

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

SCHEDULE TO (Rule 13e-4)

**Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)
of the Securities Exchange Act of 1934**

APTEVO THERAPEUTICS INC.

(Name of Subject Company (Issuer) and Filing Person (Offeror))

Options to Purchase Common Stock, Par Value \$0.001 Per Share
(Title of Class of Securities)

03835L207
(CUSIP Number of Class of Securities)

Marvin L. White
Chief Executive Officer
Aptevo Therapeutics Inc.
2401 4th Avenue, Suite 1050
Seattle, Washington 98121
(206) 838-0500

(Name, Address and Telephone Number of Person Authorized to Receive Notices and
Communications on Behalf of Filing Person)

Copies to:

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2401 4th Avenue, Suite 1050
Seattle, Washington 98121
(206) 838-0500

CALCULATION OF FILING FEE

Transaction Valuation ¹	Amount of Filing Fee ²
\$874,496	\$113.51

1 Estimated solely for purposes of calculating the amount of the filing fee. The calculation of the transaction valuation assumes that all stock options to purchase shares of the issuer's common stock that may be eligible for repricing in the offer will be tendered pursuant to this offer. This calculation assumes stock options to purchase an aggregate of 207,578 shares of the issuer's common stock, having an aggregate value of \$874,496 as of June 26, 2020, calculated based on a Black-Scholes option pricing model, will be exchanged or cancelled pursuant to this offer.

2 The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$129.80 per \$1,000,000 of the aggregate amount of the Transaction Valuation (or 0.01298% of the aggregate Transaction Valuation). The Transaction Valuation set forth above was calculated for the sole purpose of determining the filing fee and should not be used for any other purpose.

Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: Not applicable

Filing Party: Not applicable

Form or Registration No.: Not applicable

Date Filed: Not applicable

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third party tender offer subject to Rule 14d-1.
- Issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
- Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

Item 1. Summary Term Sheet.

The information set forth under “*Summary Term Sheet—Overview*” and “*Summary Term Sheet—Questions and Answers*” in the Offer to Exchange Eligible Options for New Options dated June 29, 2020 (the “*Exchange Offer*”), attached hereto as Exhibit (a)(1)(A), is incorporated herein by reference.

Item 2. Subject Company Information.

(a) *Name and Address.*

Aptevo Therapeutics Inc., a Delaware corporation (the “*Company*”), is the issuer of the securities subject to the Exchange Offer. The Company’s principal executive offices are located at 2401 4th Avenue, Suite 1050, Seattle, Washington 98121, and the telephone number of its principal executive offices is (206) 838-0500.

(b) *Securities.*

This Tender Offer Statement on Schedule TO relates to an offer by the Company to certain employee, consultant and director option holders, subject to specified conditions, to exchange some or all of their outstanding options to purchase shares of common stock, par value \$0.001 per share (the “*Common Stock*”), for new options to purchase shares of the Company’s Common Stock. The Company’s executive officers, as disclosed in the Company’s Definitive Proxy Statement filed with the Securities and Exchange Commission on April 20, 2020, and members of the Company’s board of directors will be eligible to participate in this offer.

An option will be eligible for exchange (an “*Eligible Option*”) if it was granted under the Company’s 2018 Stock Incentive Plan (the “*2018 Plan*”), 2016 Amended and Restated Stock Plan (“*2016 Plan*”) or Converted Equity Awards Incentive Plan (the “*Converted Plan*,” and together with the 2018 Plan and 2016 Plan, the “*Equity Plans*”) and has an exercise price equal to or greater than \$21.00 per share. As of June 22, 2020, Eligible Options to purchase 207,578 shares of Common Stock were outstanding.

Pursuant to the Exchange Offer, in exchange for the tender and cancellation of Eligible Options, the Company will grant new options (each, a “*New Option*”) following the Expiration Time (as defined in the Exchange Offer) for a reduced number of shares of Common Stock and subject to the terms and conditions described in the Exchange Offer and in the related accompanying Election Form, the form of which is attached hereto as Exhibit (a)(1) (C).

The information set forth in the Exchange Offer under “*Summary Term Sheet—Overview*” and “*Summary Term Sheet—Questions and Answers*” and the information set forth under Section 1 (“*Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”), Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”) and Section 7 (“*Price Range of Our Common Stock*”) of the Offering Memorandum for the Exchange Offer contained in the Exchange Offer (the “*Offering Memorandum*”) are incorporated herein by reference.

(c) *Trading Market and Price.*

The information set forth under Section 7 (“*Price Range of Our Common Stock*”) of the Offering Memorandum is incorporated herein by reference.

Item 3. Identity and Background of Filing Person.

(a) *Name and Address.*

The Company is both the filing person and the subject company. The information set forth under Item 2(a) above and under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum are incorporated herein by reference.

The address of each executive officer and director of the Company is:

Aptevo Therapeutics Inc.
2401 4th Avenue, Suite 1050
Seattle, Washington 98121

The directors and executive officers of the Company are set forth below:

Executive Officers	Title
Marvin L. White	President, Chief Executive Officer and Director
Jeffrey G. Lamothe	Senior Vice President and Chief Financial Officer
Randy J. Maddux	Senior Vice President and Chief Manufacturing Officer
Jane Gross, Ph.D.	Senior Vice President and Chief Scientific Officer
Directors	
Fuad El-Hibri	Chairman
Daniel J. Abdun-Nabi	Director
Grady Grant, III	Director
Zsolt Harsanyi, Ph.D.	Director
Barbara Lopez Kunz	Director
John E. Niederhuber, M.D.	Director

Item 4. Terms of the Transaction.

(a) *Material Terms.*

The information set forth in the Exchange Offer under “*Summary Term Sheet—Overview*” and “*Summary Term Sheet—Questions and Answers*” and the information set forth in the Offering Memorandum under Section 1 (“*Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”), Section 3 (“*Procedures for Tendering Eligible Options*”), Section 4 (“*Withdrawal Rights*”), Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”), Section 6 (“*Conditions of the Exchange Offer*”), Section 8 (“*Information Concerning Aptevo; Financial Information*”), Section 10 (“*Accounting Consequences of the Exchange Offer*”), Section 11 (“*Legal Matters; Regulatory Approvals*”), Section 12 (“*Material United States Tax Consequences*”) and Section 13 (“*Extension of the Exchange Offer; Termination; Amendment*”) are incorporated herein by reference.

(b) *Purchases.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.

Item 5. Past Contacts, Transactions, Negotiations and Agreements.

(e) *Agreements Involving the Subject Company’s Securities.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference. The documents incorporated herein by reference as Exhibit (d)(1) through Exhibit (d) (7) also contain information regarding agreements relating to securities of the Company.

Item 6. Purposes of the Transaction and Plans or Proposals.

(a) *Purposes.*

The information set forth under Section 2 (“*Purpose of the Exchange Offer; Additional Considerations*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Use of Securities Acquired.*

The information set forth under Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”) of the Offering Memorandum is incorporated herein by reference.

(c) *Plans.*

The information set forth under Section 2 (“*Purpose of the Exchange Offer; Additional Considerations*”) of the Offering Memorandum is incorporated herein by reference.

Item 7. Source and Amount of Funds or Other Consideration.

(a) *Source of Funds.*

The information set forth under Section 14 (“*Consideration; Fees and Expenses*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Conditions.*

The information set forth under Section 6 (“*Conditions of the Exchange Offer*”) of the Offering Memorandum is incorporated herein by reference.

(d) *Borrowed Funds.*

Not applicable.

Item 8. Interest in Securities of the Subject Company.

(a) *Securities Ownership.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Securities Transactions.*

The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.

Item 9. Persons/Assets, Retained, Employed, Compensated or Used.

(a) *Solicitations or recommendations.*

Not applicable.

Item 10. Financial Statements.

(a) *Financial Information.*

The information set forth under Section 8 (“*Information Concerning Aptevo; Financial Information*”), including Schedule A, and Section 15 (“*Additional Information*”) of the Offering Memorandum is incorporated herein by reference.

(b) *Pro Forma Information.*

Not applicable.

Item 11. Additional Information.

(a) *Agreements, Regulatory Requirements and Legal Proceedings.*

- (1) The information set forth under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) of the Offering Memorandum is incorporated herein by reference.
- (2) The information set forth under Section 11 (“*Legal Matters; Regulatory Approvals*”) of the Offering Memorandum is incorporated herein by reference.
- (3) Not applicable.
- (4) Not applicable.
- (5) Not applicable.

(c) *Other Material Information.*

Not applicable.

Item 12. Exhibits.

Exhibit Number	Description
(a)(1)(A)	Offer to Exchange Eligible Options for New Options, dated June 29, 2020
(a)(1)(B)	Form of Announcement Email to Eligible Holders
(a)(1)(C)	Election Form
(a)(1)(D)	Notice of Withdrawal of Election Form
(a)(1)(E)	Form of Email Confirming Receipt of Election Form
(a)(1)(F)	Form of Email Confirming Receipt of Notice of Withdrawal of Election Form
(a)(1)(G)	Form of Reminder Email to Eligible Holders Regarding the Expiration of the Exchange Offer
(a)(1)(H)	Form of Email to Eligible Holders Confirming Acceptance of Eligible Options
(a)(1)(I)	Form of Email Notice Regarding Rejection of Options for Exchange
(a)(1)(J)	Form of Expiration Notice Email
(a)(1)(K)	Stock Option Exchange Program Presentation

- (b) Not applicable
- (d)(1) Aptevo Therapeutics Inc. Amended and Restated 2016 Stock Incentive Plan (incorporated herein by reference to Exhibit 4.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-37746), filed with the SEC on August 10, 2017).
- (d)(2) Aptevo Therapeutics Inc. Converted Equity Awards Incentive Plan (incorporated herein by reference to Exhibit 10.10 to the Company's Current Report on Form 8-K (File No. 001-37746), filed with the SEC on August 2, 2016).
- (d)(3) Aptevo Therapeutics Inc. 2018 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-37746), filed with the SEC on August 9, 2018).
- (d)(4) Aptevo Therapeutics Inc. Non-Statutory Stock Option Agreement (incorporated herein by reference to Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q (File No. 001-37746), filed with the SEC on August 9, 2018).
- (g) Not applicable
- (h) Not applicable

Item 13. Information Required by Schedule 13E-3.

Not applicable.

SIGNATURES

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

APTEVO THERAPEUTICS INC.

By: /s/ Marvin L. White
Marvin L. White
President and Chief Executive Officer

Dated: June 29, 2020

APTEVO THERAPEUTICS INC.
2401 4TH AVE. SUITE 1050
SEATTLE, WASHINGTON 98121

OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

JUNE 29, 2020

APTEVO THERAPEUTICS INC.
SUMMARY TERM SHEET — OVERVIEW
OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

**This offer and withdrawal rights will expire at 6:00 p.m., Pacific Time,
on Monday, July 27, 2020, unless extended**

By this Offer to Exchange Eligible Options for New Options (as the context requires, this document and the actions taken hereby, the “**Exchange Offer**”), Aptevo Therapeutics Inc., which we refer to in this document as “**we**,” “**us**,” “**our**” or “**Aptevo**,” is giving each Eligible Holder (as defined below) the opportunity to exchange one or more Eligible Options (as defined below) for New Options (as defined below), as discussed below and in the Offering Memorandum for the Exchange Offer beginning on page 14 (the “**Offering Memorandum**”).

The “**Expiration Time**” of the Exchange Offer is 6:00 p.m., Pacific Time, on Monday, July 27, 2020. If we extend the period of time during which this Exchange Offer remains open, the term “**Expiration Time**” will refer to the last time and date on which this Exchange Offer expires.

You are an “**Eligible Holder**” if:

- on the date the Exchange Offer commences, you are employed by Aptevo, you are a consultant to Aptevo or you are an outside director of Aptevo; and
- on or prior to the Expiration Time, you continue to be employed by Aptevo or otherwise provide services to Aptevo.

An “**Eligible Option**” is an outstanding option that:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$21.00 per share and which is not set to expire in calendar year 2020; and
- was granted under our 2018 Stock Incentive Plan (the “**2018 Plan**”), 2016 Amended and Restated Stock Plan (“**2016 Plan**”) or Converted Equity Awards Incentive Plan (the “**Converted Plan**,” and together with the 2018 Plan and 2016 Plan, the “**Equity Plans**”).

If you choose to participate in the Exchange Offer and tender Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you an award of stock options (each, a “**New Option**”) with the following terms (collectively, the “**New Option Terms**”):

- Each New Option will have an exercise price equal to the closing price of our common stock reported on The Nasdaq Capital Market (“**Nasdaq**”) on the date the New Option is granted.
- Each New Option will represent your right to purchase a number of shares of our common stock that is calculated using an exchange ratio based on the exercise price of your tendered Eligible Option. The chart below sets forth the applicable exchange ratios for outstanding Eligible Options based on the dollar range of the exercise prices of such Eligible Options.

Eligible Option Exercise Price Range	Exchange Ratio (Surrendered Eligible Options: New Options)*
\$21.00 to \$34.30	2.0 to 1
\$34.31 to \$42.00	2.5 to 1
\$42.01 to \$59.50	3.0 to 1
\$59.51 and above	3.5 to 1

* Rounded up to the nearest share

- Your New Options will be granted under our 2018 Plan.
- Each New Option will be granted as a nonqualified stock option (“**NSO**”).
- Each New Option will have a maximum term of ten (10) years.
- To the extent any Eligible Option that you tender for exchange is partially vested as of the Expiration Time, you will receive one New Option in exchange for the vested shares underlying such Eligible Option and one New Option in exchange for the unvested shares underlying such Eligible Option.

- New Options will not be vested on the grant date of the New Option. The vesting terms of your New Options will be as follows:
 - Each New Option granted in exchange for the vested shares underlying a fully vested Eligible Option will vest with a new one-year vesting schedule, vesting in full at the end of 12 months measured from the grant date of the New Option.
 - Each New Option granted in exchange for the shares underlying an Eligible Option that is not fully vested will vest per the vesting schedules that match the existing stock options, vesting in the same proportions over the same vesting term.
 - As with any unvested equity award under our 2018 Plan, you must remain in continuous service with Aptevio through each vesting date. In the event that your service with Aptevio terminates for any reason prior to the vesting date of any unvested portion of your New Option, such unvested portion will expire on your termination date.

The commencement date of the Exchange Offer is Monday, June 26, 2020. We are making the Exchange Offer upon the terms and subject to the conditions described in the Offering Memorandum and in the related Election Form distributed with the Offering Memorandum. The Exchange Offer is voluntary with respect to each Eligible Option you hold. You are not required to participate in the Exchange Offer. If you hold more than one option grant that qualifies as an Eligible Option and elect to participate in the Exchange Offer, you will be allowed to tender for exchange as few or as many of your Eligible Option grants as you wish; however, you must tender all of the shares underlying any selected Eligible Option grant. Eligible Options properly tendered in this Exchange Offer and accepted by us for exchange will be cancelled, and your New Options will be granted with the New Option Terms effective promptly following the Expiration Time (such date, the "**New Option Grant Date**").

See the "Risk Factors" section of this Exchange Offer beginning on page 13 for a discussion of risks and uncertainties that you should consider before agreeing to exchange your Eligible Options for New Options. You should consider, among other things, these risks and uncertainties before deciding whether to participate in the Exchange Offer.

Shares of our common stock are quoted on Nasdaq under the symbol "APVO." On June 28, 2020, the closing price of our common stock as reported on Nasdaq was \$8.20 per share. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to participate in the Exchange Offer.

You should direct any questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Offering Memorandum, the Election Form, the Notice of Withdrawal or any other documents relating to the Exchange Offer) by email to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

IMPORTANT

If you choose to participate in the Exchange Offer, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed Election Form to us so that we receive it before 6:00 p.m. Pacific Time, on Monday, July 27, 2020 (or such later date as may apply if the Exchange Offer is extended), by the following means:

By email (by PDF or similar imaged document file) delivered to: Aptevo@certent.com

You are responsible for making sure that the Election Form is delivered as indicated above. You must allow for sufficient time to complete, sign and deliver your Election Form to ensure that we receive your Election Form before the Expiration Time.

You do not need to return your stock option agreements for your Eligible Options to be cancelled and exchanged in the Exchange Offer. We will provide you with a written confirmation of the cancellation of any such options along with a stock option agreement for your New Options shortly following the grant of your New Options.

Although our Board of Director (the "**Board**") has approved the Exchange Offer, consummation of the Exchange Offer is subject to the satisfaction or waiver of the conditions described in Section 6 of the Offering Memorandum ("**Conditions of the Exchange Offer**"). Neither we nor the Board (or the compensation committee thereof) makes any recommendation as to whether you should participate, or refrain from participating, in the Exchange Offer. You must make your own decision whether to participate. You should consult your personal financial and tax advisors if you have questions about your financial or tax situation as it relates to the Exchange Offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the fairness or merits of this transaction or the accuracy or adequacy of the information contained in the Exchange Offer. Any representation to the contrary is a criminal offense.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD PARTICIPATE IN THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU.

WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED ELECTION FORMS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY APTEVO.

SUMMARY TERM SHEET — QUESTIONS AND ANSWERS
OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

Set forth below are answers to some of the questions that you may have about the Exchange Offer. We encourage you to carefully read the remainder of this Offer to Exchange Eligible Options for New Options and the accompanying Election Form. Where appropriate, we have included references to the relevant sections of the Offering Memorandum where you can find a more complete description of the topics in this summary.

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Q1. Why is Aptevo making the Exchange Offer?

Stock options are a critical component of our compensation philosophy, the focal point of which is to increase long-term stockholder value. We believe stock options help us achieve this objective in several important ways, including by aligning the interests of our employees, consultants and directors with those of our stockholders; by motivating employees' performance toward our long-term success; and by encouraging our service providers who have received option grants to continue providing services to us.

The price of our common stock has significantly decreased over the last few years. As of March 31, 2020, the closing price of our common stock on Nasdaq was \$3.70 per share, resulting in 100% of the outstanding stock options held by our employees, including our executive officers, consultants, and outside directors being "underwater," meaning the exercise price of each of those options is greater than our current stock price. This means that these underwater stock options may no longer be effective as incentives to motivate and retain employees and other service providers holding these options.

Our Board believes that the Exchange Offer is in the best interests of our stockholders and Aptevo, as we believe that new stock options granted under the Exchange Offer will provide a better incentive and motivation to employees, consultants and directors than the underwater options they currently hold and would surrender. Receipt of new options at a lower exercise price will increase the retention of our employees and consultants, reduce the costs and disruptions associated with resignations and better ensure our performance as a company. As an alternative to increased cash compensation, the Exchange Offer will allow us to devote more of our cash resources toward advancing our research and development programs and moving our product candidates into and through the clinic. In addition, it will provide the opportunity to reduce the "overhang" of outstanding stock options, a substantial portion of which have an exercise price that is greater than our current stock price. Our Board also recognizes our competition's ability to attract and recruit top talent and views it as critical that Aptevo be able to retain and motivate key employees in this way. Our Board believes that it has a responsibility to address these issues and to properly incentivize our employees.

See Section 2 of the Offering Memorandum ("**Purpose of The Exchange Offer; Additional Considerations**") for more information.

Q2. Who is eligible to participate in the Exchange Offer?

Only Eligible Holders are eligible to participate in the Exchange Offer. You are an "**Eligible Holder**" if:

- on the date the Exchange Offer commences, you are employed by Aptevo, you are a consultant to Aptevo or you are an outside director of Aptevo; and
- on or prior to the Expiration Time, you continue to be employed by Aptevo or otherwise provide services to Aptevo.

See Section 1 of the Offering Memorandum ("**Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer**") for more information.

Q3. Which options are subject to the Exchange Offer?

Under the Exchange Offer, Eligible Holders will be able to elect to tender outstanding Eligible Options for exchange.

An "**Eligible Option**" is an outstanding option that:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$21.00 per share and which is not set to expire in calendar year 2020; and
- was granted under our Equity Plans.

See Section 1 of the Offering Memorandum ("**Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer**") for more information.

Q4. Will the terms and conditions of my New Options be the same as my exchanged options?

No. The terms and conditions of your New Options, including the exercise price, vesting schedule, term and the potential tax treatment of your New Options, will be different than your tendered Eligible Options. In addition, your New Options will be treated as NSOs.

Q5. How many New Options will I receive for the Eligible Options I exchange?

The number of shares to be granted to you under each New Option will be determined using an exchange ratio that takes into account the exercise price of your tendered Eligible Option. The chart below sets forth the applicable exchange ratio for outstanding Eligible Options based on the dollar range of the exercise prices of such Eligible Options.

Eligible Option Exercise Price Range	Exchange Ratio (Surrendered Eligible Options: New Options)*
\$21.00 to \$34.30	2.0 to 1
\$34.31 to \$42.00	2.5 to 1
\$42.01 to \$59.50	3.0 to 1
\$59.51 and above	3.5 to 1

* Rounded up to the nearest share

To the extent any Eligible Option that you tender for exchange is partially vested as of the Expiration Time, you will receive one New Option in exchange for the vested shares underlying such Eligible Option and one New Option in exchange for the unvested shares underlying such Eligible Option.

Q6. Will my New Options have an exercise or purchase price?

Your New Options will have an exercise price equal to the closing price of our common stock as reported on Nasdaq on the date that we grant your New Options. Each New Option will represent your right to purchase a number of shares of our common stock that was calculated based on the applicable exchange ratio set forth above.

See Section 1 of the Offering Memorandum ("**Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer**") for more information and Section 7 of the Offering Memorandum ("**Price Range of Our Common Stock**") for information concerning the historical prices of our common stock.

Q7. When will my New Options vest?

Each New Option granted in exchange for a fully vested Eligible Option will vest with a new one-year vesting schedule, vesting in full at the end of 12 months measured from the grant date of the New Option.

Each New Option granted in exchange for the shares underlying an Eligible Option that is not fully vested will vest per the vesting schedules that match the existing stock options, vesting in the same proportions over the same vesting term.

As with any unvested equity award under our 2018 Plan, you must remain in continuous service with Aptev through each vesting date. In the event that your service with Aptev terminates for any reason prior to the vesting date of any unvested portion of your New Option, such unvested portion will expire on your termination date.

Q8. Do I need to exercise my New Option in order to receive shares?

Yes. You will need to exercise the vested portion of your New Option and pay the purchase price to receive shares of common stock.

Q9. If I participate in the Exchange Offer, when will my New Options be granted?

Unless we amend or terminate the Exchange Offer in accordance with its terms, we will grant you New Options in exchange for Eligible Options with respect to which you properly made a valid election (and did not validly revoke that election), effective as of the New Option Grant Date, which is currently expected to be Monday, July 27, 2020. The New Options will reflect the New Option Terms.

See Section 1 of the Offering Memorandum ("*Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*") for more information.

Q10. What happens to my New Options if I terminate my employment with Aptevo?

Vesting of your New Options will cease upon termination of your service with Aptevo. Your unvested New Options will be forfeited to us.

In general, pursuant to the 2018 Plan, the vested portion of your New Options may be exercised until 90 days following termination of your service with Aptevo unless (i) termination is due to your death or disability or if your death occurs during the 90-day period after your termination (other than a termination for cause), in which case the New Option may be exercised (to the extent exercisable at the time of the termination of service) at any time within 12 months following your termination; or (ii) you are terminated for cause, in which case the New Option will cease to be exercisable immediately upon your termination.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain employed or otherwise engaged by Aptevo. The terms of your employment or other service relationship with Aptevo remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain employed or engaged by Aptevo until the expiration of the Exchange Offer, the grant date for the New Options or thereafter during the vesting period of the New Options. In addition, we cannot provide any assurance that your employment or other service with Aptevo will continue past the vesting date of any New Option issued in exchange for an Eligible Option that would have been vested and exercisable as of your termination date had the Eligible Option not been exchanged for a New Option.

See Section 1 of the Offering Memorandum ("*Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*") and Section 5 of the Offering Memorandum ("*Acceptance of Eligible Options for Exchange; Grant of New Options*") for more information.

Q11. Must I participate in the Exchange Offer?

No. Participation in the Exchange Offer is completely voluntary. If you hold more than one option grant under our Equity Plans that qualifies as an Eligible Option and would like to participate in the Exchange Offer, you will be allowed to elect to tender for exchange as few or as many of your Eligible Option grants as you wish; however, you must tender all of the shares underlying any selected Eligible Option grant. If you choose not to participate in the Exchange Offer, then your Eligible Options will remain outstanding and subject to their current terms.

Q12. How should I decide whether or not to participate in the Exchange Offer?

We are providing substantial information to assist you in making your own informed decision. Please read all the information contained in the various sections of the Offering Memorandum below, including the information in Section 2 ("*Purpose of The Exchange Offer; Additional Considerations*"), Section 7 ("*Price Range of Our Common Stock*"), Section 8 ("*Information Concerning Aptevo; Financial Information*"), Section 9 ("*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*"), Section 12 ("*Material United States Tax Consequences*") and Section 15 ("*Additional Information*") of the Offering Memorandum. You should seek further advice from your legal counsel, accountant and financial advisor. Participation in the Exchange Offer is entirely your decision and should be made based on your personal circumstances. No one from Aptevo is, or will be, authorized to provide you with legal, tax, financial or other advice or recommendations regarding whether you should participate in the Exchange Offer.

In addition to reviewing the materials provided, please note the following:

- The Exchange Offer is not a one-for-one exchange. Any New Options you receive will be exercisable for significantly fewer shares than your Eligible Options, based on the applicable exchange ratio.
- Options provide value upon exercise only if the price of our common stock increases after the grant date. Also, because the exchange ratios for the option exchange are not one-for-one, it is possible that, at some point in the future, Eligible Options you choose to exchange could be economically more valuable than the New Options you receive pursuant to the Exchange Offer.
- New Options granted in the Exchange Offer will be subject to new, longer vesting schedules, even if the Eligible Options you exchange are fully vested at the time of the exchange.
- New Options granted in the Exchange Offer will have a maximum term of ten (10) years.
- You should carefully consider the potential tax consequences of your exchange of Eligible Options for New Options.

Please also review the “Risk Factors” that appear on page 13.

Q13. How do I find out how many Eligible Options I have and what their exercise prices are?

The Election Form distributed along with the Exchange Offer includes a list of your Eligible Options as of June 29, 2020. At any time during the Exchange Offer, you may contact us via email at Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com to confirm the number of option grants that you have and the grant dates, remaining term, exercise prices, vesting schedule and other information regarding such option grants.

Q14. Can I tender for exchange stock options that I have already fully exercised?

No. The Exchange Offer applies only to outstanding Eligible Options. An option that has been fully exercised is no longer outstanding and is therefore not an Eligible Option.

Q15. Can I tender for exchange the remaining unexercised portion of an Eligible Option that I have already partially exercised?

Yes. If you exercised an Eligible Option in part before June 29, 2020, the remaining unexercised portion of the Eligible Option can be tendered for exchange in the Exchange Offer.

See Section 3 of the Offering Memorandum (“*Procedures for Tendering Eligible Options*”) for more information.

Q16. Can I tender for exchange a portion of an Eligible Option?

No partial exchange of an Eligible Option grant will be permitted. If you elect to tender an Eligible Option for exchange, you must tender all shares of the outstanding (i.e., unexercised) portion of that Eligible Option. You may elect to tender as few or as many of your Eligible Option grants as you wish. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Option grants that you have properly tendered for exchange.

See Section 3 of the Offering Memorandum (“*Procedures for Tendering Eligible Options*”) for more information.

Q17. What if I am on an authorized leave of absence during the Exchange Offer?

Any Eligible Holder who is on an authorized leave of absence will be eligible to participate in the Exchange Offer.

See Section 1 of the Offering Memorandum (“*Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) for more information.

Q18. What happens if my employment or other service provider status with Aptevo terminates before the Expiration Time?

If you have tendered Eligible Options under the Exchange Offer and your employment or other service provider status with Aptevo terminates for any reason prior to the Expiration Time, you will no longer be eligible to participate in the Exchange Offer. Accordingly, we will not accept your Eligible Options for exchange, and you will not be eligible to receive New Options. In such a case, you may be able to exercise the vested portion of your existing Eligible Options for a limited time after your termination date, subject to and in accordance with their original terms.

Nothing in the Exchange Offer should be construed to confer upon you the right to remain an employee or other service provider of Aptevo. The terms of your employment or other service provider relationship with Aptevo remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our service until the Expiration Time, the New Option Grant Date or thereafter. In addition, we cannot provide any assurance that your employment or other service provider status with Aptevo will continue past the vesting date of any New Option granted in exchange for an Eligible Option that would have been vested and exercisable as of your termination date had the Eligible Option not been exchanged for a New Option.

See Section 1 (“*Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) and Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”) of the Offering Memorandum for more information.

Q19. Will I owe taxes if I participate in the Exchange Offer?

Neither the acceptance of your Eligible Options for exchange nor the grant of any New Options will be a taxable event for U.S. federal income tax purposes.

You should consult with your tax advisor to determine the personal tax consequences of participating in the Exchange Offer. If you are an Eligible Holder who is subject to the tax laws of a country other than the United States or of more than one country, you should be aware that there may be additional or different tax consequences that may apply to you. We advise all Eligible Holders who may consider tendering their Eligible Options for exchange to consult with their own tax advisors with respect to the federal, state, local and foreign tax consequences of participating in the Exchange Offer.

See Section 12 of the Offering Memorandum (“*Material United States Tax Consequences*”) for more information regarding the tax aspects of the Exchange Offer.

Q20. Will I owe taxes if I do not participate in the Exchange Offer?

In general, your rejection of the Exchange Offer will not be a taxable event for U.S. federal income tax purposes.

See Section 12 of the Offering Memorandum (“*Material United States Tax Consequences*”) for more information.

Q21. What will happen to my Eligible Options if I participate in the Exchange Offer?

We will cancel all Eligible Options tendered by you and accepted by Aptevo for exchange in the Exchange Offer.

Q22. Is it possible for my New Options to be or become underwater?

Yes. The New Options will have an exercise price equal to the closing price of our common stock reported on Nasdaq on the New Option Grant Date. If the price of our common stock reported on Nasdaq falls below this exercise price at any time after the New Option Grant Date, then your New Options will be underwater.

Q23. What happens to Eligible Options that I choose not to tender or that are not accepted for exchange in the Exchange Offer?

Generally, there will be no impact to Eligible Options that you choose not to tender for exchange prior to the original Expiration Time.

We will not accept for exchange any options that are tendered that do not qualify as Eligible Options. If you tender an option that is not accepted for exchange, we will send you a separate email following the Expiration Time notifying you that your tendered option was not accepted for exchange.

Q24. How long do I have to decide whether to participate in the Exchange Offer?

The Exchange Offer expires at 6:00 p.m., Pacific Time, on Monday, July 27, 2020 (or such later date as may apply if the Exchange Offer is extended). We will not make any exceptions to this deadline. However, although we do not currently intend to do so, we may, in our sole discretion, extend the expiration date of the Exchange Offer at any time. If we extend the Exchange Offer, we will publicly announce the extension and the new expiration date no later than 6:00 a.m., Pacific Time, on the next business day after the last previously scheduled or announced expiration date.

See Section 13 of the Offering Memorandum ("*Extension of Exchange Offer; Termination; Amendment*") for more information.

Q25. How do I tender my Eligible Options for exchange?

If you are an Eligible Holder, you may tender your Eligible Options for exchange at any time before the Exchange Offer expires at 6:00 p.m., Pacific Time, on Monday, July 27, 2020 (or such later date as may apply if the Exchange Offer is extended).

To validly tender your Eligible Options, you must deliver a properly completed and signed Election Form, and any other documents required by the Election Form, by email (by PDF or similar imaged document file) to Aptevo@certent.com.

You do not need to return your stock option agreements relating to any tendered Eligible Options as they will be automatically cancelled effective as of the New Option Grant Date if we accept your Eligible Options for exchange. We will separately provide to you the grant documents relating to your New Options for your acceptance through the Company's online stock option portal following the New Option Grant Date.

Your Eligible Options will not be considered tendered until we receive your properly completed and signed Election Form. We must receive your properly completed and signed Election Form before 6:00 p.m., Pacific Time, on Monday, July 27, 2020 (or such later date as may apply if the Exchange Offer is extended). If you miss this deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the signed Election Form only by email (by PDF or similar imaged document file). You are responsible for making sure that the Election Form is delivered to the email address indicated above. You must allow for sufficient time to complete and deliver your Election Form to ensure that we receive your Election Form before the Expiration Time.

We reserve the right to reject any or all tenders of Eligible Options that we determine are not in appropriate form or that we determine would be unlawful to accept. Subject to our rights to extend, terminate and amend the Exchange Offer, we expect to accept all properly tendered Eligible Options on Monday, July 27, 2020 following the Expiration Time.

See Section 3 of the Offering Memorandum ("*Procedures for Tendering Eligible Options*") for more information.

Q26. Can I withdraw previously tendered Eligible Options?

Yes. You may withdraw your tendered Eligible Options at any time before the Exchange Offer expires at 6:00 p.m., Pacific Time, on Monday, July 27, 2020 (or such later date as may apply if the Exchange Offer is extended). Unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options at any time after 12:00 a.m., Pacific Time, on Monday June 29, 2020.

To withdraw tendered Eligible Options, you must deliver to us a properly completed and signed Notice of Withdrawal of Election Form (a "**Notice of Withdrawal**") with the required information prior to the Expiration Time. The Notice of Withdrawal must be delivered by email (by PDF or similar imaged document file) to Aptevo@certent.com.

If you miss the deadline to withdraw but remain an Eligible Holder, any previously tendered Eligible Options will be exchanged pursuant to the Exchange Offer. You may change your mind as many times as you wish, but you will be bound by the last properly submitted Election Form or Notice of Withdrawal that we receive before the Expiration Time.

You are responsible for making sure that you properly submit a Notice of Withdrawal for any tendered Eligible Option that you wish to subsequently withdraw. You must allow sufficient time to complete, sign and deliver your Notice of Withdrawal to ensure that we receive it before the Expiration Time.

Once you have withdrawn Eligible Options, you may re-tender such Eligible Options by submitting a new Election Form and following the procedures for validly tendering Eligible Options in the Exchange Offer described in Question 25 above.

See Section 4 of the Offering Memorandum ("**Withdrawal Rights**") for more information.

Q27. How will I know whether you have received my Election Form or my Notice of Withdrawal?

We will send you an email or other form of communication, as appropriate, to confirm receipt of your Election Form or Notice of Withdrawal, as applicable, shortly after we receive it. However, it is your responsibility to ensure that we receive your Election Form or Notice of Withdrawal, as applicable, prior to the Expiration Time.

See Section 3 of the Offering Memorandum ("**Procedures for Tendering Eligible Options**") for more information.

Q28. What will happen if I do not return my Election Form by the deadline?

If we do not receive an Election Form from you by the Expiration Time, then all of your Eligible Options will remain outstanding at their original exercise price and subject to their original terms. If you prefer not to tender any of your Eligible Options for exchange in the Exchange Offer, you do not need to do anything.

See Section 3 of the Offering Memorandum ("**Procedures for Tendering Eligible Options**") for more information.

Q29. What if I have any questions regarding the Exchange Offer?

You should direct questions about the Exchange Offer (including requests for additional or paper copies of the Exchange Offer and other Exchange Offer documents which we will promptly furnish to you at our expense) by email to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

RISK FACTORS

Participation in the Exchange Offer involves a number of potential risks and uncertainties, including those described below. You should consider, among other things, these risks and uncertainties before deciding whether or not to request that we exchange your Eligible Options in the manner described in the Exchange Offer. You should carefully review the risk factors set forth below and those contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the Securities and Exchange Commission (the "SEC") on May 13, 2020, as well as the other information provided in the Exchange Offer and the other materials that we have filed with the SEC, before making a decision as to whether or not to tender your Eligible Options. See Section 15 of the Offering Memorandum ("**Additional Information**") for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review these reports.

Risks Related to the Exchange Offer

Your cancelled Eligible Options may be worth more than the New Options that you receive in exchange.

Because the number of shares issuable to you upon exercise of your New Options will be fewer than the number of shares issuable to you upon exercise of your Eligible Options, it is possible that, at some point in the future, due to potential increases in our stock price, those Eligible Options would have been more economically valuable than the New Options granted pursuant to the Exchange Offer.

If your service with Aptevo terminates before your New Options vest, you will not be able to receive value for your unvested New Options, but you may have been able to receive value for the Eligible Options you exchanged for the New Options.

In some cases, the New Options will be subject to a new vesting schedule that differs from the vesting schedules of the Eligible Options that you exchange. Accordingly, if your service with Aptevo terminates after you exchange your Eligible Options for New Options, you may not be able to realize as much value from your New Options as you could have realized from the Eligible Options you exchanged. For example, if you do not exchange your vested Eligible Options for New Options, and your service with Aptevo terminates, if our stock price increases above the exercise price per share of your vested Eligible Options, you would still be able to exercise and sell the underlying shares of common stock for these vested Eligible Options at a gain. However, if you exchange your vested Eligible Options for New Options, and your service with Aptevo terminates after you receive New Options but before such New Options have vested and can be exercised, you will receive no value from the unvested portion of the New Options if our stock price increases.

You may incur additional taxes in connection with the exercise of the New Options for U.S. tax purposes.

For more detailed information regarding the tax treatment of stock options, see Section 12 of the Offering Memorandum ("**Material United States Tax Consequences**").

OFFERING MEMORANDUM
OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

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OFFERING MEMORANDUM
OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

Section 1. Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer.

Aptevo Therapeutics Inc. (“**Aptevo**,” “**we**,” “**us**” or “**our**”) is offering eligible employees the opportunity to exchange certain outstanding stock options for replacement stock options with modified terms. As described in this Section 1 of this Offering Memorandum—Offer to Exchange Eligible Options for New Options (this “**Offering Memorandum**”), Eligible Options that are validly tendered prior to the Expiration Time will be exchanged for New Options in exchange for an Eligible Holder’s agreement to accept fewer shares, a revised vesting schedule, a new option term and the tax treatment of the New Options. Each capitalized term that is used in this paragraph without being defined has the meaning set forth below.

We are making the offer on the terms and subject to the conditions described in this Offering Memorandum, as they may be amended from time to time, and these terms and conditions constitute the “**Exchange Offer**.” The Exchange Offer is not conditioned on the acceptance of the Exchange Offer by a minimum number of option holders or the tender of elections to exchange options covering a minimum number of shares.

Eligible Holders

All individuals who hold Eligible Options and who, as of the date the Exchange Offer commences and as of the Expiration Time, are current employees of Aptevo, certain consultants and non-employee directors, may participate in the Exchange Offer (the “**Eligible Holders**”). To be an Eligible Holder, you must continue to be employed by or otherwise engaged as a service provider of Aptevo.

You will not be eligible to tender Eligible Options for exchange in the Exchange Offer if you cease to be an Eligible Holder for any reason prior to or as of the Expiration Time, including due to your voluntary resignation, retirement, involuntary termination, layoff, death or disability. An individual who is on an authorized leave of absence and is otherwise an Eligible Holder on the Expiration Date will be eligible to tender Eligible Options in the Exchange Offer. A leave of absence is considered “authorized” if it was approved in accordance with Aptevo’s policies.

If you are an employee of Aptevo, your employment with Aptevo will remain at will, regardless of your participation in the Exchange Offer, and can be terminated by you or Aptevo at any time. Nothing in the Exchange Offer should be construed to confer upon you the right to remain employed by or otherwise in a service relationship with Aptevo. The terms of your employment or other service relationship with Aptevo remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain employed by or in a service relationship with Aptevo until the grant date for the New Options or any vesting date of your New Options in the future.

Our executive officers set forth in Aptevo’s Definitive Proxy Statement on Schedule 14A (File No. 001-37746), filed with the Securities and Exchange Commission on April 20, 2020 (the “**Proxy Statement**”) are eligible to participate in the Exchange Offer. Our executive officers are Marvin L. White, Jeffrey G. Lamothe, Randy J. Maddux and Jane Gross. In addition, all of the members of our board of directors (our “**Board**”) are eligible to participate in the Exchange Offer. Our non-employee Board members are Daniel J. Abdun-Nabi, Grady Grant, III, Zsolt Harsanyi, Ph.D., Fuad El-Hibri, Barbara Lopez Kunz and John E. Niederhuber, M.D.

Eligible Options

An “**Eligible Option**” is an outstanding option that:

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$21.00 per share and which is not set to expire in calendar year 2020; and

- was granted under our 2018 Stock Incentive Plan (the “2018 Plan”), 2016 Amended and Restated Stock Plan (“2016 Plan”) or Converted Equity Awards Incentive Plan (the “Converted Plan,” and together with the 2018 Plan and 2016 Plan, the “Equity Plans”).

The Proposed Exchange

If you choose to participate in the Exchange Offer and tender Eligible Options for exchange, and if we accept your tendered Eligible Options, then we will grant you new options (each, a “New Option”) with the following terms (collectively, the “New Option Terms”):

- Each New Option will have an exercise price equal to the closing price of our common stock reported on The Nasdaq Capital Market (“Nasdaq”) on the date the New Option is granted (the “New Exercise Price”).
- Each New Option will represent your right to purchase a number of shares of our common stock that is calculated using an exchange ratio based on the exercise price of your tendered Eligible Option. The chart below sets forth the applicable exchange ratios for outstanding Eligible Options based on the dollar range of the exercise prices of such Eligible Options.

Eligible Option Exercise Price Range	Exchange Ratio (Surrendered Eligible Options: New Options)*
\$21.00 to \$34.30	2.0 to 1
\$34.31 to \$42.00	2.5 to 1
\$42.01 to \$59.50	3.0 to 1
\$59.51 and above	3.5 to 1

*Rounded up to the nearest share

- Your New Options will be granted under our 2018 Plan.
- Each New Option will be granted as a nonqualified stock option (“NSO”).
- Each New Option will have a maximum term of ten (10) years.
- To the extent any Eligible Option that you tender for exchange is partially vested as of the Expiration Time, you will receive one New Option in exchange for the vested shares underlying such Eligible Option and one New Option in exchange for the unvested shares underlying such Eligible Option.
- The vesting terms of your New Options will be as follows:
 - Each New Option granted in exchange for the vested shares underlying a fully vested Eligible Option will vest with a new one-year vesting schedule, vesting in full at the end of 12 months measured from the grant date of the New Option.
 - Each New Option granted in exchange for the shares underlying an Eligible Option that is not fully vested will vest per the vesting schedules that match the existing stock options, vesting in the same proportions over the same vesting term.
 - As with any unvested equity award under our 2018 Plan, you must remain in continuous service with Aptev through each vesting date. In the event that your service with Aptev terminates for any reason prior to the vesting date of any unvested portion of your New Option, such unvested portion will expire on your termination date.

You are not required to participate in the Exchange Offer. If you hold more than one option grant that qualifies as an Eligible Option and elect to participate in the Exchange Offer, you will be allowed to tender for exchange as few or as many of your Eligible Option grants as you wish; however, you must tender all of the shares underlying any selected Eligible Option grant. Eligible Options properly tendered in this Exchange Offer and accepted by Aptev for exchange will be cancelled and your New Options will be granted with the New Option Terms effective on a date on or promptly following the Expiration Time (such date, the “New Option Grant Date”).

Expiration and Extension of the Exchange Offer

The Exchange Offer is scheduled to expire at 6:00 p.m., Pacific Time, on Monday, July 27, 2020, unless we, in our sole discretion, extend the expiration date of the Exchange Offer (such time and date referred to herein as the “Expiration Time”). See Section 13 (“Extension of Exchange Offer; Termination; Amendment”) for a description of our rights to extend, terminate and amend the Exchange Offer.

If you do not elect to tender your Eligible Options before the Expiration Time, such Eligible Options will remain subject to their current terms, including the current exercise prices and vesting schedules.

Section 2. Purpose of the Exchange Offer; Additional Considerations.

Stock options are a critical component of our compensation philosophy, the focal point of which is to increase long-term stockholder value. Our Board believes that the Exchange Offer is in the best interests of our stockholders and the company, as we believe that New Options granted under the Exchange Offer will provide a better incentive and motivation to employees and other service providers than the underwater options they currently hold and would surrender. Receipt of New Options at a lower exercise price will increase the retention of our employees and other service providers, reduce the costs and disruptions associated with employee and service provider resignations and better ensure our performance as a company. As an alternative to increased cash compensation, the Exchange Offer will allow us to devote more of our cash resources toward advancing our research and development programs and moving our product candidates into and through the clinic. In addition, it will provide the opportunity to reduce the “overhang” of outstanding stock options, a substantial portion of which have an exercise price that is greater than our current stock price. Our Board also recognizes our competition’s ability to attract and recruit top talent and views it as critical that Aptevo be able to retain and motivate key employees in this way. Our Board believes that it has a responsibility to address these issues and to properly incentivize our employees.

The price of our common stock has significantly decreased over the last few years. As of March 31, 2020, the closing price of our common stock on Nasdaq was \$3.70 per share, resulting in 100% of the outstanding stock options held by our employees, including our executive officers, consultants, and outside directors, are “underwater,” meaning the exercise price of those options is greater than our current stock price. This means that these underwater stock options may no longer be effective as incentives to motivate and retain employees and other service providers holding these options.

We evaluated several alternatives to the Exchange Offer in order to remain competitive within our industry and with our employees, including granting additional stock options or restricted stock awards, exchanging underwater options for full value shares or exchanging underwater options for a cash payment. While equity awards and cash compensation are part of our overall compensation packages, we believe that relying exclusively on such forms of compensation is not an ideal use of our resources. For example, granting additional stock options or restricted stock awards would cause dilution to our current stockholders, and increasing cash compensation would reduce the cash resources we can devote to our research and development programs. Accordingly, we determined that the Exchange Offer was the most attractive alternative for stockholders.

We designed the Exchange Offer to restore equity value, increase retention and motivation in a competitive labor market, provide non-cash compensation incentives and better align our employee and stockholder interests for long-term growth. Underwater stock option awards are of limited benefit in motivating and retaining our employees and other service providers. Through the Exchange Offer, we believe that we will be able to enhance long-term stockholder value by increasing our ability to retain experienced employees and service providers and by better aligning the interests of these individuals with the interests of our stockholders. Because many of our employees’ and service providers’ stock options are underwater (and for a large number of employees and service providers, significantly so), we may face a considerable challenge in retaining these employees and service providers, and there is a possibility that our competitors may be able to offer equity incentives or other forms of compensation that are more attractive and that, in some cases, could make the terms of employment at a new employer more attractive than what we offer to our existing employees and other service providers. The Exchange Offer is designed to address these concerns as well as improve morale among our employees and service providers generally and reinvigorate a culture where equity compensation is a key component of our overall compensation package.

In deciding whether to tender one or more Eligible Options pursuant to the Exchange Offer, you should know that we continually evaluate and explore strategic opportunities as they arise. At any given time, we may be engaged in discussions or negotiations with respect to one or more corporate transactions of the type described below. We also grant equity awards in the ordinary course of business to our current and new employees, including our executive

officers, consultants and directors. Our directors and employees, including our executive officers, from time to time may acquire or dispose of our securities. We may from time to time repurchase our own outstanding securities after we have announced any decision by the Board to authorize us to do so, in accordance with applicable securities laws. In addition, we may pursue opportunities to raise additional capital through the issuance of equity or convertible debt securities. If this occurs, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. We cannot assure you that additional financing will be available on terms favorable to Aptevo, or at all.

Subject to the foregoing and except as otherwise disclosed in the Exchange Offer or in our filings with the Securities and Exchange Commission (the "SEC"), we currently have no plans, proposals or negotiations that relate to or would result in:

- any extraordinary corporate transaction, such as a material merger, reorganization or liquidation, involving Aptevo;
- any purchase, sale or transfer of a material amount of our assets;
- any material change in our present dividend policy or our indebtedness or capitalization;
- any material change in our Board or executive management team, including any plans to change the number or term of our directors or to fill any existing vacancies on the Board or to change the material terms of any executive officer's employment;
- any other material change in our corporate structure or business;
- our common stock not being traded on a national securities exchange;
- our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the "*Exchange Act*");
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of any of our securities or the disposition of any of our securities, other than in the ordinary course of business or pursuant to existing options or other rights; or
- any change in our certificate of incorporation or bylaws, or any actions that may impede the acquisition of control of us by any person.

WE DO NOT MAKE ANY RECOMMENDATION AS TO WHETHER YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS, NOR HAVE WE AUTHORIZED ANY PERSON TO MAKE ANY SUCH RECOMMENDATION. YOU SHOULD EVALUATE CAREFULLY ALL OF THE INFORMATION IN THE EXCHANGE OFFER AND CONSULT YOUR OWN FINANCIAL AND TAX ADVISORS. YOU MUST MAKE YOUR OWN DECISION WHETHER TO TENDER YOUR ELIGIBLE OPTIONS FOR EXCHANGE.

Section 3. Procedures for Tendering Eligible Options.

If you wish to tender your Eligible Options for exchange, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed document to us so that we receive it before the Expiration Time by the following means:

By email (by PDF or similar imaged document file) delivered to: Aptevo@certent.com

Except as described in the following sentence, the Election Form must be signed by the Eligible Holder who holds the Eligible Options to be tendered using the same name for such Eligible Holder as appears on the applicable stock option agreement. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on the Election Form.

Your Eligible Options will not be considered tendered until we receive the properly completed and signed Election Form. We must receive your properly completed and signed Election Form before the Expiration Time. If you miss this deadline or submit an Election Form that is not properly completed as of the deadline, you will not be permitted to participate in the Exchange Offer.

We will accept delivery of the signed Election Form only by email (by PDF or similar imaged document file). You are responsible for making sure that the Election Form is delivered to Aptevo@certent.com. You must allow for sufficient time to complete and deliver your Election Form to ensure that we receive your Election Form before the Expiration Time.

You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled in exchange for New Options if we accept your Eligible Options for exchange.

Determination of Validity; Rejection of Eligible Options; Waiver of Defects; No Obligation to Give Notice of Defects.

To validly tender your Eligible Options pursuant to the Exchange Offer, you must remain an Eligible Holder and your employment or other service provider relationship with us must not have terminated for any other reason, including due to your voluntary resignation, retirement, involuntary termination, layoff, death or disability, prior to or as of the Expiration Time.

If you hold multiple option grants that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be able to elect to tender as few or as many of your Eligible Option grants as you wish. However, if you elect to tender an Eligible Option for exchange, you must tender the entire outstanding (i.e., unexercised) portion of that Eligible Option. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Options that you have properly tendered for exchange.

We will determine all questions as to form of documents and the validity, eligibility, time of receipt and acceptance of any tender of Eligible Options. Neither Aptevo nor any other person is obligated to give notice of any defects or irregularities in tenders. No tender of Eligible Options will be deemed to have been properly made until all defects or irregularities have been cured by the tendering Eligible Holder or waived by Aptevo. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties.

The Exchange Offer is a one-time offer, and we will strictly enforce the offer period, subject only to any extension of the Expiration Time that we may grant in our sole discretion. Subject to Rule 13e-4 under the Exchange Act, we also reserve the right to waive any of the conditions of the Exchange Offer or any defect or irregularity in any tender with respect to any particular Eligible Option or any particular Eligible Holder.

Our Acceptance Constitutes an Agreement.

Your tender of Eligible Options pursuant to the procedures described above constitutes your acceptance of the terms and conditions of the Exchange Offer and will be controlling, absolute and final, subject to your withdrawal rights under Section 4 (“*Withdrawal Rights*”) and our acceptance of your tendered Eligible Options in accordance with Section 5 (“*Acceptance of Eligible Options for Exchange; Grant of New Options*”). Our acceptance for exchange of Eligible Options that you tender pursuant to the Exchange Offer will constitute a binding agreement between Aptevo and you upon the terms and subject to the conditions of the Exchange Offer.

Subject to our rights to terminate and amend the Exchange Offer in accordance with Section 6 (“*Conditions of the Exchange Offer*”), and as described in Section 1 of this Offering Memorandum, on the New Option Grant Date, we expect to accept for exchange all properly tendered Eligible Options that have not been validly withdrawn by the Expiration Time, and we expect to cancel the Eligible Options that we accept in exchange for the grant of New Options with the New Option Terms. We expect the New Option Grant Date to occur promptly following the Expiration Time. However, if the exercise price of your New Options would be above the exercise price of your Eligible Option tendered in the Exchange Offer, we will not accept your tendered awards and they will not be exchanged. If the Expiration Time is extended, then the New Option Grant Date will be similarly extended.

Section 4. Withdrawal Rights.

If you elect to accept the Exchange Offer with respect to some or all of your Eligible Options and later change your mind, you may withdraw any tendered Eligible Options by following the procedure described in this Section 4. Just as you may not tender only part of an Eligible Option grant, you also may not withdraw your election with respect to only a portion of an Eligible Option grant. If you elect to withdraw a previously tendered Eligible Option grant, you must withdraw the entire Eligible Option, but you are not required to withdraw any other tendered Eligible Options.

We will permit any Eligible Options tendered in the Exchange Offer to be withdrawn at any time during the period the Exchange Offer remains open, and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options that have not been accepted at any time after 12:00 a.m., Pacific Time, on Monday June 29, 2020. Please note that, upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn by the Expiration Time.

To validly withdraw tendered Eligible Options, you must deliver to us (using the same delivery method described in Section 3) a properly completed and signed Notice of Withdrawal of Election Form ("**Notice of Withdrawal**") during a period in which you have the right to withdraw the tendered Eligible Options. Your tendered Eligible Options will not be considered withdrawn until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline for withdrawal but remain an Eligible Holder, we will exchange any previously tendered Eligible Options pursuant to the Exchange Offer and your previously submitted Election Form.

You are responsible for making sure that, if you wish to withdraw tendered Eligible Options, the Notice of Withdrawal is delivered as indicated in Section 3 above. The Notice of Withdrawal must specify the Eligible Options to be withdrawn. Except as described in the following sentence, the Notice of Withdrawal must be signed by the Eligible Holder who holds the Eligible Options to be tendered using the same name for such Eligible Holder as appears on the applicable stock option agreement and the previously submitted Election Form. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on the Notice of Withdrawal. We have filed a form of the Notice of Withdrawal as an exhibit to the Tender Offer Statement on Schedule TO filed by Aptevo with the SEC on June 29, 2020 (the "**Schedule TO**"). We will deliver a copy of the Notice of Withdrawal form to all Eligible Holders.

You may not rescind any withdrawal, and any Eligible Options you withdraw will thereafter be deemed not properly tendered for purposes of the Exchange Offer unless you properly re-tender those Eligible Options before the Expiration Time by following the procedures described in Section 3 of this Offering Memorandum.

Neither we nor any other person is obligated to give notice of any defects or irregularities in any Notice of Withdrawal, nor will anyone incur any liability for failing to give notice of any defects or irregularities. We will determine all questions as to the form and validity, including time of receipt, of Notices of Withdrawal. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determinations of these matters will be final and binding.

Section 5. Acceptance of Eligible Options for Exchange; Grant of New Options.

Upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn (i) by the Expiration Time, unless extended, or (ii) after 12:00 a.m., Pacific Time, on Monday, July 27, 2020, if we have not accepted such Eligible Options by such time. On the New Option Grant Date, we expect to cancel the Eligible Options we have accepted in exchange for the grant of the New Options with the New Option Terms. If the Expiration Time is extended, then the New Option Grant Date will be similarly extended.

To the extent any Eligible Option that you tender for exchange is partially vested as of the Expiration Time, you will receive one New Option in exchange for the vested shares underlying such Eligible Option and one New Option in exchange for the unvested shares underlying such Eligible Option.

Promptly after we grant the New Options, we will send each tendering Eligible Holder a confirmation email with respect to the Eligible Options that we have accepted for exchange. In addition, we will separately provide to each tendering Eligible Holder for acceptance via the Company's online stock option portal the stock option documentation relating to the Eligible Holder's New Options. We have filed a form of such confirmation email as an exhibit to the Schedule TO.

If you have tendered Eligible Options under the Exchange Offer and your employment or other service provider relationship terminates for any reason, you will no longer be eligible to participate in the Exchange Offer, and we will not accept your Eligible Options for exchange. In that case, you may be able to exercise your existing vested Eligible Options for a limited time after your termination date in accordance with and subject to their terms.

Section 6. Conditions of the Exchange Offer.

Notwithstanding any other provision of the Exchange Offer, we will not be required to accept any Eligible Options tendered for exchange, and we may terminate or amend the Exchange Offer, in each case subject to Rule 13e-4(f)(5) under the Exchange Act, if at any time on or after the date hereof and prior to the Expiration Time, any of the following events has occurred, or if we have determined, in our reasonable judgment, that any of the following events has occurred:

- there shall have been threatened or instituted any action or proceeding by any government or governmental, regulatory or administrative agency, authority or tribunal or other person, domestic or foreign, before any court, authority, agency or tribunal that (i) directly or indirectly challenges the making of the Exchange Offer or the exchange of some or all of the Eligible Options tendered for exchange, (ii) otherwise relates in any manner to the Exchange Offer, or (iii) in our reasonable judgment, could materially affect our business, condition (financial or other), assets, income, operations, prospects or stock ownership;
- there shall have been threatened, instituted or taken, any action, or any approval, exemption or consent shall have been withheld, or any statute, rule, regulation, judgment, order or injunction shall have been proposed, sought, promulgated, enacted, entered, amended, interpreted, enforced or deemed to be applicable to the Exchange Offer or Aptevo, by or from any court or any regulatory or administrative authority, agency or tribunal that, in our reasonable judgment, would directly or indirectly:
 - make it illegal for us to accept some or all of the tendered Eligible Options for exchange, otherwise restrict or prohibit consummation of the Exchange Offer or otherwise relate in any manner to the Exchange Offer;
 - delay or restrict our ability, or render us unable, to accept the tendered Eligible Options for exchange; or
 - impair the contemplated benefits of the Exchange Offer to Aptevo;
- there will have occurred:
 - any general suspension of trading in, or limitation on prices for, securities on any national securities exchange or automated quotation system or in the over-the-counter market;
 - the declaration of a banking moratorium or any suspension of payments with respect to banks in the United States;
 - any limitation, whether or not mandatory, by any governmental, regulatory or administrative agency or authority on, or any event that, in our reasonable judgment, might affect the extension of credit to us by banks or other lending institutions in the United States;
 - in our reasonable judgment, any extraordinary or material adverse change in United States financial markets generally, including a decline of at least 10% in either the Dow Jones Industrial Average or the Standard & Poor's 500 Index from the date of commencement of the Exchange Offer;
 - the commencement or escalation of a war or other national or international calamity directly or indirectly involving the United States, which could reasonably be expected to affect materially or adversely, or to delay materially, the completion of the Exchange Offer; or
 - any of the situations described above which existed at the time of commencement of the Exchange Offer, where such situation, in our reasonable judgment, deteriorates materially after commencement of the Exchange Offer.

- a tender or exchange offer (other than the Exchange Offer) with respect to some or all of our capital stock, or a merger or acquisition proposal for Aptevo, shall have been proposed, announced or publicly disclosed or we shall have learned that:
 - any person, entity or group (where “group” has the meaning given within Section 13(d)(3) of the Exchange Act) has acquired more than 5% of our outstanding common stock, other than a person, entity or group that had publicly disclosed such ownership with the SEC prior to the date of commencement of the Exchange Offer;
 - any such person, entity or group that had publicly disclosed such ownership prior to such date has acquired additional common stock constituting more than 1% of our outstanding shares; or
 - any new group has been formed that beneficially owns more than 5% of our outstanding common stock that, in our judgment in any such case, and regardless of the circumstances, makes it inadvisable to proceed with the Exchange Offer or with such acceptance of Eligible Options for exchange;
- any change, development, clarification or position taken in generally accepted accounting principles that could or would require us to record for financial reporting purposes compensation expense against our earnings in connection with the Exchange Offer, other than as contemplated as of the commencement date of this Exchange Offer (as described in Section 10 of this Offering Memorandum, “*Accounting Consequences of this Exchange Offer*”);
- any changes occur in our business, financial condition, assets, income, operations, prospects or stock ownership that, in our reasonable judgment, is or may be material to Aptevo;
- Any event or events occur that have resulted or may result, in our reasonable judgment, in a material impairment of the contemplated benefits of the Exchange Offer to Aptevo (see Section 2 of this Offering Memorandum, “*Purpose of the Exchange Offer; Additional Consideration*,” for a description of the contemplated benefits of the Exchange Offer to Aptevo); and
- Any rules or regulations by any governmental authority, Nasdaq, or other regulatory or administrative authority or any national securities exchange have been enacted, enforced, or deemed applicable to us that have resulted or may result, in our reasonable judgment, in a material impairment of the contemplated benefits of the Exchange Offer to Aptevo (see Section 2 of this Offering Memorandum, “*Purpose of the Exchange Offer; Additional Consideration*,” for a description of the contemplated benefits of the Exchange Offer to Aptevo).

The conditions to the Exchange Offer are for Aptevo’s benefit. We may assert them prior to the Expiration Time regardless of the circumstances giving rise to them (other than circumstances caused by our action or inaction). We may waive the conditions, in whole or in part, at any time and from time to time prior to our acceptance of your tendered Eligible Options for exchange, whether or not we waive any other condition to the Exchange Offer. Subject to any order or decision by a court or arbitrator of competent jurisdiction, any determination we make concerning the events described in this Section 6 will be final and binding upon all persons.

Section 7. Price Range of Our Common Stock.

The Eligible Options give Eligible Holders the right to acquire shares of our common stock. None of the Eligible Options are traded on any trading market. Our common stock trades on Nasdaq under the symbol “APVO.”

The following table sets forth the high and low per share sales prices of our common stock on Nasdaq during the periods indicated.

Year Ending December 31, 2020	High	Low
First quarter	\$9.73	\$3.29
Year Ended December 31, 2019	High	Low
First quarter	\$26.18	\$11.48
Second quarter	\$13.51	\$ 9.80
Third quarter	\$13.76	\$ 8.23
Fourth quarter	\$ 9.80	\$ 7.36
Year Ended December 31, 2018	High	Low
First quarter	\$66.50	\$40.04
Second quarter	\$83.16	\$44.24
Third quarter	\$78.82	\$59.08
Fourth quarter	\$69.16	\$17.36

As of June 26, 2020, we had 160 stockholders of record, and 3,232,811 shares of our common stock were issued and outstanding. Because brokers and other institutions hold many of our shares on behalf of stockholders, we are unable to estimate the total number of beneficial stockholders represented by these record holders. On June 26, 2020, the closing price for our common stock as reported on Nasdaq was \$8.20 per share. We recommend that you obtain current market quotations for our common stock before deciding whether or not to tender your Eligible Options for exchange. The price of our common stock has been, and in the future may be, volatile and could decline. The trading price of our common stock has fluctuated in the past and is expected to continue to do so in the future as a result of a number of factors, many of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many companies and that have often been unrelated or disproportionate to the operating performance of those companies.

Section 8. Information Concerning Aptevo; Financial Information.

Information Concerning Aptevo.

We are a clinical-stage biotechnology company focused on developing novel immunotherapies for the treatment of cancer. Our lead clinical candidate, APVO436, and preclinical candidates, ALG.APV-527 and APVO603 were developed based on our versatile and robust ADAPTIR™ modular protein technology platform. The ADAPTIR platform is capable of generating highly differentiated bispecific antibodies with unique mechanisms of action for the treatment of different types of cancer and autoimmunity.

We were incorporated in December 2016 in the State of Delaware. Our principal offices are located at 2401 4th Ave. Suite 1050, Seattle, Washington 98121, and our telephone number is (206) 838-0500. Our website address is www.aptevotherapeutics.com. Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Exchange Offer.

Financial Information.

You should read this Exchange Offer in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K (File No. 001-37746) for the year ended December 31, 2019, filed with the SEC on March 25, 2020 (our "**Annual Report**"), and in our Quarterly Report on Form 10-Q (File No. 001-37746) for the quarter ended March 31, 2020, filed with the SEC on May 13, 2020 (our "**Quarterly Report**"), which are incorporated herein by reference. The book value per share of our common stock as of March 31, 2020 was \$4.69 per share.

Additional Information.

For more information about Aptevo, please refer to our Annual Report, our Quarterly Report and our other filings made with the SEC. We recommend that you review the materials that we have filed with the SEC before making a decision on whether or not to tender your Eligible Options. We will also provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See Section 15 ("**Additional Information**") for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review such reports.

Section 9. Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities.

Our executive officers and members of our Board are eligible to participate in the Exchange Offer on the same terms as all other Eligible Holders.

Accordingly, all of these individuals are Eligible Holders and they hold Eligible Options.

Name	Title	Number of Eligible Options
Marvin White	Chief Executive Officer	49,348
Jeffrey Lamothe	Chief Financial Officer	22,193
Jane A. Gross Ph.D.	Chief Scientific Officer	23,201
Fuad El-Hibri	Director	4,016
Daniel J. Abdun-Nabi	Director	4,016
John E. Niederhuber, M.D.	Director	4,016
Zsolt Harsanyi	Director	4,016
Grady Grant III	Director	4,016
Barbara Lopez Kunz	Director	4,016

Other than outstanding stock option and other equity awards granted to our directors, executive officers and other employees and consultants pursuant to our various equity incentive plans, which are described in the notes to our financial statements as set forth in our Annual Report and Quarterly Report, neither Aptevo nor, to our knowledge, any of our executive officers or directors, any person controlling Aptevo or any executive officer or director of such control person, is a party to any agreement, arrangement or understanding with respect to any of our securities, including any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

During the 60-day period prior to the date of this Offering Memorandum, we have not granted any options that are Eligible Options, and no Eligible Options have been exercised. During such 60-day period, neither we, nor, to the best of our knowledge, any member of our Board or any of our executive officers, nor any of our affiliates, has engaged in any transaction involving the Eligible Options.

Section 10. Accounting Consequences of the Exchange Offer.

We have adopted the provisions of the Financial Accounting Standard Board's *Accounting Standards Update 2014-12, Compensation—Stock Compensation (Topic 718)* ("*ASC Topic 718*") regarding accounting for share-based payments. Under ASC Topic 718, we will recognize the grant date fair value of the tendered Eligible Options plus the incremental compensation cost of the New Options. The incremental compensation cost will be measured as the excess, if any, of the fair value of the New Options over the fair value of the original Eligible Options prior to exchange. The fair value of New Options will be measured as of the New Option Grant Date and the fair value of the Eligible Options surrendered will be measured as of the Expiration Time. This incremental compensation cost will be recognized in compensation expense ratably over the vesting period of the New Options.

The amount of compensation cost will depend on a number of factors, including the level of participation in the Exchange Offer and the exercise price per share of Eligible Options, as applicable, exchanged in the Exchange Offer. Since these factors cannot be predicted with any certainty as of the date of this Offering Memorandum and will not be known until the Expiration Time, we cannot predict the exact amount of the charge (if any) that will result from the Exchange Offer.

Section 11. Legal Matters; Regulatory Approvals.

We are not aware of any material pending or threatened legal actions or proceedings relating to the Exchange Offer. We are not aware of any margin requirements or anti-trust laws applicable to the Exchange Offer. We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our acceptance of Eligible Options for exchange and grant of New Options as contemplated by the Exchange Offer, or of any regulatory requirements that we must comply with or approval or other action by any government or

governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the completion of the Exchange Offer as contemplated herein. Should any such compliance or approval or other action be required, we currently contemplate that we will use commercially reasonable efforts to comply with such requirements or seek such approval or take such other action. We cannot assure you that any such compliance or approval or other action, if needed, would be achieved or obtained or would be achieved or obtained without substantial conditions or that the failure to achieve such compliance or obtain any such approval or other action would not adversely affect our business. Our obligation under the Exchange Offer to accept tendered Eligible Options for exchange and to grant New Options with the New Option Terms would be subject to achieving such compliance or obtaining any such governmental approval or other action.

Section 12. Material United States Tax Consequences.

The following is a summary of the anticipated material United States federal income tax consequences of the Exchange Offer. This tax summary does not discuss all of the tax consequences that may be relevant to you in light of your particular circumstances, nor is it intended to apply in all respects to all categories of Eligible Holders. The tax consequences for individuals who are subject to the tax laws of a country other than the United States or of more than one country may differ from the United States federal income tax consequences summarized herein. The rules governing the tax treatment of stock options are complex. **You should consult with your tax advisor to determine the personal tax consequences to you of rejecting or participating in the Exchange Offer.**

Tax Effects of Rejecting the Offer

In general, your rejection of the Exchange Offer will not be a taxable event for United States federal income tax purposes.

Tax Effects of Accepting the Offer

Neither your acceptance of the Exchange Offer nor the exchange of your Eligible Options will be a taxable event for United States federal income tax purposes. You will not recognize any income, gain or loss as a result of the exchange and cancellation of your Eligible Options for New Options for United States federal income tax purposes.

Taxation of Non-statutory Stock Options ("NSOs")

Generally, an option holder will not recognize any income, gain or loss on the granting of an NSO. Upon the exercise of an NSO, an option holder will recognize ordinary income on each purchased share equal to the difference between the fair market value of the stock on the date of exercise and the exercise price of the NSO.

If and when an option holder sells the stock purchased upon the exercise of an NSO, any additional increase or decrease in the fair market value on the date of sale, as compared to the fair market value on the date of exercise, will be treated as a capital gain or loss. If the option holder has held those shares for more than one year from the date of exercise, such gain or loss will be a long-term capital gain or loss. If the option holder has held those shares for not more than one year from the date of exercise, such gain or loss will be a short-term capital gain or loss.

Withholding

We will withhold all required local, state, federal, foreign and other taxes and any other amount required to be withheld by any governmental authority or law with respect to ordinary compensation income recognized with respect to the exercise of a stock option by an Eligible Holder. We will require any such Eligible Holder to make arrangements to satisfy this withholding obligation prior to the delivery or transfer of any shares of our common stock.

Section 13. Extension of the Exchange Offer; Termination; Amendment.

We may, from time to time, extend the period of time during which the Exchange Offer is open and delay accepting any Eligible Options tendered to us by disseminating notice of the extension to Eligible Holders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by Rule 13e-4(e)(3) under the Exchange Act. If the Exchange Offer is extended, we will provide appropriate notice of the extension and the new Expiration Time no later than 6:00 a.m. Pacific Time on the next business day following the previously scheduled Expiration Time. For purposes of the Exchange Offer, a "business day" means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:00 a.m. through 11:59 p.m., Pacific Time.

We also expressly reserve the right, in our reasonable judgment, prior to the Expiration Time, to terminate or amend the Exchange Offer upon the occurrence of any of the conditions specified in Section 6 ("**Conditions of the Exchange Offer**") by disseminating notice of such termination or amendment to Eligible Holders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by applicable law.

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 6 ("**Conditions of the Exchange Offer**") has occurred or we deem any such event to have occurred, to amend the Exchange Offer in any respect prior to the Expiration Time. We will promptly disseminate any notice of such amendment required pursuant to the Exchange Offer or applicable law to Eligible Holders in a manner reasonably designed to inform Eligible Holders of such change and will file such notice with the SEC as an amendment to the Schedule TO.

If we materially change the terms of the Exchange Offer or the information concerning the Exchange Offer, or if we waive a material condition of the Exchange Offer, we will extend the Exchange Offer to the extent required by Rules 13e-4(d)(2) and 13e-4(e)(3) under the Exchange Act. Under these rules, the minimum period during which a tender or Exchange Offer must remain open following material changes in the terms of or information concerning a tender or Exchange Offer, other than a change in price or a change in percentage of securities sought, will depend on the facts and circumstances, including the relative materiality of such terms or information.

In addition, we will publicly notify or otherwise inform Eligible Holders in writing if we decide to take any of the following actions and will keep the Exchange Offer open for at least 10 business days after the date of such notification:

- we increase or decrease the amount of consideration offered for the Eligible Options; or
- we increase or decrease the number of Eligible Options that may be tendered in the Exchange Offer.

Section 14. Consideration; Fees and Expenses.

Each Eligible Holder who properly tenders an Eligible Option to be exchanged and accepted by Aptevu pursuant to this Exchange Offer will receive a New Option. Options are equity awards under which the holder can purchase shares of common stock for a predetermined exercise price, provided that the vesting criteria are satisfied, and otherwise subject to compliance with the applicable option terms.

Subject to the terms and conditions of this Exchange Offer, upon our acceptance of your properly tendered Eligible Options, you will be entitled to receive New Options for a number of shares of common stock calculated using an exchange ratio based on the exercise price of your tendered Eligible Options, as described in Section 1 of this Offering Memorandum. New Options will be unvested as of the New Option Grant Date and will be subject to a new vesting schedule, as described in Section 1 of this Offering Memorandum. If you receive New Options, you do not have to make any cash payment to Aptevu to receive your New Options, but upon exercise of your vested New Options, you will be required to pay the per share exercise price to receive any shares of common stock subject to your New Options.

If we receive and accept tenders from Eligible Holders of all Eligible Options (comprising a total of options to purchase 207,578 shares outstanding as of June 29, 2020) subject to the terms and conditions of this Exchange Offer, we will grant New Options covering a total of approximately 88,352 shares of common stock.

We will not pay any fees or commissions to any broker, dealer or other person for soliciting tenders of Eligible Options pursuant to the Exchange Offer. You will be responsible for any expenses that you incur in connection with your election to participate in the Exchange Offer, including mailing, internet, faxing and telephone expenses, as well as any expenses associated with any tax, legal or other advisor that you consult or retain in connection with the Exchange Offer.

Section 15. Additional Information.

With respect to the Exchange Offer, we have filed the Schedule TO, as may be amended, of which the Exchange Offer is a part. The Exchange Offer document does not contain all of the information contained in the Schedule TO and the exhibits to the Schedule TO. Before making a decision on whether or not to tender your Eligible Options, we highly recommend that you review the Schedule TO, as may be amended, including its exhibits, and the following materials that we have filed with the SEC:

- our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the SEC on March 25, 2020;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, filed with the SEC on May 13, 2020;
- our Definitive Proxy Statement on Schedule 14A for our 2020 Annual Meeting of Stockholders, filed with the SEC on April 20, 2020;
- our Current Reports on Form 8-K filed with the SEC on March 2, 2020, March 13, 2020, March 27, 2020 and April 13, 2020; and
- the description of the Registrant's Common Stock which is contained in the Registrant's registration statement on Form 10 initially filed on April 15, 2016 (File No. 001-37746) under the Securities Exchange Act of 1934, as amended and declared effective on July 15, 2016, including any amendment or report filed for the purpose of updating such description.

Our SEC filings are available to the public on the SEC's website at <http://www.sec.gov>. We also make available on or through our corporate website, free of charge, copies of these reports as soon as reasonably practicable after we electronically file or furnish them to the SEC.

We will also promptly provide without charge to each Eligible Holder to whom we deliver a copy of the Exchange Offer, upon written or oral request, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless specifically incorporated by reference into such documents). Written requests should be directed to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

The information about us contained in the Exchange Offer should be read together with the information contained in the documents to which we have referred you.

Section 16. Miscellaneous.

The Exchange Offer and our SEC reports referred to above include forward-looking statements. Words such as "believes," "will," "should," "could," "expects," "anticipates," "estimates," "plans," "objectives," and other similar statements of expectation identify forward-looking statements. These forward-looking statements involve risks and uncertainties, including those described in this Offering Memorandum, our Annual Report and our Quarterly Report, that could cause actual results to differ materially from those expressed in the forward-looking statements. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. While we believe our plans, intentions and expectations reflected in these forward-looking statements are reasonable, these plans, intentions or expectations may not be achieved.

WE ENCOURAGE YOU TO REVIEW THE RISK FACTORS CONTAINED IN OUR QUARTERLY REPORT BEFORE YOU DECIDE WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER.

WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS

DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED DOCUMENTS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

FORM OF ANNOUNCEMENT EMAIL TO ELIGIBLE HOLDERS

Subject: Aptevo Therapeutics Inc. Offer to Exchange Eligible Options for New Options

To: All Eligible Holders

Date: June 29, 2020

We are pleased to announce that Aptevo Therapeutics Inc. (“**Aptevo**,” “**we**,” “**us**” or “**our**”) is commencing an Offer to Exchange Eligible Options for New Options (the “**Exchange Offer**”) today, Monday, June 29, 2020. You are receiving this email because you are eligible to participate and exchange certain outstanding stock options for replacement stock options with modified terms. The terms of the Exchange Offer are described in detail in the attached Offer to Exchange Eligible Options for New Options, dated June 29, 2020 (the “**Offer Documents**”), that has been filed with the U.S. Securities and Exchange Commission and can be accessed at <https://aptevotherapeutics.gcs-web.com/financial-reports/sec-filings> or through the SEC website at www.sec.gov.

Attached to this email is an Election Form listing your “**Eligible Options**,” which includes all outstanding stock options granted to you under our 2018 Stock Incentive Plan (the “**2018 Plan**”), 2016 Amended and Restated Stock Plan (“**2016 Plan**”) or Converted Equity Awards Incentive Plan (the “**Converted Plan**,” and together with the 2018 Plan and 2016 Plan, the “**Equity Plans**”) with an exercise price equal to or greater than \$21.00 per share. Please notify us immediately if you find any discrepancy or have any questions regarding the Eligible Options listed in your Election Form.

If you participate in the Exchange Offer, we will cancel your tendered Eligible Options and grant you one or more “**New Options**” with modified terms, as described in the Offer Documents. The terms of your New Options, including the exercise price, term, vesting schedule and potential tax treatment, will be different than your Eligible Options, and in exchange for your receipt of such New Options, all corresponding Eligible Options will be irrevocably cancelled.

All questions regarding the Exchange Offer should be delivered to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com. All documents should be delivered to our designated email account (the “**Exchange Account**”): Aptevo@certent.com

Please carefully read **all** of the Offer Documents before making any decisions regarding this Exchange Offer. To participate in the Exchange Offer, please deliver your completed and signed Election Form to the Exchange Account. If you later decide to withdraw your election, please deliver your completed and signed Notice of Withdrawal, a copy of which is attached to this email, to the Exchange Account.

The Exchange Offer will expire at **6:00 p.m., Pacific Time, on Monday, July 27, 2020** (the “**Expiration Time**”). We may extend this expiration date and time in our discretion, in which case references to the “**Expiration Time**” shall refer to any such extended date and time. If you would like to tender Eligible Options under the Exchange Offer, Aptevo must **receive** your properly completed and signed Election Form by the Expiration Time. Similarly, if you would like to withdraw a prior election, Aptevo must **receive** your Notice of Withdrawal by the Expiration Time.

We will be holding information sessions on the Exchange Offer on June 29th, 2020. However, please understand that we cannot advise you on whether or not to participate in the Exchange Offer. Participation in the Exchange Offer is entirely your decision and at your discretion, and you should make the decision about whether to participate based on your personal circumstances. Aptevo recommends that you consult your tax and financial advisors to address questions regarding your decision.

This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO-I and accompanying documents, which you may access on our website at <https://aptevotherapeutics.gcs-web.com/financial-reports/sec-filings> or through the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

APTEVO THERAPEUTICS INC.
2401 4TH AVENUE, SUITE 1050
SEATTLE, WASHINGTON 98121

OPTION EXCHANGE – ELECTION FORM

THIS OFFER AND YOUR WITHDRAWAL RIGHTS WILL EXPIRE AT 6:00 P.M., PACIFIC TIME,
ON JULY 27, 2020, UNLESS EXTENDED

Before completing and signing this Election Form, we encourage you to read the documents that make up this tender offer, including (1) the Offer to Exchange Eligible Options for New Options, dated June 29, 2020, filed with the U.S. Securities and Exchange Commission and separately delivered to you by email from Aptevo Therapeutics Inc. (“**Aptevo**”), describing the terms of the Exchange Offer (the “**Offer Documents**”); (2) the email from Aptevo on June 29, 2020 announcing the commencement of the Exchange Offer; and (3) this Election Form, including the Agreement to the Terms of Election and Instructions to Election Form attached below. The Exchange Offer is subject to the terms set forth in the Offer Documents, as they may be amended. The Exchange Offer expires at 6:00 p.m., Pacific Time, on Monday, July 27, 2020, unless extended. All capitalized terms used in this Election Form but not defined herein shall have the meanings given in the Offer Documents.

PLEASE CAREFULLY REVIEW AND FOLLOW THE INSTRUCTIONS BELOW AND ATTACHED TO THIS FORM.

If you wish to participate in the Exchange Offer with respect to an Eligible Option, please check the box next to “Yes, exchange Eligible Option for New Option(s)” in order to tender such Eligible Option in exchange for the grant of New Option(s) under the terms of the Exchange Offer. Each Eligible Option you elect to tender for exchange must be tendered in whole. If you check the box next to “No, retain Eligible Option” with respect to an Eligible Option, such Eligible Option will remain outstanding subject to its original terms, and no New Options will be granted to you in exchange for such Eligible Option.

If you make no election, or do not return this Election Form before the Expiration Time, you will retain your Eligible Options subject to their original terms, and no New Options will be granted to you.

If you wish to reject the Exchange Offer and retain all of your Eligible Options, you may check the box next to “No, reject the Exchange Offer and retain all Eligible Options” above the table set forth below.

Please return this Election Form to Aptevo via email (by PDF or similar imaged document file) to: aptevo@certent.com.

See the Instructions to Election Form attached to this Election Form for additional information.

Employee Name:

No, reject the Exchange Offer and retain all Eligible Options. If you check this box, you do not need to make any elections in the table below.

Grant Number	Grant Date	Eligible Options		New Options		Election to tender Eligible Option in exchange for New Option(s)
		Grant Type	Exercise Price	Ratio	Shares	
		<input checked="" type="checkbox"/> NSO		<input type="checkbox"/> vested shares		<input type="checkbox"/> Yes, exchange Eligible Option for New Option(s)
				<input type="checkbox"/> unvested shares		<input type="checkbox"/> shares* <input type="checkbox"/> shares** <input type="checkbox"/> No, retain Eligible Option
		<input checked="" type="checkbox"/> NSO		<input type="checkbox"/> vested shares		<input type="checkbox"/> Yes, exchange Eligible Option for New Option(s)
				<input type="checkbox"/> unvested shares		<input type="checkbox"/> shares* <input type="checkbox"/> shares** <input type="checkbox"/> No, retain Eligible Option
		<input checked="" type="checkbox"/> NSO		<input type="checkbox"/> vested shares		<input type="checkbox"/> Yes, exchange Eligible Option for New Option(s)
				<input type="checkbox"/> unvested shares		<input type="checkbox"/> shares* <input type="checkbox"/> shares** <input type="checkbox"/> No, retain Eligible Option

* Subject to vesting period of one year, as further described in the Agreement to Terms of Election below.

** Subject vesting schedule that match the existing stock options, vesting in the same proportions over the same vesting term, as further described in the Agreement to Terms of Election below.

YOUR SIGNATURE AND SUBMISSION OF THIS ELECTION FORM INDICATES THAT YOU AGREE TO ALL TERMS OF THE EXCHANGE OFFER AS SET FORTH IN THE OFFER DOCUMENTS, AS WELL AS THE AGREEMENT TO THE TERMS OF THE ELECTION ATTACHED HERETO.

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the expiration time, which is 6:00 p.m., Pacific Time, on Monday, July 27, 2020, unless extended. The last valid election submitted to Aptevo prior to the expiration of the Exchange Offer shall be effective and supersede any prior Election Forms you submit.

Employee Name: [Name]

(Signature)

(Print Name)

(Date)

AGREEMENT TO THE TERMS OF ELECTION

To: Aptevo Therapeutics Inc. (“**Aptevo**”)
2401 4th Avenue, Suite 1050
Seattle, Washington 98121
Email: Aptevo@certent.com

By signing and submitting this Election Form, I acknowledge and agree that:

1. I have received from Aptevo the Offer to Exchange Eligible Options for New Options, including the Summary Term Sheet – Questions and Answers, dated June 29, 2020 (collectively, the “**Offer Documents**”), and upon making an election herein, I agree to all of the terms and conditions of the Offer Documents.
2. I tender to Aptevo for exchange the Eligible Options specified on this Election Form and understand that, upon acceptance by Aptevo, this Election Form will constitute a binding agreement between Aptevo and me. I have checked the box(es) corresponding to the Eligible Options that I elect to tender for exchange. I understand that any election that I make to tender an option for exchange that does not qualify as an Eligible Option will not be accepted, and such options will remain outstanding subject to their original terms following the expiration of the Exchange Offer.
3. If I validly tender an Eligible Option for exchange and such Eligible Option is accepted by Aptevo, such Eligible Option will automatically be cancelled by Aptevo in exchange for the grant of one or more New Options with the applicable New Option terms described in the Offer Documents, including, without limitation:
 - Each New Option will have an exercise price equal to the closing price of Aptevo’s common stock reported on The Nasdaq Capital Market on the date that the New Option is granted.
 - Each New Option will represent the right to purchase a reduced number of shares of our common stock based on the exchange ratio specified in the Offer Documents and referenced on the Election Form.
 - Each New Option will have a maximum term of ten (10) years following the grant date of the New Option.
 - The vesting schedule of my New Options will be as follows:
 - Each New Option granted in exchange for the vested shares underlying a fully vested Eligible Option will vest with a new one-year vesting schedule, vesting in full at the end of 12 months measured from the grant date of the New Option.
 - Each New Option granted in exchange for the shares underlying an Eligible Option that is not fully vested will vest per the vesting schedules that match the existing stock options, vesting in the same proportions over the same vesting term.
4. To remain eligible to tender Eligible Options for exchange pursuant to the Exchange Offer, I must remain an Eligible Holder at the Expiration Time, which is currently scheduled to be **6:00 p.m., Pacific Time, on Monday, July 27, 2020**, unless extended. I understand that if my employment or other service relationship with Aptevo ceases prior to the Expiration Time, Aptevo will not accept my Eligible Options for exchange and I or my estate or beneficiaries, as the case may be, will retain my Eligible Options subject to their original terms and conditions. If I cease providing services to Aptevo for any reason before the shares underlying my New Options vest, I will forfeit any unvested portion of my New Options, subject to the terms of Aptevo’s 2018 Stock Incentive Plan.
5. Neither the ability to participate in the Exchange Offer nor actual participation in the Exchange Offer will be construed as a right to continued employment or service with Aptevo.
6. This election is entirely voluntary, and I am aware that I may change or withdraw my decision to tender my Eligible Options at any time until the Expiration Time, as described in the Instructions to Election Form. **I understand that this decision to tender my Eligible Options will be irrevocable as of 6:00 p.m., Pacific Time, Monday, July 27, 2020 unless the Exchange Offer is extended.** Participation in the Exchange Offer is entirely my decision and should be made based on my personal circumstances. Aptevo has not authorized any person to make any recommendation on its behalf as to whether or not I should participate in the Exchange Offer.
7. I may receive certain future confirmation letters or other communications from Aptevo in connection with the Exchange Offer, including a communication confirming that Aptevo has received this Election Form and whether Aptevo ultimately accepts or rejects this Election Form.

INSTRUCTIONS TO ELECTION FORM

- 1. DEFINED TERMS.** All capitalized terms used in this Election Form but not defined herein have the meanings given in the Offer to Exchange Eligible Options for New Options, dated June 28, 2020, filed with the U.S. Securities and Exchange Commission and separately delivered to you by email from Aptevo. The use of “Aptevo,” “we,” “us” and “our” in this Election Form refers to Aptevo Therapeutics Inc.
- 2. EXPIRATION TIME.** The Exchange Offer and any rights to tender or to withdraw a tender of Eligible Options expire at **6:00 p.m., Pacific Time, on Monday, July 27, 2020**, unless the Exchange Offer is extended (and unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 12:00 a.m. Pacific Time on June 29, 2020).
- 3. DELIVERY OF ELECTION FORM.** If you intend to tender Eligible Options under the Exchange Offer, a signed copy of this Election Form must be **received** by Aptevo before **6:00 p.m., Pacific Time, on Monday, July 27, 2020** (or such later date as may apply if the Exchange Offer is extended) by the following means:
 - **Via email (by PDF or similar imaged document file) to:** aptevo@certent.com

Your Election Form will be effective only **upon receipt** by us. **You are responsible for making sure that the Election Form is delivered to the electronic mail address indicated above. You must allow for sufficient time to complete and deliver this Election Form to ensure that we receive your Election Form on time.**

You are not required to tender any of your Eligible Options for exchange. If you choose to tender one or more of your Eligible Options for exchange, please check the box on your Election Form corresponding to each Eligible Option that you wish to tender for exchange. You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled if we accept your Eligible Options for exchange and grant you New Options.

- 4. WITHDRAWAL OF ELECTION.** Tenders of Eligible Options made under the Exchange Offer may be withdrawn at any time before **6:00 p.m., Pacific Time, on Monday, July 27, 2020**, unless we extend the expiration date, in which case withdrawals must be received before such later expiration date and time (and unless we have accepted the Eligible Options, you may also withdraw any such tendered options after 12:00 a.m. Pacific Time on **June 29, 2020**).

To withdraw tendered Eligible Options, you must deliver a properly completed and signed Notice of Withdrawal via email (by PDF or similar imaged document file) to: aptevo@certent.com

Withdrawals may not be rescinded unless the withdrawn Eligible Options are properly re-tendered before the Expiration Time by following the procedures described in Instruction 3 above.

- 5. SIGNATURES.** Please sign and date this Election Form. Except as described in the following sentence, this Election Form must be signed by the Eligible Holder who holds the Eligible Options to be tendered using the same name for such Eligible Holder as appears on the applicable stock option agreement. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer's full title and proper evidence of the authority of such person to act in such capacity must be identified on this Election Form.
- 6. REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.** Any questions or requests for assistance regarding the Exchange Offer (including requests for additional or hard copies of the Offer Documents or this Election Form) should be directed via email to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.
- 7. IRREGULARITIES.** We will determine all questions as to the number of shares subject to Eligible Options tendered and the validity, form, eligibility (including time of receipt) and acceptance of any tender of Eligible Options for exchange. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties. We may reject any or all tenders of Eligible Options for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. We may waive any defect or irregularity in any tender with respect to any particular Eligible Options or any particular Eligible Holder before the Expiration Time. No Eligible Options will be accepted for exchange until the Eligible Holder exchanging the Eligible Options has cured all defects or irregularities to our satisfaction, or they have been waived by us, prior to the Expiration Time. Neither we nor any other person is obligated to give notice of any defects or irregularities involved in the exchange of any Eligible Options.

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8. **ALTERNATIVE, CONDITIONAL OR CONTINGENT OFFERS.** We will not accept any alternative, conditional or contingent tenders.
 9. **IMPORTANT U.S. TAX INFORMATION.** You should refer to Section 12 of the Offering Memorandum included in the Offer Documents, which contains important U.S. tax information. We encourage you to consult with your own financial and tax advisors if you have questions about your financial or tax situation.

INSTRUCTIONS TO NOTICE OF WITHDRAWAL OF ELECTION FORM

If you previously elected to accept the offer by Aptevo Therapeutics Inc. (“**Aptevo**”) to exchange some or all of your outstanding Eligible Options for New Options, subject to the terms and conditions of the Offer to Exchange Eligible Options for New Options, dated June 29, 2020 (the “**Exchange Offer**”), and you would like to change your election and withdraw the tender of any of your Eligible Options for exchange, **you must complete and sign this Notice of Withdrawal of Election Form (this “Notice of Withdrawal”) and return it to Aptevo before 6:00 p.m., Pacific Time, on Monday, July 27, 2020.** Once you have completed and signed this Notice of Withdrawal, please return it to Aptevo by the following means:

Return via email (by PDF or similar imaged document file) to: aptevo@certent.com

Your tendered Eligible Options will not be considered withdrawn from the Exchange Offer until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline to submit the Notice of Withdrawal but remain an Eligible Holder, any previously tendered Eligible Options will be cancelled pursuant to the Exchange Offer in exchange for the grant of New Options. You must sign the Notice of Withdrawal using the same name that appears on the Election Form you previously submitted. If your signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity for you, the signer’s full title and proper evidence of the authority of that person to act in that capacity must be identified on this Notice of Withdrawal.

You should receive a confirmation of receipt within three (3) business days after submitting your Notice of Withdrawal. If you have not received a confirmation of receipt before Friday, July 24, 2020, please contact us promptly via email at aptevo@certent.com to confirm that we received your Notice of Withdrawal.

DO NOT COMPLETE AND RETURN THIS NOTICE OF WITHDRAWAL UNLESS YOU WISH TO WITHDRAW A PREVIOUS TENDER OF ELIGIBLE OPTIONS FOR EXCHANGE PURSUANT TO THE EXCHANGE OFFER.

APTEVO THERAPEUTICS INC.
2401 4TH AVENUE, SUITE 1050
SEATTLE, WASHINGTON 98121

NOTICE OF WITHDRAWAL OF ELECTION FORM

Return via email (by PDF or similar imaged document file) to: aptevo@certent.com

I previously received from Aptevo the Offer to Exchange Eligible Options for New Options, dated June 29, 2020, and the Election Form. I signed and returned the Election Form, in which I elected to tender some or all of my Eligible Options in exchange for New Options. By submitting this Notice of Withdrawal of Election Form (this "Notice of Withdrawal"), I am revoking that election and hereby withdraw from the Exchange Offer with respect to the Eligible Options listed below:

Grant Number	Grant Date	Eligible Options			Withdrawal of election to tender Eligible Option for New Option(s)
		Grant Type	Exercise Price	Eligible Shares	
		<input type="checkbox"/> ISO <input type="checkbox"/> NSO		XXXXX (vested, unvested)	<input type="checkbox"/> <u>Revoke election</u>
		<input type="checkbox"/> ISO <input type="checkbox"/> NSO		XXXXX (vested, unvested)	<input type="checkbox"/> <u>Revoke election</u>
		<input type="checkbox"/> ISO <input type="checkbox"/> NSO		XXXXX (vested, unvested)	<input type="checkbox"/> <u>Revoke election</u>

I understand that, by signing this Notice of Withdrawal and delivering it to Aptevo, I withdraw my acceptance of the Exchange Offer with respect to the Eligible Options listed above. By rejecting the Exchange Offer with respect to the Eligible Options listed above, I understand that such Eligible Options will not be cancelled in exchange for the grant of New Options, and I will retain these Eligible Options subject to their existing exercise price, term, vesting schedule and other terms and conditions. I agree that Aptevo has made no representations or warranties to me regarding my rejection of the Exchange Offer. The withdrawal of the Eligible Options listed above is at my sole and exclusive discretion. I agree that Aptevo will not be liable for any costs, taxes, losses or damages I may incur as a result of my decision to withdraw the Eligible Options listed above.

By signing below, I hereby revoke my prior election to tender the Eligible Options listed above.

(Signature)
(Print Name)
(Date)

**FORM OF EMAIL
CONFIRMING RECEIPT OF ELECTION FORM**

From: Aptevo Therapeutics Inc.

Re: Confirmation of Receipt of Election Form

This message confirms that Aptevo Therapeutics Inc. (“**Aptevo**”) has received your Election Form. This confirmation should not, however, be construed to imply that the Election Form you submitted has been properly completed or signed or that we have accepted any of your Eligible Options for exchange.

If your Election Form has been properly completed and signed, and all eligibility requirements are met, we expect to accept the Eligible Options you have elected to exchange and to grant you New Options promptly following the Expiration Time, subject to the terms and conditions of the Exchange Offer. If you have included in your Election Form an election to tender options for exchange that do not qualify as Eligible Options, such options will not be accepted by Aptevo and will remain outstanding subject to their original terms following the expiration of the Exchange Offer. If you do not deliver a signed Notice of Withdrawal before the Expiration Time, and we accept your tendered Eligible Options for exchange, we will provide you with a confirmation letter promptly following the Expiration Time confirming that your Eligible Options have been accepted for exchange. In addition, we will separately provide you with stock option agreements for your New Options for acceptance via the Company’s online stock option portal.

Your Election Form may be changed or withdrawn by subsequently delivering a new, properly completed and signed Election Form or Notice of Withdrawal at any time before **6:00 p.m., Pacific Time, on Monday, July 27, 2020**, unless the Exchange Offer is extended.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Exchange Offer, Election Form, Notice of Withdrawal or any other documents relating to the Exchange Offer) by email to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer to Exchange Eligible Options for New Options, dated June 29, 2020.

FORM OF EMAIL
CONFIRMING RECEIPT OF NOTICE OF WITHDRAWAL OF ELECTION FORM

From: Aptevo Therapeutics Inc.

Re: Confirmation of Receipt of Notice of Withdrawal of Election Form

This message confirms that Aptevo Therapeutics Inc. (“**Aptevo**”) has received your Notice of Withdrawal of Election Form (“**Notice of Withdrawal**”). This confirmation should not, however, be construed to imply that the Notice of Withdrawal or any other documents that you have submitted have been properly completed.

If your Notice of Withdrawal is properly completed and signed and timely received by us, you will have revoked your prior election to exchange your Eligible Options as set forth in your previously submitted Election Form. With respect to the Eligible Options listed on your Notice of Withdrawal, we will neither cancel nor exchange such awards for New Options, and you will retain your Eligible Options subject to their original terms, exercise price and vesting schedule. Unless you deliver a new, properly completed and signed Election Form before **6:00 p.m., Pacific Time, on Monday, July 27, 2020**, or a later date if extended, the Eligible Options listed on your Notice of Withdrawal will remain outstanding following the expiration of the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Exchange Offer, Election Form or any other documents relating to the Exchange Offer) by email to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

Capitalized terms used but not otherwise defined in this email shall have the meaning set forth in the Offer to Exchange Eligible Options for New Options, dated June 29, 2020.

**FORM OF REMINDER EMAIL TO ELIGIBLE HOLDERS
REGARDING THE EXPIRATION OF THE EXCHANGE OFFER**

From: Aptevo Therapeutics Inc.

Re: REMINDER – Offer to Exchange Eligible Options for New Options

This email serves as a reminder that we are nearing the expiration of the Exchange Offer described in the Offer to Exchange Eligible Options for New Options, dated June 29, 2020 (the “**Offer Documents**”). The Exchange Offer and your withdrawal rights will expire at **6:00 p.m., Pacific Time, on Monday, July 27, 2020**, unless extended. You must submit your Election Forms and/or Notice of Withdrawals by the Expiration Time. We cannot accept late submissions.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Offer Documents, Election Form, Notice of Withdrawal or any other documents relating to the Exchange Offer) by email to Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO-I and accompanying documents, which you may access on our website at <https://aptevotherapeutics.gcs-web.com/financial-reports/sec-filings> or through the SEC website at www.sec.gov. Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.

**FORM OF EMAIL TO ELIGIBLE HOLDERS
CONFIRMING ACCEPTANCE OF ELIGIBLE OPTIONS**

From: Aptevo Therapeutics Inc.

Re: Confirmation of Acceptance of Eligible Options

Thank you for your submission of the Election Form pursuant to the Offer to Exchange Eligible Options for New Options, dated June 29, 2020 (the "**Offer Documents**"). With this letter, we confirm that Aptevo Therapeutics Inc. ("**Aptevo**") has accepted the Eligible Options listed on your Election Form for exchange in the Exchange Offer. Subject to the terms and conditions of the Exchange Offer, as described in the Offer Documents, your Eligible Options will be cancelled and New Options will be granted to you. Your New Options will appear shortly in the Company's online stock option portal, and your stock option agreement(s) will be available for electronic acceptance. If you have included in your Election Form an election to tender any options for exchange that do not qualify as Eligible Options, such options will not be accepted by Aptevo and will remain outstanding subject to their original terms following the expiration of the Exchange Offer. If you have any questions please contact Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com. Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Offer Documents.

FORM OF EMAIL NOTICE
REGARDING REJECTION OF OPTIONS FOR EXCHANGE

From: Aptevo Therapeutics Inc.

Re: Notice of Rejection of Options for Exchange

Thank you for your submission of the Election Form pursuant to the Offer to Exchange Eligible Options for New Options, dated June 29, 2020 (the "*Exchange Offer*"). With this letter, we are notifying you that Aptevo Therapeutics Inc. ("*Aptevo*") has rejected for exchange the options listed on your Election Form. Accordingly, your options will remain outstanding and subject to their original terms. For additional information regarding the rejection of your options for exchange, please contact Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Exchange Offer.

FORM OF EXPIRATION NOTICE EMAIL

From: Aptevo Therapeutics Inc.

Re: Expiration of the Exchange Offer

The Exchange Offer described in the Offer to Exchange Eligible Options for New Options, dated June 29, 2020 (the "*Offer Documents*"), has expired, and no additional Election Forms or Notices of Withdrawal may be submitted. If you are an Eligible Holder and delivered a properly completed and signed Election Form to tender your Eligible Options before the Expiration Time, and did not subsequently deliver a Notice of Withdrawal, you will receive a separate email confirming our acceptance of your tendered Eligible Options. Any Eligible Options you did not tender for exchange will remain outstanding and subject to their original terms. If you have any questions regarding the stock options you hold, please contact Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com.

Capitalized terms used but not otherwise defined in this email shall have the meanings set forth in the Offer Documents.



Offer to Exchange Eligible Options for New Options

June 29, 2020

Aptevo Town Hall Meeting

- Offer to Exchange Eligible Options for New Options
 - Overview
 - Eligible Option Holders
 - Eligible Options
 - New Option Terms
 - Process for Participation
 - Important Disclaimers

Overview of Exchange Offer

- During the exchange offer period, eligible option holders will have the ability to exchange eligible stock options for a lesser number of new stock options
- Tender offer commenced on June 29, 2020
- The offering period expires at 6:00 p.m. PT on July 27, 2020, unless extended by Aptevo

Eligible Option Holders

- Employees, including executive officers, certain consultants and outside directors who on the commencement date of the Exchange Offer (June 29, 2020) are providing services to us and hold outstanding eligible stock options
- Participants must continue to be employed by or providing services as an outside director or consultant to us on the New Option Grant Date (6:00 p.m. PT on July 27, 2020, unless extended)
- Any employee, consultant or outside director holding eligible stock options whose service with us terminates for any reason before the date the new stock options are granted, including due to voluntary resignation, retirement, involuntary termination, layoff, death or disability, would retain his or her eligible options subject to their existing terms and would not be eligible to receive new stock options in the offer exchange.

Eligible Stock Options

- Held by an Eligible Holder
- Has an exercise grant price equal to or greater than \$21.00 per share, which is not set to expire in calendar year 2020; and
- Was granted under our 2018 Stock Incentive Plan, 2016 Amended and Restated Stock Plan or Converted Equity Awards Incentive Plan

New Option Terms

- New options will be granted promptly following the Expiration Date
- Exercise price of New Options will be the closing price of our common stock reported on The Nasdaq Capital Market on the grant date
- Each New Option will represent your right to purchase a number of shares of our common stock that is calculated using an exchange ratio based on the exercise price of your tendered Eligible Option. The chart below sets forth the applicable exchange ratios for outstanding Eligible Options based on the dollar range of the exercise prices of such Eligible Options.

Eligible Option Exercise Price Range	Exchange Ratio (Surrendered Eligible Options: New Options)*
\$21.00 to \$34.30	2.0 to 1
\$34.31 to \$42.00	2.5 to 1
\$42.01 to \$59.50	3.0 to 1
\$59.51 and above	3.5 to 1

* Rounded up to the nearest share

New Option Terms

- All new options will be non-qualified stock options (NSOs)
- Each New Option will have a maximum term of 10 years
- New Options will not be vested on the grant date of the New Option. The vesting terms of your new Options are as follows:
 - Each New Option granted in exchange for vested shares underlying an Eligible Option will vest with a new one-year vesting schedule, vesting in full at the end of 12 months measured from the grant date of the New Option.
 - Each New Option granted in exchange for an Eligible Option that is not fully vested will vest per the vesting schedules that match the existing stock options, vesting in the same proportions over the same vesting term.

Process for Participation

- Participation is voluntary
- You will receive an email informing you that the process has started, and you will receive a list of your eligible options
- To participate, you must complete, sign and deliver your Election Form no later than 6:00 p.m. PT on July 27, 2020
- You may revoke your Election Form at any time prior to the Expiration Time by submitting a Notice of Withdrawal of Election
- You will receive email confirmations of receipt of your Election Form and your Notice of Withdrawal of Election Form
- Your Election Form and Notice of Withdrawal of Election Form will be sent to Aptevo@certent.com and questions can be sent to: Megan Schutzler, Manager, External Reporting at schutzlerm@apvo.com
- **You will be able to access all forms and documents via your TD Ameritrade account – if you need help with access to your account, contact Megan Schutzler at schutzlerm@apvo.com**

Important Disclaimers

- The exchange offer is a Tender Offer filed with the SEC (Schedule TO)
- All terms of the exchange offer are governed by the Offering Memorandum and the related Election Form
- We strongly encourage you to consult with your personal financial or tax advisors prior to deciding whether to participate in the exchange offer
- WE ENCOURAGE YOU TO REVIEW THE RISK FACTORS CONTAINED IN OUR QUARTERLY REPORT BEFORE YOU DECIDE WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER
- WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THE OFFERING MEMORANDUM OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THE OFFERING MEMORANDUM OR IN THE RELATED DOCUMENTS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.