combined financial statements include certain components of Emergent's bioscience business as operated by Emergent during the periods presented. Certain historical operations that were included by Emergent in its bioscience segment have been reallocated to Emergent's continuing operations, and as result these financial statements differ from Emergent's historically reportable bioscience segment. Effective January 1, 2016, Emergent changed its segment presentation to reflect this new structure and recast its biosciences segment reporting for the newly named "Aptevo segment".

The accompanying combined financial statements have been prepared on a standalone basis and are derived from Emergent's consolidated financial statements and accounting records. The combined financial statements reflect the Company's financial position, results of operations, and cash flows as if its business was separately operated as part of Emergent prior to the distribution, in conformity with accounting principles generally accepted in the United States (GAAP).

The combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Emergent corporate level but which are specifically identifiable or allocable to the Company. All of the Company's intracompany transactions and accounts have been eliminated. All intercompany transactions between the Company and Emergent are considered to be effectively settled in the combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statement of cash flows as a financing activity and in the combined balance sheet as a net investment from Emergent.

The Company's combined financial statements include an allocation of expenses related to certain Emergent corporate functions, including senior management, legal, human resources, finance, information technology, and quality assurance. These expenses have been allocated to the Company based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of expenses, headcount, square footage, or other measures. The Company considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had the Company operated as an independent, publicly-traded company for the periods presented.

The income tax amounts in these combined financial statements have been calculated based on a separate return methodology and presented as if the Company's operations were a standalone taxpayer in each of its tax jurisdictions.

Emergent maintains stock-based compensation plans at a corporate level. The Company's employees participate in those programs and a portion of the cost of those plans is included in the Company's combined financial statements. However, the Company's combined balance sheet does not include any equity awards related to stock-based compensation.

The Company's stockholders equity balances in these combined financial statements represent the excess of total assets over total liabilities, including the net due to/from balances between the Company and Emergent (as net investment from Emergent) and accumulated deficit. The net investment from Emergent is primarily impacted by contributions from Emergent which are the result of net funding provided to the Company.

The Company has a history of operating losses and negative cash flows while operating as part of Emergent and, accordingly, was dependent upon Emergent for its capital funding and liquidity needs. In addition, development activities, clinical and pre-clinical testing and commercialization of the Company's products, if approved, will require significant additional funding. The Company could delay clinical trial activity or reduce funding of specific programs in order to further extend the cash burn. In accordance with the separation agreement, Emergent has committed to providing the Company with a total of $60 million in cash funding, $40 million upon the spin-off and $20 million within six to 12 months after the separation. Management believes this funding will support the Company's operations for at least the next 12 months following the separation, based on current operating plans and financial forecasts. The accompanying combined financial statements are prepared on a going concern basis and the Company, post separation, is solely responsible for its financial performance and meeting its capital requirements.

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash equivalents

Cash equivalents are highly liquid investments with a maturity of 90 days or less at the date of purchase and include time deposits and investments in money market funds with commercial banks and financial institutions.

Fair value of financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair value due to their short term nature.

Significant customers and accounts receivable

When appropriate, the Company records an allowance for doubtful accounts based upon its assessment of collectability. The Company performs ongoing credit evaluations of its customers and generally does not require collateral.

Accounts receivable at December 31, 2015 and 2014 primarily represent amounts due to the Company from its commercial wholesalers. For the year ended December 31, 2014, the Company had one customer whose

accounts receivable balance was approximately 47% of total accounts receivable. For the year ended December 31, 2015, no individual customer accounts receivable balance was a significant percentage of total accounts receivable.

Concentrations of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Company places its cash and cash equivalents with high quality financial institutions and may maintain cash balances in excess of insured limits. Management believes that the financial risks associated with its cash and cash equivalents are minimal.

Inventories

Inventories, including purchased inventories, are stated at the lower of cost or market with cost being determined using a standard cost method, which approximates weighted-average cost. Average cost consists primarily of material, labor and manufacturing overhead expenses (including allocation of fixed production-overhead costs) and includes the services and products of third-party suppliers. The Company analyzes its inventory levels quarterly and writes down, in the applicable period, inventory that has become obsolete, inventory that has a cost basis in excess of its expected net realizable value and inventory in excess of expected customer demand. the Company also writes off, in the applicable period, the costs related to expired inventory.

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building improvements	10-39 years
Furniture and equipment	3-15 years
Software	3-7 years or product life
Leasehold improvements	Lesser of the asset life or the remaining lease term

Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations. Repairs and maintenance costs are expensed as incurred.

Income taxes

Income taxes are accounted for using the liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and research and development tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.

The Company’s ability to realize deferred tax assets depends upon future taxable income as well as the limitations discussed below. For financial reporting purposes, a deferred tax asset must be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized prior to expiration. The Company considers future taxable income and ongoing tax planning strategies in assessing the need for valuation allowances. In general, if the Company determines that it is more likely than not to realize more than the recorded amounts of net deferred tax assets in the future, the Company will reverse all or a portion of the valuation allowance established against its deferred tax assets, resulting in a decrease to the provision for income taxes in the period in which the determination is made. Likewise, if the Company determines that it is not more likely than not to realize all or part of the net deferred tax asset in the future, the Company will establish a valuation allowance against deferred tax assets, with an offsetting increase to the provision for income taxes, in the period in which the determination is made.

Because tax laws are complex and subject to different interpretations, significant judgment is required. As a result, the Company makes certain estimates and assumptions, in (1) calculating the Company's income tax expense, deferred tax assets and deferred tax liabilities, (2) determining any valuation allowance recorded against deferred tax assets and (3) evaluating the amount of unrecognized tax benefits, as well as the interest and penalties related to such uncertain tax positions. The Company's estimates and assumptions may differ significantly from tax benefits ultimately realized.

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU No. 2015-17"). The amendments in ASU No. 2015-17 change the presentation requirements for deferred tax assets and liabilities, along with any related valuation allowance, to classify the balances solely as noncurrent on the balance sheet. As a result, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The amendments in ASU No. 2015-17 are effective for years beginning after December 15, 2017, and early adoption is permitted. The Company has elected to adopt the accounting standard for the years ended December 31, 2015 and 2014. Prior periods in the Company's combined financial statements were not retrospectively adjusted.

Revenue recognition

The Company recognizes revenues if four basic criteria have been met (1) there is persuasive evidence of an arrangement, (2) delivery has occurred or services have been rendered, (3) the fee is fixed or determinable and (4) collectability is reasonably assured.

The Company markets and sells its products through commercial wholesalers (direct customers) who purchase the products at a price referred to as the wholesale acquisition cost ("WAC"). Additionally, the Company may enter into separate agreements with indirect customers to acquire its products for a contracted price that is less than the product's WAC. The indirect customers, such as group-purchasing organizations, physician practice-management groups and hospitals, continue to purchase the Company's products from the wholesalers, but at their respective contractual prices. Per its wholesaler agreements, the Company guarantees to credit the wholesaler for the difference between the WAC and the indirect customers' contracted price. This credit is referred to as a chargeback and revenues from product sales are recorded net of estimated chargebacks. Adjustments to the chargeback provisions are made periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results.

All revenues from product sales are also recorded net of applicable allowances for sales and government rebates, special promotional programs, and discounts. These allowances are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels, contract terms, and actual discounts offered. In arriving at these estimates, the Company further utilizes information received from third parties including market data, inventory reports from major wholesalers, historical information and analysis. These estimates are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates and reflect other limitations.

The Company defers the recognition of revenue from the sales of new product introductions until the commercial wholesalers resell the product to the healthcare providers. This is due to the inherent uncertainties in estimating normal wholesaler inventory levels of new products in addition to extended payment terms and expanded return rights that allow the wholesalers to return the product. Once the Company gains enough historical experience to reasonably estimate allowances for chargebacks, rebates and other discounts, revenue from sales and the related allowances are recognized upon sale to the wholesaler. As of December 31, 2015, the Company had $3.3 million of deferred revenue for sales related to the IXINITY product introduction during 2015.

Revenue generating collaborative research and development agreements may contain one or more provisions including licensing, research services and milestone deliverables. The Company analyzes its multiple

element revenue generating arrangements to determine whether the elements can be separated and accounted for individually as separate units of accounting. An item can generally be considered a separate unit of accounting if both of the following criteria are met: (1) the delivered item(s) has value to the customer on a standalone basis and (2) if the arrangement includes a general right of return and delivery, the performance of the undelivered item(s) is considered probable and substantially in the control of the Company. Items that cannot be divided into separate units are consolidated with other units of accounting, as appropriate. Consideration to be received is allocated among the separate units based on each unit's relative selling price and is then recognized when the appropriate revenue recognition criteria are met. The Company deems services to be rendered if no continuing obligation exists on the part of the Company.

Revenue associated with non-refundable upfront license fees that can be treated as a single unit of accounting is recognized when all ongoing obligations have been delivered. Revenue associated with non-refundable upfront license fees under arrangements where the license fees and research and development activities cannot be accounted for as separate units of accounting is deferred and recognized as revenue either on a straight-line basis over the Company's continued involvement in the research and development process or based on the proportional performance of the Company's expected future obligations under the contract.

Revenues from the achievement of research and development milestones, if deemed substantive, are recognized as revenue when the milestones are achieved and the milestone payments are due and collectible. Milestones are considered substantive if all of the following conditions are met: (1) the milestone is non-refundable, (2) achievement of the milestone was not reasonably assured at the inception of the arrangement, (3) substantive effort is involved to achieve the milestone and (4) the amount of the milestone payment appears reasonable in relation to the effort expended. If not deemed substantive, the Company recognizes such milestone as revenue on a straight-line basis over the remaining expected term of continued involvement in the research and development process. Payments received in advance of revenue recognized are recorded as deferred revenue.

In May 2014, the FASB issued ASU No. 2014-09, Revenue From Contracts With Customers (Topic 606) Section A—Summary and Amendments That Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40) ("ASU No. 2014-09"). ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, as well as most industry-specific guidance, and enhances comparability of revenue recognition practices across entities and industries by providing a principles-based, comprehensive framework for addressing revenue recognition issues. In order for a provider of promised goods or services to recognize as revenue the consideration that it expects to receive in exchange for the promised goods or services, the provider should apply the following five steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU No. 2014-09 also specifies the accounting for some costs to obtain or fulfill a contract with a customer and provides enhanced disclosure requirements. The FASB has deferred ASU No. 2014-09 for one year, and with that deferral, the standard will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. The Company is permitted to use either the retrospective or the modified retrospective method when adopting ASU No. 2014-09. The Company is assessing the potential impact that ASU No. 2014-09 will have on its combined financial statements and disclosures.

Mergers and Acquisitions

In a business combination, the acquisition method of accounting requires that the assets acquired and liabilities assumed be recorded as of the date of the merger or acquisition at their respective fair values with limited exceptions. Assets acquired and liabilities assumed in a business combination that arise from contingencies are recognized at fair value if fair value can reasonably be estimated. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the

measurement date. Accordingly, the Company may be required to value assets at fair value measures that do not reflect the Company's intended use of those assets. Any excess of the purchase price (consideration transferred) over the estimated fair values of net assets acquired is recorded as goodwill. Transaction costs and costs to restructure the acquired company are expensed as incurred. The operating results of the acquired business are reflected in the Company's combined financial statements after the date of the merger or acquisition

The fair values of intangible assets are determined utilizing information available near the merger or acquisition date based on expectations and assumptions that are deemed reasonable by management. Given the considerable judgment involved in determining fair values, the Company typically obtains assistance from third-party valuation specialists for significant items. The judgments made in determining estimated fair values assigned to assets acquired and liabilities assumed in a business combination, as well as asset lives, can materially affect the Company's results of operations.

The fair values of identifiable intangible assets related to currently marketed products and product rights are primarily determined by using an "income approach" through which fair value is estimated based on each asset's discounted projected net cash flows. The Company's estimates of net cash flows consider historical and projected pricing, margins and expense levels, the performance of competing products where applicable, relevant industry and therapeutic area growth drivers and factors, current and expected trends in technology and product life cycles, the time and investment that will be required to develop products and technologies, the ability to obtain marketing and regulatory approvals, the ability to manufacture and commercialize the products, the extent and timing of potential new product introductions by the Company's competitors, and the life of each asset's underlying patent, if any. The net cash flows are then probability-adjusted where appropriate to consider the uncertainties associated with the underlying assumptions, as well as the risk profile of the net cash flows utilized in the valuation. The probability-adjusted future net cash flows of each product are then discounted to present value utilizing an appropriate discount rate.

The fair values of identifiable intangible assets related to in-process research and development ("IPR&D") are determined using an income approach, through which fair value is estimated based on each asset's probability-adjusted future net cash flows, which reflect the different stages of development of each product and the associated probability of successful completion. The net cash flows are then discounted to present value using an appropriate discount rate. Amounts allocated to acquired IPR&D are capitalized and accounted for as indefinite-lived intangible assets. Upon successful completion of each project, the Company will make a separate determination as to the then useful life of the asset and begin amortization.

In process research and development and long-lived assets

The Company assesses IPR&D assets for impairment on an annual basis or more frequently if indicators of impairment are present. The Company's annual assessment includes a comparison of the fair value of IPR&D assets to existing carrying value, and recognizes an impairment when the carrying value is greater than the determined fair value. The Company believes that the assumptions used in valuing the intangible and IPR&D assets are reasonable and are based upon its best estimate of likely outcomes of sales and clinical development. The underlying assumptions and estimates used to value these assets are subject to change in the future, and actual results may differ significantly from the assumptions and estimates. The Company has selected October 1 as its annual impairment test date for indefinite-lived intangible assets.

The Company assesses the recoverability of its long-lived assets or asset groups for which an indicator of impairment exists by determining whether the carrying value of such assets can be recovered through undiscounted future operating cash flows. If the Company concludes that the carrying value will not be recovered, the Company measures the amount of such impairment by comparing the fair value to the carrying value of the assets or asset groups.

Goodwill

The Company assesses the carrying value of goodwill for impairment on an annual basis or whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. The Company utilizes either: (1) a two-step impairment test, which is a quantitative analysis, or (2) a step zero test, which is a qualitative analysis.

If the Company is required to do a two-step test, it would compare the fair value of its reporting unit to the carrying value of the reporting unit, the first step. If the carrying value of the reporting unit exceeds its fair value, then the second step of the impairment test is performed in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference is recognized. The Company calculates the fair value of the reporting unit utilizing the income approach. The income approach utilizes a discounted cash flow model, using a discount rate based on the Company's estimated weighted average cost of capital.

If the Company is not required to do a quantitative analysis, it will evaluate goodwill using the qualitative assessment method, which permits companies to qualitatively assess whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. The Company considers developments in its operations, the industry in which it operates and overall macroeconomic factors that could have affected the fair value of the reporting unit since the date of the most recent quantitative analysis of the reporting unit's fair value.

The determination of the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. The estimates and assumptions used in calculating fair value include identifying future cash flows, which requires that the Company make a number of critical legal, economic, market and business assumptions that reflect best estimates as of the testing date. The Company's assumptions and estimates may differ significantly from actual results, or circumstances could change that would cause the Company to conclude that an impairment now exists or that it previously understated the extent of impairment. The Company selected October 1 as its annual impairment test date for goodwill.

Contingent Consideration

The Company records contingent consideration associated with sales based royalties at fair value. The fair value model used to calculate this obligation is based on the income approach (a discounted cash flow model) that has been risk adjusted based on the probability of achievement of net sales and achievement of the milestones. The inputs the Company use for determining the fair value of the contingent consideration associated with sales based royalties are Level 3 fair value measurements. The Company re-evaluates the fair value on a quarterly basis. Changes in the fair value can result from adjustments to the discount rates and updates in the assumed timing of or achievement of net sales. Any future increase in the fair value of the contingent consideration associated with sales based royalties are based on an increased likelihood that the underlying net sales will be achieved.

The associated payment or payments which will therefore become due and payable for sales based royalties will result in a charge to cost of product sales in the period in which the increase is determined. Similarly, any future decrease in the fair value of contingent consideration associated with sales based royalties will result in a reduction in cost of product sales.

Research and development

Research and development costs are expensed as incurred. Research and development costs primarily consist of internal labor costs, fees paid to outside service providers and the costs of materials used in clinical trials and research and development. Other research and development expenses include facility, maintenance and related support expenses.

A substantial portion of the Company's pre-clinical studies and all of its clinical studies have been performed by third-party contract research organizations ("CRO"). The Company reviews the activities performed by the CRO's each period. For pre-clinical studies, the significant factors used in estimating accruals include the percentage of work completed to date and contract milestones achieved. For clinical study expenses, the significant factors used in estimating accruals include the number of patients enrolled and percentage of work completed to date. The Company's estimates are highly dependent upon the timeliness and accuracy of the data provided by its CRO's regarding the status of each program and total program spending and adjustments are made when deemed necessary.

Segment reporting

The Company has determined that it operates in a single segment: the discovery, development, commercialization and sale of novel oncology and hematology therapeutics.

3. Acquisitions

Cangene Corporation

On February 21, 2014, Emergent acquired 100% of the ownership interest of Cangene Corporation ("Cangene") for a total cash purchase price of $221.5 million. This transaction was accounted for by Emergent under the acquisition method of accounting and the assets and liabilities of Cangene were recorded as of the acquisition date at their respective fair values. These combined financial statements only reflect those assets acquired and liabilities assumed associated with the Company's business, representing $48.6 million of the total $221.5 million purchase price.

The table below summarizes the allocation of the Company's portion of the purchase price based upon estimated fair values of the Company's assets acquired and liabilities assumed:

(in thousands)	February 21, 2014
Fair value of tangible assets acquired and liabilities assumed:	
Acquired assets	$ 32,290
Assumed liabilities(i)	(12,910)
Total fair value of tangible assets acquired and liabilities assumed	19,380
Acquired in-process research and development	8,300
Acquired intangible assets	12,509
Goodwill	8,399
Total purchase price	$ 48,588

(i) Assumed liabilities includes contingent purchase consideration of $1.5 million associated with the acquisition of HepaGam B by Cangene.

The table below summarizes the fair value of intangible assets acquired and the estimated amortization periods:

(in thousands)	Amount	Amortization Period in Years
Corporate tradename	$ 1,309	5
Marketed products	8,100	10
Licensed products	3,100	7
Total intangible assets	$12,509	

The marketed products intangible asset consists of WinRho® SDF [Rho(D) Immune Globulin Intravenous (Human)] and VARIZIG® (Varicella Zoster Immune Globulin (Human)]. The licensed products intangible asset primarily consists of HepaGam B® (Hepatitis B Immune Globulin Intravenous (Human). In addition, as of the date of acquisition, the intangible asset associated with IPR&D acquired from Cangene was the IXINITY product candidate.

4. Fair value measurements

The fair value hierarchy under the accounting standards for fair value measurements consists of the following three levels:

Level 1—Observable inputs for identical assets or liabilities such as quoted prices in active markets;

Level 2—Inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3—Unobservable inputs in which little or no market data exists, which are therefore developed by the Company's management using estimates and assumptions that reflect those that a market participant would use.

The Company does not have any fair value measurements done on a recurring basis other than the contingent consideration acquired in the Cangene acquisition. The fair value of contingent consideration obligation associated with HepaGam B changes as a result of management's assessment of discount rates and updates to the projected and actual sales achievement of HepaGam B, which are inputs that have no observable market (Level 3). For the years ended December 31, 2015 and 2014, the contingent purchase consideration obligation increased by $0.2 million and $0.3 million, respectively. These adjustments are primarily due to the differences between the actual and expected timing and volume of HepaGam B sales. The incremental impact is recorded in the accompanying combined statement of operations as cost of product sales.

The following table is a reconciliation of the beginning and ending balance of the liabilities (contingent consideration) measured at fair value using significant unobservable inputs (Level 3) during the years ended December 31, 2015 and 2014.

(in thousands)	
Balance at December 31, 2013	$ —
Expense (income) included in earnings	304
Settlements	(704)
Purchases, sales and issuances	1,519
Transfers in/(out) of Level 3	—
Balance at December 31, 2014	$1,119
Expense (income) included in earnings	214
Settlements	(889)
Purchases, sales and issuances	—
Transfers in/(out) of Level 3	—
Balance at December 31, 2015	$ 444

5. MorphoSys collaboration agreement

In August 2014, the Company entered into a collaboration agreement ("MorphoSys Agreement") with MorphoSys AG ("MorphoSys") for the joint worldwide development and commercialization of MOR209/ES414, a targeted immunotherapeutic protein, which activates host T-cell immunity specifically against cancer cells

expressing prostate specific membrane antigen, an antigen commonly overexpressed on prostate cancer cells. MOR209/ES414 was constructed using the Company's proprietary ADAPTIR platform technology.

In accordance with the initial terms of the MorphoSys Agreement, the Company received a nonrefundable $20.0 million upfront payment and could have received up to $163.0 million in additional contingent payments, comprised of up to $80.0 million and up to $83.0 million, respectively, due upon the achievement of specified development and regulatory milestones. MorphoSys and the Company jointly agreed to fund further development of MOR209/ES414, with the Company being responsible for 36% of the total development costs and MorphoSys responsible for the remainder, with the Company's funding requirement capped at $186.0 million. The Company's development effort includes the performance of non-clinical, clinical, manufacturing and regulatory activities. The Company retains commercialization rights in the U.S. and Canada, with a tiered royalty obligation to MorphoSys, ranging from mid-single digit up to 20% of sales. MorphoSys has worldwide commercialization rights excluding the U.S. and Canada, with a low single digit royalty obligation to the Company.

In December 2015, after a joint review of data from the ongoing Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, the Company and MorphoSys decided to adjust the dosing regimen and administration of MOR209/ES414. The Company plans to continue the current clinical trial under an amended protocol with recruitment to start around mid-2016. As a result of the revised dosing regimen and administration and the resultant impact to overall development timeline and technical risk, the MorphoSys Agreement was restructured. In December 2015, the Company and MorphoSys amended the collaboration agreement to (1) decrease the additional contingent payments due the Company upon the achievement of specified development and regulatory milestones of up to $32.5 million and up to $41.5 million, respectively, (2) change the total funding requirement cap for the Company to up to approximately $250.0 million and (3) change the jointly funded development cost allocation to the following:

- 2016: the Company is responsible for 75%; MorphoSys responsible for 25%
- 2017-2018: the Company is responsible for 49%; MorphoSys responsible for 51%
- 2019 and beyond: the Company is responsible for 36%; MorphoSys responsible for 64%

In addition, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial.

The Company evaluated the MorphoSys Agreement and determined that it was a revenue arrangement with multiple deliverables or performance obligations. The Company determined there were two units of accounting under the MorphoSys Agreement: (1) the delivered license to further develop and commercialize MOR209/ES414 and (2) undelivered items related to development services. The Company determined that the license had standalone value as the drug candidate has been (1) developed and is currently Phase 1 clinical trial ready, (2) MorphoSys possesses the knowledge, technology, skills, experience and infrastructure necessary to complete all further development of the drug through commercialization, and (3) MorphoSys has the right to further sublicense the product. The Company allocated the $20.0 million upfront payment to the two units of accounting using the relative selling price method. The Company determined the estimated selling price for the license using the income approach and an appropriate discount rate. The estimated selling price includes unobservable inputs (Level 3), such as estimates of revenues and operating margins; the time and resources needed to complete the development and approval of the product candidate; and the risk related to the viability of and potential for alternative treatments. The Company determined the estimated selling price of the development services unit of accounting based on the estimated number of full-time equivalent personnel at the contractual rate as defined in the MorphoSys Agreement, whose rates and terms approximate those of other Emergent or the Company service related contracts and those observed generally through other collaboration negotiations. The allocation resulted in $15.3 million of the $20.0 million upfront payment being allocated to the license and $4.7 million being allocated to the development services. The Company determined the license fee unit of accounting

was delivered and completed on the date the MorphoSys Agreement was executed and thus recognized $15.3 million of license revenue in August 2014. Revenue related to the development services is recognized as the services are performed with $0.7 million and $0.2 million, respectively, recognized in the years ended December 31, 2015 and 2014. The current estimated service period for the undelivered development services under the MorphoSys Agreement is through 2023.

Further, the Company determined that contingent payments for the achievement of the development and regulatory milestones are substantive milestones and will be accounted for as revenue in the period in which the milestones are achieved. The Company received a $5.0 million milestone payment from MorphoSys reflecting the initiation of a Phase I clinical study to evaluate the safety, tolerability, and clinical activity of MOR209/ES414 in patients with metastatic castration-resistant prostate cancer. The Company recognized this substantive milestone achievement payment as research and development revenue during the year ended December 31, 2015.

The MorphoSys Agreement provides for the sharing of development and clinical costs related to MOR209/ES414. In the event the Company's share of the total cost incurred for a given quarter exceeds its pro rata limit, the Company records a receivable from MorphoSys for the excess and reduces research and development expense by this amount. Accordingly, for the years ended December 31, 2015 and 2014, the Company has recorded a reduction to research and development expense of $4.3 million and $1.5 million, respectively.

As of December 31, 2015 and 2014, the MorphoSys Agreement related accounts receivable balance was $0.5 million and $1.0 million, respectively, and the related total deferred revenue balance was $3.9 million and $4.5 million, respectively.

6. Accounts receivable

For the year ended December 31, 2015, the Company recorded an allowance for uncollectible accounts of approximately $3.5 million in the Company's combined statement of operations as selling, general and administrative expense. As of December 31, 2014, no allowance for doubtful accounts was recorded as the collection history from the Company's customers indicated that collection was probable.

7. Inventories

Inventories consist of the following:

	December 31,	
(in thousands)	**2015**	**2014**
Raw materials and supplies	$ 6,520	$ 8,252
Work-in-process	4,730	2,986
Finished goods	9,072	6,387
Total inventories	$20,322	$17,625

CMC ICOS Biologics, Inc., ("CMC"), is the exclusive manufacturer of bulk drug substance for the IXINITY product. During 2015, the Company ordered nine manufacturing lots of bulk drug substance from CMC. CMC has successfully manufactured and released only one of the nine lots of bulk drug substance ordered by the Company, and has not successfully manufactured or released any lots of bulk drug substance in 2016. If current efforts by CMC to manufacture and release bulk drug substance are not successful, the resulting lack of supply of bulk drug substance could lead to a projected supply shortage of IXINITY requiring notification to the FDA. The inability to supply IXINITY would negatively affect sales, market position and viability and as a result, the realizability of IXINITY related inventory. As of December 31, 2015, the Company had IXINITY related inventory of approximately $2 million that may be subject to impairment if the Company is no longer able to sell the IXINITY product.

8. Property, plant and equipment

Property, plant and equipment consist of the following:

(in thousands)	December 31, 2015	2014
Buildings, building improvements and leasehold improvements	$ 2,152	$ 2,100
Furniture and equipment	6,826	6,246
Software	101	88
Construction-in-progress	957	94
Property, plant and equipment, gross	10,036	8,528
Less: Accumulated depreciation and amortization	(5,857)	(5,326)
Total property, plant and equipment, net	$ 4,179	$ 3,202

Depreciation and amortization expense was $0.8 million, $0.7 million and $0.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

9. Intangible assets, in-process research and development and goodwill

As of December 31, 2015, the Company had $41.8 million of IPR&D assets related to the Company's otlertuzumab product candidate. As of December 31, 2014, the Company had $50.1 million of IPR&D comprised of $41.8 million for the otlertuzumab product candidate and $8.3 million related to the IXINITY product candidate. On April 29, 2015, the Food and Drug Administration approved IXINITY for the treatment of Hemophilia B. As a result of the approval, the $8.3 million IXINITY IPR&D asset was reclassified to intangible assets in the Company's combined balance sheets and is being amortized over 10 years from the approval date.

The Company completed its annual impairment assessments for its IPR&D assets and goodwill as of October 1, 2015 and 2014, respectively, and determined that the fair value of the IPR&D assets and its reporting unit was in excess of carrying value.

For the years ended December 31, 2015 and 2014, the Company recorded $2.1 million and $1.3 million, respectively, of intangible asset amortization expense. As of December 31, 2015, the weighted average amortization period remaining for intangible assets was 97 months.

Intangible assets consisted of the following:

(in thousands)	Corporate Trade name	Commercial Products	Total
Cost Basis			
Balance at December 31, 2013	$ —	$ —	$ —
Additions	1,309	11,200	12,509
Balance at December 31, 2014	1,309	11,200	12,509
Additions	—	8,300	8,300
Balance at December 31, 2015	$ 1,309	$ 19,500	$20,809
Accumulated Amortization			
Balance at December 31, 2013	$ —	$ —	$ —
Amortization	(224)	(1,069)	(1,293)
Balance at December 31, 2014	(224)	(1,069)	(1,293)
Amortization	(262)	(1,813)	(2,075)
Balance at December 31, 2015	$ (486)	$ (2,882)	$ (3,368)
Net book value at December 31, 2015	$ 823	$ 16,618	$17,441

Future amortization expense as of December 31, 2015 is as follows:

(in thousands)	
2016	$ 2,345
2017	2,345
2018	2,345
2019	2,121
2020	2,083
2021 and beyond	6,202
Total remaining amortization	$17,441

10. Income taxes

During the periods presented, the Company did not file separate tax returns as it was included in the tax returns of Emergent entities within the respective tax jurisdictions. The income tax provision included in these financial statements was calculated using a separate return basis, as if the Company was a separate taxpayer. Under this approach, the Company determines its current taxes, deferred tax assets and liabilities and related tax expense as if it were filing separate tax returns in each tax jurisdiction.

Significant components of the provisions for income taxes attributable to operations consist of the following:

	Year ended December 31,		
(in thousands)	2015	2014	2013
Current			
International	$ (660)	$(716)	$—
Total current	(660)	(716)	—
Deferred			
International	(1,360)	117	—
Total deferred	(1,360)	117	—
Total benefit from income taxes	$(2,020)	$(599)	$—

The Company's net deferred tax asset (liability) consists of the following:

	December 31,	
(in thousands)	2015	2014
Federal losses carryforward	$ 90,121	$ 75,276
Research and development carryforward	13,026	11,938
Scientific research and experimental development credit carryforward	3,460	4,939
Intangible assets	4,835	5,043
Stock compensation	1,167	765
Foreign deferrals	17,755	11,844
Inventory reserves	1,716	1,916
Fixed assets	1,357	1,727
Other	3,910	4,143
Deferred tax asset	137,347	117,591
Other	(3,364)	(4,105)
Deferred tax liability	(3,364)	(4,105)
Valuation allowance	(134,489)	(115,353)
Net deferred tax liabilities	$ (506)	$ (1,867)

Deferred assets and liabilities are a result of the separate return calculation presentation and may not represent deferred assets and liability balances after the distribution. Certain deferred items may not exist due to utilization by the Emergent group prior to the distribution, together with certain related transactions, or may hold no future value subsequent to the distribution due to the Company's future jurisdictional income projections. Federal net operating losses, research and development credit carryforwards, and stock compensation are examples of deferred items that have been previously utilized or will have no future value to the Company as the distribution, together with certain related transactions, does not result in the transfer of loss carryforwards or tax credit carryforwards to the Company. The Company has determined a valuation allowance is required for financial reporting purposes due to accumulative historic losses on a separate tax return basis as well as the expiration of certain attributes.

As of December 31, 2015 and 2014, the Company has recorded net operating losses of approximately $90.1 million and $75.3 million, respectively, and research and development credits of $13 million and $11.9 million, respectively. In addition, the Company has recorded Canadian loss carryforwards of approximately $17.8 million and $11.8 million, respectively, and Canadian scientific research and experimental development credits in the amount of $3.5 million and $4.9 million, respectively. On a separate return basis, these losses and credits would begin to expire in 2023.

The benefit from income taxes differs from the amount of taxes determined by applying the U.S. federal statutory rate to loss before benefit from income taxes as a result of the following:

	Year ended December 31,		
(in thousands)	2015	2014	2013
US	$(41,648)	$(34,143)	$(53,337)
International	(19,689)	(17,571)	—
Loss before benefit from income taxes	$(61,337)	$(51,714)	$(53,337)
Federal tax at statutory rates	$(21,467)	$(18,131)	$(18,670)
State taxes, net of federal benefit	419	(34)	—
Impact of foreign operations	1,828	1,962	—
Change in valuation allowance	20,563	19,756	21,790
Tax credits	(3,898)	(5,067)	(4,689)
Permanent differences	535	915	1,569
Benefit from income taxes	$ (2,020)	$ (599)	$ —

11. Equity awards program

Emergent maintains various stock programs for the benefit of its officers, directors, and certain employees, including certain of the Company's employees. As the Company receives services in consideration for the participation in these plans, a share-based compensation expense for the awards has been reflected in the accompanying combined statements of operations. The following disclosures represent the Company's allocation of Emergent's programs. The terms and conditions of the stock programs are administered by the Emergent board of directors and the underlying equity instruments are shares of Emergent's common stock. Accordingly, the amounts presented are not necessarily indicative of future performance and do not necessarily reflect the results that the Company would have experienced as an independent, publicly-traded company for the periods presented.

Emergent has two stock-based employee compensation plans, the Third Amended and Restated Emergent BioSolutions Inc. 2006 Stock Incentive Plan (the "2006 Plan") and the Emergent BioSolutions Employee Stock Option Plan (the "2004 Plan" and together with the 2006 Plan, the "Emergent Plans"). Emergent has granted option awards under the Emergent Plans as well as granted restricted stock units under the 2006 Plan. The Emergent Plans have both incentive and non-qualified stock option features. Emergent no longer grants equity

awards under the 2004 Plan. The exercise price of each option must be not less than 100% of the fair market value of the underlying shares on the date of grant. Awards granted generally have a contractual life of no more than 10 years. The terms and conditions of equity awards (such as price, vesting schedule, term and number of shares) under the Emergent Plans are determined by the compensation committee of Emergent's board of directors, which administers the Emergent Plans.

Emergent determines the fair value of restricted stock units using the closing market price of Emergent's common stock on the day prior to the date of grant. Emergent utilizes the Black-Scholes valuation model for estimating the fair value of all stock options granted. Set forth below are the assumptions used in valuing the stock options granted and a discussion of Emergent's methodology for developing each of the assumptions used:

	Year Ended December 31,		
	2015	2014	2013
Expected dividend yield	0%	0%	0%
Expected volatility	34%	35%	39-49%
Risk-free interest rate	1.35%	1.14-1.30%	0.32-0.62%
Expected average life of options	4 years	4 years	4 years

- Expected dividend yield—Emergent does not pay regular dividends on its common stock and does not anticipate paying any dividends in the foreseeable future.
- Expected volatility—a measure of the amount by which a financial variable, such as share price, has fluctuated (historical volatility) or is expected to fluctuate during a period. Emergent analyzed its own historical volatility to estimate expected volatility over the same period as the expected average life of the options.
- Risk-free interest rate—the range of U.S. Treasury rates with a term that most closely resembles the expected life of the option as of the date on which the option is granted.
- Expected average life of options—the period of time that options granted are expected to remain outstanding, based primarily on Emergent's expectation of optionee exercise behavior subsequent to vesting of options.

The following is a summary of option award activity, specific to the Company's employees, under the 2006 Plan:

	2006 Plan		
	Number of Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2014	212,369	$ 21.08	$1,354,845
Granted	50,320	29.00	
Exercised	(92,451)	19.30	
Forfeited	(9,688)	25.54	
Outstanding at December 31, 2015	160,550	$ 24.38	$2,509,435
Exercisable at December 31, 2015	47,391	$ 19.12	$ 923,206

The following is a summary of restricted stock unit award activity, specific to the Company's employees, under the 2006 Plan:

	Number of Shares	Weighted-Average Grant Price	Aggregate Intrinsic Value
Outstanding at December 31, 2014	66,553	$ 22.17	$1,812,238
Granted	28,840	29.56	
Vested	(30,304)	20.22	
Forfeited	(4,843)	25.54	
Outstanding at December 31, 2015	60,246	$ 26.43	$2,410,442

Stock-based compensation expense, specific to the Company's employees, was recorded in the following financial statement line items:

	Years ended December 31,		
(in thousands)	2015	2014	2013
Research and development	$ 813	$ 852	$848
General and administrative	294	222	107
Total stock-based compensation expense	$1,107	$1,074	$955

12. 401(k) savings plan

Emergent has established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. The 401(k) Plan covers substantially all U.S. employees, including certain Company employees. Under the 401(k) Plan, employees may make elective salary deferrals. Emergent currently provides for matching of qualified deferrals up to 50% of the first 6% of the employee's salary. During the years ended December 31, 2015, 2014, and 2013, the Company's related share of matching contributions was approximately $0.3 million, $0.3 million and $0.2 million, respectively.

13. Leases and contingencies

The Company leases laboratory and office facilities, office equipment and vehicles under various operating lease agreements. For the years ended December 31, 2015, 2014 and 2013, total lease expense was $1.8 million, $1.8 million and $1.7 million, respectively.

Future minimum lease payments under operating lease obligations, including any escalation clauses, as of December 31, 2015 were as follows:

(in thousands)	
2016	$1,672
2017	1,618
2018	1,585
2019	1,611
2020	543
Total minimum lease payments	$7,029

The Company has accrued liabilities when it is probable that a loss will be incurred and the amount of loss can be reasonably estimated.

14. Segment reporting

The Company has determined that it operates in a single segment: the discovery, development, commercialization and sale of novel oncology and hematology therapeutics. Therefore, results of operations are reported on a consolidated basis for segment reporting, consistent with internal management reporting. Enterprise-wide disclosures about revenues by product, geographic area and significant customers are presented below.

Our total revenues by major product and geographic area are as follows:

	Year Ended December 31,	
(in thousands)	**2015**	**2014**
WinRho	$14,218	$17,192
HepaGam	10,345	10,450
Other product sales	3,384	2,395
Total product sales	27,947	30,037
Collaborations	5,654	15,594
	$33,601	$45,631

	Year Ended December 31,	
(in thousands)	**2015**	**2014**
United States	$21,338	$30,386
Canada	8,569	7,794
Rest of the world	3,694	7,451
	$33,601	$45,631

Revenues from our significant customers or collaboration partners as a percentage of total revenues are as follows:

	Year Ended December 31,	
	2015	**2014**
Product Sales:		
Canadian Blood Services	20%	13%
Cardinal Health	14%	8%
ASD Healthcare	10%	4%
Collaborations:		
MorphoSys	17%	34%

The Biosciences Business of Emergent BioSolutions Inc.
Condensed Combined Balance Sheets (Unaudited)
(in thousands)

	March 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,072	$ 4,637
Accounts receivable, net	3,458	6,456
Inventories	22,071	20,322
Income taxes receivable	1,387	1,376
Prepaid expenses and other current assets	5,435	2,343
Total current assets	35,423	35,134
Property, plant and equipment, net	4,624	4,179
In-process research and development	41,800	41,800
Intangible assets, net	16,856	17,441
Goodwill	13,902	13,902
Total assets	$ 112,605	$ 112,456
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 12,197	$ 10,084
Accrued compensation	2,182	3,334
Contingent consideration	233	444
Provisions for chargebacks	1,960	2,238
Deferred revenue, current portion	2,118	3,843
Total current liabilities	18,690	19,943
Deferred revenue, net of current portion	3,468	3,318
Deferred income taxes	506	506
Other liabilities	79	71
Total liabilities	22,743	23,838
Stockholders' equity:		
Net investment from Emergent	334,740	320,606
Accumulated deficit	(244,878)	(231,988)
Total stockholders' equity	89,862	88,618
Total liabilities and stockholders' equity	$ 112,605	$ 112,456

The accompanying notes are an integral part of the condensed combined financial statements.

The Biosciences Business of Emergent BioSolutions Inc.
Condensed Combined Statements of Operations (Unaudited)
(in thousands)

	Three months Ended March 31,	
	2016	2015
Revenues:		
Product sales	$ 7,948	$ 6,321
Collaborations	119	5,342
Revenues	8,067	11,663
Operating expense:		
Cost of product sales	3,528	3,732
Research and development	8,101	9,101
Selling, general and administrative	9,420	9,932
Loss from operations	(12,982)	(11,102)
Other income (expense), net	80	(295)
Loss before benefit from income taxes	(12,902)	(11,397)
Benefit from income taxes	(12)	(375)
Net and comprehensive loss	$(12,890)	$(11,022)

The accompanying notes are an integral part of the condensed combined financial statements.

The Biosciences Business of Emergent BioSolutions Inc.
Condensed Combined Statements of Cash Flows (Unaudited)
(in thousands)

	Three Months Ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net loss	$(12,890)	$(11,022)
Adjustments to reconcile to net cash provided by (used in) operating activities:		
Stock-based compensation expense	334	263
Depreciation and amortization	836	590
Deferred income taxes	(12)	(375)
Change in fair value of contingent obligations	(30)	215
Changes in operating assets and liabilities:		
Accounts receivable	2,998	(431)
Inventories	(1,749)	(694)
Prepaid expenses and other assets	(3,093)	(446)
Accounts payable	2,501	(1,143)
Accrued expenses and other liabilities	(4)	18
Accrued compensation	(1,151)	(2,471)
Provision for chargebacks	(278)	(81)
Deferred revenue	(1,575)	(342)
Net cash used in operating activities	(14,113)	(15,919)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(1,071)	(141)
Net cash used in investing activities	(1,071)	(141)
Cash flows from financing activities:		
Net investment from Emergent	13,800	14,752
Contingent obligation payments	(181)	(369)
Net cash provided by financing activities	13,619	14,383
Net decrease in cash and cash equivalents	(1,565)	(1,677)
Cash and cash equivalents at beginning of year	4,637	3,593
Cash and cash equivalents at end of year	$ 3,072	$ 1,916

The accompanying notes are an integral part of the condensed combined financial statements.

The Biosciences Business of Emergent BioSolutions Inc.
Notes to the condensed combined financial statements

1. Nature of Business and Basis of Presentation

On August 6, 2015, Emergent BioSolutions Inc. ("Emergent") announced its plan to spin-off Emergent's biosciences business focused on novel oncology and hematology therapeutics into a separate, stand-alone publicly-traded company. The core technology of the new biosciences company will be its ADAPTIR platform applied to immuno-oncology. Emergent will continue to operate as a global specialty life sciences company focused on providing specialty products for civilian and military populations that address intentional and naturally emerging public health threats. In accordance with the separation plan, Emergent will contribute to the new biosciences company, Aptevo Therapeutics Inc., certain biosciences operations, assets and liabilities, including all of the equity interests in the entities that are expected to conduct the new biosciences business, completing the transfer immediately prior to the separation. Aptevo Therapeutics Inc. is a wholly-owned subsidiary of Emergent within its biosciences business and was incorporated in February 2016. Upon formation, and to date, Aptevo Therapeutics Inc. has had no assets, liabilities or results of operations and has 1,000 shares of $0.001 par value common stock outstanding. The Biosciences Business of Emergent BioSolutions Inc. is referred to throughout these combined financial statements as "the Company".

To accomplish the separation, Emergent intends to make a pro rata distribution of all of Aptevo Therapeutics Inc. common stock to Emergent's stockholders. At the time of distribution, Aptevo Therapeutics Inc. will become the parent company of and will hold the assets and liabilities associated with the Biosciences Business of Emergent BioSolutions Inc. The distribution is subject to a number of conditions and approval by Emergent's board of directors.

The accompanying condensed combined financial statements include certain components of Emergent's bioscience business as operated by Emergent during the periods presented. Certain historical operations that were included by Emergent in its bioscience segment have been reallocated to Emergent's continuing operations, and as result these financial statements differ from Emergent's historically reportable bioscience segment. Effective January 1, 2016, Emergent changed its segment presentation to reflect this new structure and recast its biosciences segment reporting for the newly named "Aptevo segment".

The accompanying condensed combined financial statements have been prepared on a standalone basis and are derived from Emergent's consolidated financial statements and accounting records. The condensed combined financial statements reflect the Company's financial position, results of operations, and cash flows as if its business was separately operated as part of Emergent prior to the distribution, in conformity with accounting principles generally accepted in the United States (GAAP).

The condensed combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Emergent corporate level but which are specifically identifiable or allocable to the Company. All of the Company's intracompany transactions and accounts have been eliminated. All intercompany transactions between the Company and Emergent are considered to be effectively settled in the condensed combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the condensed combined statement of cash flows as a financing activity and in the condensed combined balance sheet as a net investment from Emergent.

The Company's condensed combined financial statements include an allocation of expenses related to certain Emergent corporate functions, including senior management, legal, human resources, finance, information technology, and quality assurance. These expenses have been allocated to the Company based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of expenses, headcount, square footage, or other measures. The Company considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had the Company operated as an independent, publicly-traded company for the periods presented.

The income tax amounts in these condensed combined financial statements have been calculated based on a separate return methodology and presented as if the Company's operations were a standalone taxpayer in each of its tax jurisdictions.

Emergent maintains stock-based compensation plans at a corporate level. The Company's employees participate in those programs and a portion of the cost of those plans is included in the Company's condensed combined financial statements. However, the Company's condensed combined balance sheet does not include any equity awards related to stock-based compensation.

The Company's stockholders equity balances in these condensed combined financial statements represents the excess of total assets over total liabilities, including the net due to/from balances between the Company and Emergent (as net investment from Emergent) and accumulated deficit. The net investment from Emergent is primarily impacted by contributions from Emergent which are the result of net funding provided to the Company.

The Company has a history of operating losses and negative cash flows while operating as part of Emergent and, accordingly, was dependent upon Emergent for its capital funding and liquidity needs. In addition, development activities, clinical and pre-clinical testing and commercialization of the Company's products, if approved, will require significant additional funding. The Company could delay clinical trial activity or reduce funding of specific programs in order to further extend the cash burn. In accordance with the separation agreement, Emergent has committed to providing the Company with a total of $60 million in cash funding, $40 million upon the spin-off and $20 million within six to 12 months after the separation. Management believes this funding will support the Company's operations for at least the next 12 months following the separation, based on current operating plans and financial forecasts. The accompanying condensed combined financial statements are prepared on a going concern basis and the Company, post separation, is solely responsible for its financial performance and meeting its capital requirements. In June 2016, Emergent has increased its committed cash contribution to the Company to $65 million from $60 million, with $45 million now to be contributed upon the spin-off and $20 million within six to 12 months after the separation.

In the opinion of the Company's management, any adjustments contained in the accompanying condensed combined financial statements are of a normal recurring nature, and are necessary to present fairly the financial position of the Company as of March 31, 2016; the results of operations for the three months ended March 31, 2016 and 2015; and cash flows for the three months ended March 31, 2016 and 2015. Interim results are not necessarily indicative of results that may be expected for any other interim period or for an entire year.

2. Fair value measurements

The fair value hierarchy under the accounting standards for fair value measurements consists of the following three levels:

Level 1—Observable inputs for identical assets or liabilities such as quoted prices in active markets;

Level 2—Inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3—Unobservable inputs in which little or no market data exists, which are therefore developed by Company's management using estimates and assumptions that reflect those that a market participant would use.

The Company does not have any fair value measurements done on a recurring basis other than the contingent consideration acquired in the Cangene acquisition. The fair value of contingent consideration obligation associated with HepaGam B changes as a result of management's assessment of discount rates and updates to the projected and actual sales achievement of HepaGam B, which are inputs that have no observable market (Level 3). These adjustments are primarily due to the differences between the actual and expected timing and volume of HepaGam B sales. The incremental impact is recorded in the accompanying condensed combined statement of operations as cost of product sales.

The following table is a reconciliation of the beginning and ending balance of the liabilities (contingent consideration) measured at fair value using significant unobservable inputs (Level 3) for the three months ended March 31, 2016:

(in thousands)	
Balance at December 31, 2015	$ 444
Expense (income) included in earnings	(30)
Settlements	(181)
Purchases, sales and issuances	—
Transfers in/(out) of Level 3	—
Balance at March 31, 2016	$ 233

3. MorphoSys collaboration agreement

In August 2014, the Company entered into a collaboration agreement ("MorphoSys Agreement") with MorphoSys AG ("MorphoSys") for the joint worldwide development and commercialization of MOR209/ES414, a targeted immunotherapeutic protein, which activates host T-cell immunity specifically against cancer cells expressing prostate specific membrane antigen, an antigen commonly overexpressed on prostate cancer cells. MOR209/ES414 was constructed using the Company's proprietary ADAPTIR platform technology.

Revenue related to MorphoSys development services is recognized as the services are performed with $0.1 million and $0.2 million, respectively, recognized in the three months ended March 31, 2016 and 2015. The current estimated service period for the undelivered development services under the MorphoSys Agreement is through 2023.

Further, the Company determined that contingent payments for the achievement of the development and regulatory milestones are substantive milestones and will be accounted for as revenue in the period in which the milestones are achieved. The Company received a $5.0 million milestone payment from MorphoSys reflecting the initiation of a Phase I clinical study to evaluate the safety, tolerability, and clinical activity of MOR209/ES414 in patients with metastatic castration-resistant prostate cancer. The Company recognized this substantive milestone achievement payment as research and development revenue during the three months ended March 31, 2015.

The MorphoSys Agreement provides for the sharing of development and clinical costs related to MOR209/ES414. In the event the Company's share of the total cost incurred for a given quarter exceeds its pro rata limit, the Company records a receivable from MorphoSys for the excess and reduces research and development expense by this amount. Accordingly, for the three months ended March 31, 2016 and 2015, the Company has recorded a reduction to research and development expense of $0.1 million and $1.7 million, respectively.

As of March 31, 2016 and December 31, 2015, the MorphoSys Agreement related accounts receivable balance was $0.1 million and $0.5 million, respectively, and the related total deferred revenue balance was $3.8 million and $3.9 million, respectively.

4. Inventories

Inventories consist of the following:

(in thousands)	March 31, 2016	December 31, 2015
Raw materials and supplies	$ 6,879	$ 6,520
Work-in-process	6,065	4,730
Finished goods	9,127	9,072
Total inventories	$ 22,071	$ 20,322

CMC ICOS Biologics, Inc., ("CMC"), is the exclusive manufacturer of bulk drug substance for the IXINITY product. During 2015, the Company ordered nine manufacturing lots of bulk drug substance from CMC and only one of those lots was successfully manufactured and released in 2015. The Company continues to work with CMC to resolve the manufacturing delays, although to date in 2016 no lots of bulk drug substance have been successfully manufactured and released. Additionally, Patheon UK Limited ("Patheon"), through an affiliate, is currently the sole source fill-finish service manufacturer for the IXINITY product. The release of drug product by Patheon may be impacted by several factors, including Patheon requiring approval from its affiliate's foreign regulatory authority of recent changes to its facility. If current efforts to proceed with the manufacturing and release of bulk drug substance and filled product are not successful, the resulting lack of supply of bulk drug substance or filled product could lead to a projected supply shortage of IXINITY requiring notification to the FDA. This inability to supply IXINITY would adversely affect its sales, market position and viability and as a result, the realizability of IXINITY related inventory. As of March 31, 2016, the Company had IXINITY related inventory of approximately $2.5 million that may be subject to impairment if the Company is no longer able to sell the IXINITY product.

5. Intangible assets, in-process research and development and goodwill

As of March 31, 2016 and December 31, 2015, the Company had $41.8 million of IPR&D assets related to the Company's otlertuzumab product candidate.

On April 29, 2015, the U.S. Food and Drug Administration approved IXINITY for the treatment of Hemophilia B. As a result of the approval, the $8.3 million IXINITY IPR&D asset was reclassified to intangible assets in the Company's combined balance sheets and is being amortized over 10 years from the approval date.

For the three months ended March 31, 2016 and 2015, the Company recorded $0.6 million and $0.4 million, respectively, of intangible asset amortization expense. As of March 31, 2016, the weighted average amortization period remaining for intangible assets was 94 months. Intangible assets consisted of the following:

(in thousands)	Corporate Trade Name	Commercial Products	Total
Cost Basis			
Balance at December 31, 2015	$ 1,309	$ 19,500	$20,809
Additions	—	—	—
Balance at March 31, 2016	$ 1,309	$ 19,500	$20,809
Accumulated Amortization			
Balance at December 31, 2015	$ (486)	$ (2,882)	$ (3,368)
Amortization	(65)	(520)	(585)
Balance at March 31, 2016	$ (551)	$ (3,402)	$ (3,953)
Net book value at March 31, 2016	$ 758	$ 16,098	$16,856