As filed with the Securities and Exchange Commission on April 15, 2016

File No. 001-

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

Form 10

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

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

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

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

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

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

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

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

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

APTEVO THERAPEUTICS INC.

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

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

Item 1. ***Business.***

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

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

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

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

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

Item 3. ***Properties.***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

None.

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

(a) Financial Statements

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

(b) Exhibits

See below.

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

10.20†*	License and Co-Development Agreement, dated as of August 19, 2014, by and between Emergent Product Development Seattle, LLC and MorphoSys AG (the "MorphoSys Collaboration Agreement")
10.21†*	First Amendment to MorphoSys Collaboration Agreement, dated June 19, 2015
10.22†*	Second Amendment to MorphoSys Collaboration Agreement, dated December 7, 2015
10.23†*	Amended and Restated License Agreement, dated as of November 28, 2008, by and between Cangene Corporation (as successor-in-interest to Inspiration Biopharmaceuticals, Inc.) and The University of North Carolina at Chapel Hill, as amended on June 14, 2012
21**	Subsidiaries of Aptevo Therapeutics Inc.
99*	Information Statement of Aptevo Therapeutics Inc., preliminary and subject to completion, dated April 15, 2016

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

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

APTEVO THERAPEUTICS INC.

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

Date: April 15, 2016

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [•], 2016

Schedules:

SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of [•], 2016 (this "Agreement"), is made and entered into by and between Emergent BioSolutions Inc., a Delaware corporation ("Emergent"), and Aptevo Therapeutics Inc., a Delaware corporation ("Aptevo"). Aptevo and Emergent are referred to together as the "Parties" and individually as a "Party." Capitalized terms used herein shall have the respective meanings assigned to them in Article I or elsewhere in this Agreement.

RECITALS

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

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

WHEREAS, Aptevo has been incorporated for these purposes and has not engaged in activities except those incidental to its formation and in preparation for the transactions described herein;

WHEREAS, in furtherance of the foregoing, the Emergent Board and the board of directors of Aptevo (the "Aptevo Board") have determined that it is appropriate and desirable for Emergent and its applicable Subsidiaries to transfer the Aptevo Assets to Aptevo and certain entities designated by Aptevo that will be Subsidiaries of Aptevo as of the Distribution Date (any such entities, the "Aptevo Designees"), and for Aptevo and the Aptevo Designees to assume the Aptevo Liabilities, in each case as more fully described in this Agreement and the Ancillary Agreements and including the steps set forth in the Plan of Reorganization (the "Separation");

WHEREAS, Emergent currently intends that, on the Distribution Date, it will make a distribution, on a pro rata basis, to holders of record of the outstanding Emergent Common Shares on the Record Date (the "Record Holders") of all of the outstanding Aptevo Common Shares owned by Emergent (the "Distribution");

WHEREAS, the Distribution and certain related transactions, taken together, are intended to qualify as a reorganization under Section 368 of the Code for U.S. federal income tax purposes;

WHEREAS, this Agreement is intended to be a "plan of reorganization" within the meaning of Treasury Regulation Section 1.368-2(g); and

WHEREAS, each of Emergent and Aptevo has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and to set forth certain other agreements that shall govern certain matters relating to the Separation and the Distribution and the relationship of Emergent, Aptevo and their respective Subsidiaries following the Distribution.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following terms shall have the following meanings:

"Action" shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, settlement, inquiry, subpoena, proceeding (including any administrative proceeding) or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" (including with a correlative meaning, "affiliated") shall mean, when used with respect to a specified Person, a Person that, directly or indirectly, through one (1) or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, on and after the Distribution Date, for purposes of this Agreement and the Ancillary Agreements, (1) no member of the Aptevo Group shall be deemed to be an Affiliate of any member of the Emergent Group and (2) no member of the Emergent Group shall be deemed to be an Affiliate of any member of the Aptevo Group. For the avoidance of doubt, after the Effective Time, the members of the Emergent Group and the members of the Aptevo Group shall not be deemed to be under common control for purposes hereof due solely to the fact that Emergent and Aptevo may have common shareholders.

"Agent" shall mean Broadridge Corporate Issuer Solutions, Inc., or such other trust company or bank duly appointed by Emergent to act as distribution agent, transfer agent and/or registrar for the Aptevo Common Shares in connection with the Distribution.

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

"Ancillary Agreement" shall mean the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Intercompany Agreements and the Transfer Documents.

"Approvals or Notifications" shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any third Person, including any Governmental Authority.

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

"Aptevo Accounts" shall have the meaning set forth in Section 2.10(a).

"Aptevo Assets" shall have the meaning set forth in Section 2.2(a).

"Aptevo Balance Sheet" shall mean the unaudited pro forma balance sheet of the Aptevo Business, as of the Balance Sheet Date, including the notes thereto, as reflected in the Form 10.

"Aptevo Board" shall have the meaning set forth in the Recitals.

"Aptevo Business" shall mean: (a) (i) the business and operations of the Biosciences Business and (ii) such other businesses and operations relating thereto carried on by the Biosciences Business and (b) except as otherwise expressly provided herein, any terminated, divested or discontinued businesses or operations that at the time of termination, divestiture or discontinuation exclusively or primarily related to the Aptevo Business (as described in the foregoing clause (a)) as then conducted, excluding, in the case of each of clauses (a) and (b), the businesses and operations primarily related to the Excluded Assets.

"Aptevo Cash" shall have the meaning set forth in Section 2.2(a)(ix).

"Aptevo Common Shares" shall mean the shares of common stock, par value $0.001 per share, of Aptevo.

"Aptevo Contracts" shall mean the following contracts and agreements to which Emergent or any of its Subsidiaries is a party or by which it or any of its Subsidiaries or any of their respective Assets is bound, whether or not in writing, in each case immediately prior to the Distribution (including, for the avoidance of doubt, any Person that will be a member of the Aptevo Group at the time of the Distribution), except for any such contract or agreement that is contemplated to be retained by Emergent or any member of the Emergent Group pursuant to any provision of this Agreement or any Ancillary Agreement (including pursuant to Section 2.2(b)(ii)):

(a) any customer, distribution, supply or vendor contracts or agreements entered into prior to the Effective Time that relate exclusively or primarily to the Aptevo Business, including the contracts set forth on Schedule 1.1;

(b) any other contract or agreement that relates exclusively or primarily to the Aptevo Business;

(c) any joint venture agreement or, subject to Section 2.13, any license agreement that relates exclusively or primarily to the Aptevo Business;

(d) any guarantee, indemnity, representation, warranty or other Liability of any member of the Aptevo Group or the Emergent Group in respect of any other Aptevo Contract, any Aptevo Liability or the Aptevo Business;

(e) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with any Aptevo Employee or consultants of the Aptevo Group that are in effect as of the Distribution Date, except for the arrangements listed on Schedule 1.2;

(f) any consent order, decree or agreement with any third party including Governmental Authorities that relates exclusively or primarily to the Aptevo Business;

(g) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to Aptevo or any member of the Aptevo Group; and

(h) any interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements that relate exclusively or primarily to the Aptevo Business, including the hedging arrangements listed on Schedule 1.3.

"Aptevo Designees" shall have the meaning set forth in the Recitals.

"Aptevo Employee" shall have the meaning set forth in the Employee Matters Agreement.

"Aptevo Group" shall mean Aptevo, each Subsidiary of Aptevo and each other Person that is controlled directly or indirectly by Aptevo, in each case as of immediately prior to the Distribution.

"Aptevo Indemnitees" shall have the meaning set forth in Section 4.3.

"Aptevo Intellectual Property" shall mean (a) all Registrable IP set forth on Schedule 1.4 and (b) all Intellectual Property, other than Registrable IP, that is owned by any member of the Emergent Group or Aptevo Group and that is used or held for use exclusively or primarily in the Aptevo Business as of the Distribution Date, in each case other than any Registrable IP or other Intellectual Property that is contemplated to be retained by Emergent or any member of the Emergent Group pursuant to any provision of this Agreement or any Ancillary Agreement (including pursuant to Section 2.2(b)(ii)).

"Aptevo Liabilities" shall have the meaning set forth in Section 2.3(a).

"Aptevo Platform Technologies" shall mean the platform technologies described on Schedule 1.5.

"Aptevo Products" shall mean shall mean the products and product candidates listed on Schedule 1.6.

"Aptevo Released Party" shall have the meaning set forth in Section 4.1(b).

"Aptevo Software" shall mean all Software owned or licensed by any member of the Emergent Group or Aptevo Group that is exclusively or primarily used or held for use in the Aptevo Business as of the Distribution Date, other than any Software that is contemplated to be retained by Emergent or any member of the Emergent Group pursuant to any provision of this Agreement or any Ancillary Agreement (including pursuant to Section 2.2(b)(ii)).

"Aptevo Technology" shall mean all Technology owned or licensed by any member of the Emergent Group or Aptevo Group that is exclusively or primarily used or held for use in the Aptevo Business as of the Distribution Date, other than any Technology that is contemplated to be retained by Emergent or any member of the Emergent Group pursuant to any provision of this Agreement or any Ancillary Agreement (including pursuant to Section 2.2(b)(ii)).

"Aptevo Transfer Documents" shall have the meaning set forth in Section 2.4(b).

"Assets" shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other third Persons or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including the following:

(a) all accounting and other books, records and files whether in paper, microfilm, microfiche, computer tape or disc, magnetic tape, electronic or any other form;

(b) all apparatus, computers and other electronic data processing and communications equipment, fixtures, machinery, equipment, furniture, office equipment, automobiles, trucks, vessels, motor vehicles and other transportation equipment and other tangible personal property;

(c) all inventories of materials, parts, raw materials, components, supplies, works-in-process and finished goods and products;

(d) all interests in real property of whatever nature, including easements, whether as owner, mortgagee or holder of a Security Interest in real property, lessor, sublessor, lessee, sublessee or otherwise;

(e) (i) all interests in any capital stock or other equity interests of any Subsidiary, Affiliate or any other Person, (ii) all bonds, notes, debentures or other securities issued by any Subsidiary, Affiliate or any other Person, (iii) all loans, advances or other extensions of credit or capital contributions to any Subsidiary, Affiliate or any other Person and (iv) all other investments in securities of any Person;

(f) all license agreements, leases of personal property, open purchase orders for raw materials, supplies, parts or services and other contracts, agreements or commitments;

(g) all deposits, letters of credit and performance and surety bonds;

(h) all written (including in electronic form) or oral technical information, data, specifications, research and development information, engineering drawings and specifications, operating and maintenance manuals, and materials and analyses prepared by consultants and other third Persons;

(i) all Intellectual Property and Technology;

(j) all Software;

(k) all cost information, sales and pricing data, customer prospect lists, supplier records, customer and supplier lists, customer and vendor data, correspondence and lists, product data and literature, artwork, design, formulations and specifications, quality records and reports and other books, records, studies, surveys, reports, plans and documents;

(l) all prepaid expenses, trade accounts and other accounts and notes receivable;

(m) all rights under insurance policies and all rights in the nature of insurance, indemnification or contribution;

(n) all rights under contracts, consent decrees, orders or agreements, all claims or rights against any Person arising from the ownership of any Asset, all rights in connection with any bids or offers and all claims, choses in action or similar rights, whether accrued or contingent;

(o) all licenses, permits, approvals and authorizations that have been issued by any Governmental Authority;

(p) all cash or cash equivalents, bank accounts, lock boxes and other deposit arrangements; and

(q) all interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements.

"Balance Sheet Date" shall mean [•], 2016.

"Biosciences Business" shall mean the business of exploiting the Aptevo Products and the Aptevo Platform Technologies, all as conducted by the Emergent Group and/or the Aptevo Group on the date hereof.

"Business Day" shall mean any day that is not a Saturday, a Sunday or other day that is a statutory holiday under the federal Laws of the United States. In the event that any action is required or permitted to be taken under this Agreement on or by a date that is not a Business Day, such action may be taken on or by the Business Day immediately following such date.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Competitive Activities" shall mean making, manufacturing, using, selling, offering for sale, importing or otherwise exploiting protein therapeutics intended to treat oncolytic diseases.

"Confidential Information" shall have the meaning set forth in Section 7.7(a).

"CPR" shall have the meaning set forth in Section 8.2.

"Disclosing Group" shall have the meaning set forth in Section 7.7(a).

"Disclosing Party" shall have the meaning set forth in Section 7.7(a).

"Disclosure Document" shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of either Party or any of its controlled Affiliates, and also includes any information statement (including the Information Statement), prospectus, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the Aptevo Group or primarily relates to the transactions contemplated hereby.

"Dispute" shall have the meaning set forth in Section 8.1(b).

"Dispute Notice" shall have the meaning set forth in Section 8.2.

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date" shall mean the date of the consummation of the Distribution, which shall be determined by Emergent in its sole discretion.

"Distribution Ratio" shall mean a fraction the numerator of which shall be one (1) and the denominator of which shall be [•].

"Effective Time" shall mean the time at which the Distribution occurs on the Distribution Date, which shall be deemed to be 12:01 a.m., Eastern Time, on the Distribution Date, or such other time as Emergent may determine in its sole discretion.

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

"Emergent Accounts" shall have the meaning set forth in Section 2.10(a).

"Emergent Board" shall have the meaning set forth in the Recitals.

"Emergent Business" shall mean the businesses and operations of the Emergent Group other than the Aptevo Business.

"Emergent Change of Control" shall mean, whether in one transaction or event or series of transactions or events (but excluding any transaction solely between or among Emergent and its wholly owned Subsidiaries): (a) any merger, reorganization, consolidation, share exchange, tender offer, business combination, recapitalization, liquidation, dissolution or similar transaction involving Emergent (or any other member of the Emergent Group whose business constitutes 50% or more of the consolidated net revenues, net income or assets of the Emergent Group, taken as a whole), (b) the acquisition in any manner (including by virtue of any equity interest), directly or indirectly, of 50% or more of the consolidated assets of the Emergent Group, (c) any transaction that results in any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rules 13d-3 and

13d-5 under the Exchange Act, except that a person or group shall be deemed to have "beneficial ownership" of all securities that such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of 35% or more of the issued and outstanding equity securities of Emergent entitled to vote for members of the Emergent Board (including all such securities that such "person" or "group" has the right to acquire pursuant to any option right), or (d) during any period of twelve (12) consecutive months, a majority of the members of the Emergent Board cease to be composed of individuals (i) who were members of the Emergent Board on the first day of such period, (ii) whose election or nomination to the Emergent Board was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of the Emergent Board or (iii) whose election or nomination to the Emergent Board was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of the Emergent Board (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of the Emergent Board occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the Emergent Board).

"Emergent Common Shares" shall mean the shares of common stock, par value $0.001 per share, of Emergent.

"Emergent Disclosure Portions" shall mean the information set forth in the Form 10, the Information Statement or any other Disclosure Document, in each case solely to the extent relating exclusively to (a) the Emergent Group, (b) the Emergent Business, (c) Emergent's intentions with respect to the Distribution, or (d) the terms of the Distribution, including the form, structure and terms of any transaction(s) to effect the Distribution and the timing of and conditions to the consummation of the Distribution.

"Emergent Group" shall mean Emergent, each Subsidiary of Emergent and each other Person that is controlled directly or indirectly by Emergent (in each case other than any member of the Aptevo Group).

"Emergent Indemnitees" shall have the meaning set forth in Section 4.2.

"Emergent Intellectual Property" shall mean (i) the Emergent Name and Emergent Marks and (ii) all other Intellectual Property that is owned or licensed by any member of the Emergent Group or the Aptevo Group, other than the Aptevo Intellectual Property.

"Emergent Name and Emergent Marks" shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of Emergent or any of its Affiliates using or containing "Emergent" and/or "BioSolutions" (in all capital letter, block letters or otherwise), either alone or in combination with other words or elements and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

"Emergent Released Party" shall have the meaning set forth in Section 4.1(a).

"Emergent Software" shall mean all Software that is owned or licensed by any member of the Emergent Group or the Aptevo Group, other than the Aptevo Software.

"Emergent Technology" shall mean all Technology that is owned or licensed by any member of the Emergent Group or the Aptevo Group, other than the Aptevo Technology.

"Emergent Transfer Documents" shall have the meaning set forth in Section 2.1(b).

"Employee Matters Agreement" shall mean the Employee Matters Agreement, dated as of the date hereof, by and between Emergent and Aptevo, as such Employee Matters Agreement may be amended from time to time.

"Environmental Law" shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

"Environmental Liabilities" shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials, Environmental Law or contract or agreement relating to environmental, health or safety matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, natural resources damages, equipment upgrades or replacements, asbestos survey and removal costs, property damages, personal injury damages, costs of compliance, including with any product take back requirements, or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) and all costs and expenses, interest, fines, penalties or other monetary sanctions in connection therewith.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Excluded Assets" shall have the meaning set forth in Section 2.2(b).

"Excluded Liabilities" shall have the meaning set forth in Section 2.3(b).

"Force Majeure" shall have the meaning set forth in Section 11.7.

"Form 10" shall mean the registration statement on Form 10 filed by Aptevo with the SEC to effect the registration of Aptevo Common Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Effective Time.

"GAAP" means United States generally accepted accounting principles, consistently applied.

"Governmental Approvals" shall mean any notices, reports or other filings to be made, or any consents, registrations, approvals, permits or authorizations to be obtained from, any Governmental Authority.

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

"Group" shall mean either the Aptevo Group or the Emergent Group, as the context requires.

"Guarantee Release" shall have the meaning set forth in Section 4.8(b).

"Hazardous Materials" shall mean any chemical, radiological isotope, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, medical or infectious wastes, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

"Indemnifying Party" shall have the meaning set forth in Section 4.4(a).

"Indemnitee" shall have the meaning set forth in Section 4.4(a).

"Information" shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, whether or not stored in any medium that has existed, now exists or will exist, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other Software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Information Statement" shall mean the information statement to be sent to each holder of Emergent Common Shares in connection with the Distribution, as filed with the SEC, as such information statement may be amended or supplemented from time to time prior to the Effective Time.

"Insurance Proceeds" shall mean those monies (a) received by an insured from an insurance carrier, including due to premium adjustments, whether or not retrospectively rated, or (b) paid by an insurance carrier on behalf of an insured, in either case net of any applicable premium deductible or self-insured retention. For the avoidance of doubt, "Insurance Proceeds" shall be calculated net of any costs or expenses incurred by a Party in pursuing insurance coverage.

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

"Intercompany Agreements" shall mean the agreements listed on Schedule 1.7.

"Intercompany Balances" shall mean the intercompany accounts receivable and accounts payable between any member of the Emergent Group, on the one hand, and any member of the Aptevo Group, on the other hand.

"IRS" shall mean the United States Internal Revenue Service.

"IRS Ruling" shall have the meaning set forth in Section 3.3(a)(i).

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

"Liabilities" shall mean any and all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, Taxes, remediation, deficiencies, reimbursement obligations in respect of letters of credit, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or description, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined

or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

"Losses" shall mean any and all damages, losses, deficiencies, Liabilities, Taxes, obligations, penalties, judgments, settlements, claims, payments, fines, charges, interest, costs and expenses, whether or not resulting from Third-Party Claims, including the costs and expenses of any and all Actions and demands, assessments, judgments, settlements and compromises relating thereto and the costs and expenses of attorneys', accountants', consultants' and other professionals' fees and expenses incurred in the investigation or defense thereof or the enforcement of rights hereunder.

"Nasdaq" shall mean the Nasdaq Global Select Market.

"NYSE" shall mean the New York Stock Exchange.

"Parties" or "Party" shall have the meaning set forth in the Preamble.

"Patents" shall have the meaning set forth in the definition of Intellectual Property.

"Person" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity or any Governmental Authority.

"Plan of Reorganization" shall have the meaning set forth in Section 2.1(a).

"Policies" shall mean insurance policies and insurance contracts of any kind (other than life and benefits policies or contracts), including primary, excess and umbrella policies, comprehensive general liability policies, director and officer liability, fiduciary liability, automobile, aircraft, marine, property and casualty, workers' compensation and employee dishonesty insurance policies, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

"Prime Rate" shall mean the rate that JPMorgan Chase Bank, N.A. (or any successor thereto or other major money center commercial bank agreed to by the Parties) announces from time to time as its prime lending rate, as in effect from time to time.

"Privileged Information" means any information, in written, oral, electronic or other tangible or intangible forms, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or its respective Subsidiaries would be entitled to assert or have asserted a privilege, including the attorney-client and attorney work product privileges.

"Product License Agreement" means the Product License Agreement by and between Emergent and Aptevo to be entered into at or prior to the Distribution.

"Receiving Group" shall have the meaning set forth in Section 7.7(a).

"Receiving Party" shall have the meaning set forth in Section 7.7(a).

"Record Date" shall mean the close of business on [•], 2016 or the close of business on another date if determined by the Emergent Board as the record date for determining holders of Emergent Common Shares entitled to receive Aptevo Common Shares pursuant to the Distribution.

"Record Holders" shall have the meaning set forth in the Recitals.

"Registrable IP" shall mean all Patents, registered Trademarks (including all goodwill associated therewith), registered Internet domain names and copyright registrations.

"Release" shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including ambient air, surface water, groundwater and surface or subsurface strata).

"Reorganization Agreement" means any contract, agreement, arrangement, commitment, understanding, instrument, loan note, security, transfer document, or other document executed or presented for the purposes of, in relation to or arising from, the implementation of the Plan of Reorganization.

"Representatives" shall mean, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"Restricted Party" shall mean each member of the Emergent Group but only until it ceases to be a member of the Emergent Group, at which time such Person shall cease to be subject to Section 6.5.

"Restricted Period" shall have the meaning set forth in Section 6.5(a).

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Security Interest" shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer or other encumbrance of any nature whatsoever.

"Separation" shall have the meaning set forth in the Recitals.

"Shared Contract" shall have the meaning set forth in Section 2.9(a).

"Software" shall mean any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons, and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

"Specified Product Liability Claim" shall mean any product liability claim brought by a third party (whether prior to, on or after the Distribution Date) against any member of the Aptevo Group or the Emergent Group that relates to any product sold by the Aptevo Business under an Emergent label, whether prior to, on or after the Distribution Date.

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Person, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has the power to vote, either directly or indirectly, sufficient securities to elect a majority of the board of directors or similar governing body.

"Tax Matters Agreement" shall mean the Tax Matters Agreement, dated as of the date hereof, by and between Emergent and Aptevo, as such Tax Matters Agreement may be amended from time to time.

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

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

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

"Third-Party Claim" shall have the meaning set forth in Section 4.4(a).

"Trademarks" shall have the meaning set forth in the definition of Intellectual Property.

"Transfer Documents" shall have the meaning set forth in Section 2.4(b).

"Transferred Entities" shall have the meaning set forth in Section 2.2(a)(iii).

"Transition Committee" shall have the meaning set forth in Section 2.14.

"Transition Services Agreement" shall mean the Transition Services Agreement, dated as of the date hereof, by and between Emergent and Aptevo, as such Transition Services Agreement may be amended from time to time.

"Trial" shall mean a pre-clinical or clinical trial related to the Aptevo Products.

"Trial Materials" shall mean the Aptevo Products and the placebo for each of these Aptevo Products for use in Trials, whether in bulk, formulated or finished form and whether or not in existence at the Effective Time.

"Trial Study Reports" shall mean all reports or summaries of all data, records and documents resulting from each Trial.

"Unreleased Aptevo Liability" shall have the meaning set forth in Section 2.6(b).

"Unreleased Excluded Liability" shall have the meaning set forth in Section 2.7(b).

ARTICLE II
THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Distribution Date, but in any case prior to the Effective Time, in accordance with the plan and structure set forth on Schedule 2.1(a) (such plan and structure being referred to as the "Plan of Reorganization") and to the extent not previously effected pursuant to the steps of the Plan of Reorganization that have been completed prior to the date hereof:

(i) Emergent shall, and shall cause its applicable Subsidiaries to, assign, transfer, convey and deliver to Aptevo or the applicable Aptevo Designees, and Aptevo or such Aptevo Designees shall accept from Emergent and its applicable Subsidiaries, all of Emergent's and such Subsidiaries' respective direct or indirect right, title and interest in and to all of the Aptevo Assets (it being understood that if any Aptevo Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such Aptevo Asset may be assigned, transferred, conveyed and delivered to Aptevo as a result of the transfer of all or substantially all of the equity interests in such Transferred Entity from Emergent or its applicable Subsidiaries to Aptevo or its applicable Subsidiaries);

(ii) subject to Section 2.5(c), Aptevo and the applicable Aptevo Designees shall accept, assume and agree faithfully to perform, discharge and fulfill when due all the Aptevo Liabilities in accordance with their respective terms. Aptevo and such Aptevo Designees shall be responsible for all Aptevo Liabilities, regardless of when or where such Aptevo Liabilities arose or arise, or whether the facts on which they are based occurred prior to, at or subsequent to the Effective Time, regardless of where or against whom such Aptevo Liabilities are asserted or determined (including any Aptevo Liabilities arising out of claims made by Emergent's or Aptevo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of

the Emergent Group or the Aptevo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or any other cause by any member of the Emergent Group or the Aptevo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(iii) Emergent shall cause the Aptevo Designees to assign, transfer, convey and deliver to certain of its other Subsidiaries designated by Emergent, and such other Subsidiaries shall accept from the Aptevo Designees, the Aptevo Designees' respective right, title and interest in and to any Excluded Assets specified by Emergent to be so assigned, transferred, conveyed and delivered; and

(iv) Emergent and certain of its Subsidiaries designated by Emergent shall accept and assume from the Aptevo Designees and agree faithfully to perform, discharge and fulfill when due certain Excluded Liabilities of the Aptevo Designees, and Emergent and its applicable Subsidiaries shall be responsible for all Excluded Liabilities, regardless of when or where such Excluded Liabilities arose or arise, or whether the facts on which they are based occurred prior to, at or subsequent to the Effective Time, regardless of where or against whom such Excluded Liabilities are asserted or determined (including any such Excluded Liabilities arising out of claims made by Emergent's or Aptevo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Emergent Group or the Aptevo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud, misrepresentation or any other cause by any member of the Emergent Group or the Aptevo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) In furtherance of the assignment, transfer, conveyance and delivery of the Aptevo Assets and the assumption of the Aptevo Liabilities in accordance with Sections 2.1(a)(i) and 2.1(a)(ii), on or before the date that such Aptevo Assets are assigned, transferred, conveyed or delivered or such Aptevo Liabilities are assumed (i) Emergent shall execute and deliver, and shall cause its applicable Subsidiaries to execute and deliver, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to evidence the transfer, conveyance and assignment of all of Emergent's and its applicable Subsidiaries' (other than Aptevo's Subsidiaries) right, title and interest in and to the Aptevo Assets to Aptevo and/or the Aptevo Designees, and (ii) Aptevo shall execute and deliver, and shall cause the applicable Aptevo Designees to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Aptevo Liabilities by Aptevo and the Aptevo Designees. All of the foregoing documents contemplated by this Section 2.1(b) shall be referred to collectively herein as the "Emergent Transfer Documents."

(c) In the event that, in connection with the Separation, any Party (or any member of such Party's respective Group) shall receive or otherwise possess any Asset or Liability that is allocated to any other Person pursuant to this Agreement or any Ancillary

Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset or Liability, as the case may be, to the Person entitled to such Asset or responsible for such Liability, as the case may be. Prior to any such transfer, the Person receiving, possessing or responsible for such Asset or Liability shall be deemed to be holding such Asset or Liability, as the case may be, in trust for any such other Person.

(d) Aptevo hereby waives compliance by each and every member of the Emergent Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Aptevo Assets to any member of the Aptevo Group.

(e) Emergent hereby waives compliance by each and every member of the Aptevo Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Excluded Assets to any member of the Emergent Group.

2.2 Aptevo Assets.

(a) For the purposes of this Agreement, "Aptevo Assets" shall mean (without duplication):

(i) all Assets that are expressly provided by this Agreement or any Ancillary Agreement (including for the avoidance of doubt the Schedules hereto or thereto) as Assets to be transferred to Aptevo or any other member of the Aptevo Group, including the Assets listed on Schedule 2.2(a)(i);

(ii) all the Aptevo Contracts and all rights, interests or claims of either Emergent or Aptevo or any of their respective Subsidiaries thereunder;

(iii) all issued and outstanding capital stock or other equity interests held by Emergent or its Subsidiaries in the wholly owned Subsidiaries listed on Schedule 2.2(a)(iii) (such Subsidiaries, the "Transferred Entities");

(iv) all Assets reflected as assets of Aptevo and its Subsidiaries on the Aptevo Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the Aptevo Balance Sheet; provided that the amounts set forth on the Aptevo Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of Aptevo Assets pursuant to this subclause (iv);

(v) all Assets that are of a nature or type that would have resulted in such Assets being included as Assets on a pro forma balance sheet of Aptevo as of the Effective Time (were such balance sheet to be prepared on a basis consistent with the determination of the Assets included on the Aptevo Balance Sheet), it being understood that the Aptevo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of Aptevo Assets pursuant to this subclause (v);

(vi) subject to Section 6.5, all rights, interests and claims of either Emergent or Aptevo or any of their respective Subsidiaries to any Aptevo Intellectual Property, Aptevo Software and Aptevo Technology;

(vii) all other rights, interests and claims of either Party or any of its Subsidiaries with respect to Information that is exclusively or primarily related to the Aptevo Assets, the Aptevo Liabilities, the Aptevo Business or the Transferred Entities;

(viii) solely to the extent provided in Article V, rights under any Policies;

(ix) subject to Section 2.10, all cash or cash equivalents of Aptevo or any Transferred Entity (the "Aptevo Cash");

(x) any cash or cash equivalents withdrawn from Emergent Accounts in accordance with Section 2.10(c);

(xi) all actions, claims, causes of action, rights of recovery, choses in action and rights of setoff with respect to the Actions listed on Schedule 2.2(a)(xi);

(xii) all books and records which relate exclusively or primarily to the Aptevo Assets, the Aptevo Liabilities, the Aptevo Business or the Transferred Entities (provided that Emergent shall have the right to retain copies of all such books and records to the extent related to the Emergent Business);

(xiii) all pre-clinical and clinical data related exclusively or primarily to the Aptevo Assets, the Aptevo Liabilities, the Aptevo Business or the Transferred Entities and which is contained in Emergent's databases or otherwise in Emergent's possession or control (provided that Emergent shall have the right to retain copies of all hyperimmune data and to use and exploit such data pursuant to the Product License Agreement);

(xiv) all of Emergent's rights, title and interest in and to the Trial Materials and the Trial Study Reports; and

(xv) except as contemplated by Section 2.5(b), any and all Assets, other than Intellectual Property, Software and Technology, owned and used or held for use immediately prior to the Effective Time by Emergent or any of its Subsidiaries that are used exclusively or primarily in the Aptevo Business. The intention of this clause (xv) is only to rectify any inadvertent omission of transfer or conveyance of any Assets that, had the Parties given specific consideration to such Asset as of the date hereof, would have otherwise been classified as an Aptevo Asset. No Asset shall be deemed to be an Aptevo Asset solely as a result of this clause (xv) if such Asset is within the category or type of Asset expressly covered by the terms of this Agreement or an Ancillary Agreement unless the Party claiming entitlement to such Asset can establish that the omission of the transfer or conveyance of such Asset was inadvertent.

Notwithstanding the foregoing, the Aptevo Assets shall not in any event include the Excluded Assets referred to in Section 2.2(b).

(b) For the purposes of this Agreement, "Excluded Assets" shall mean (without duplication):

(i) any and all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Emergent or any other member of the Emergent Group,

(ii) the Assets described on Schedule 2.2(b)(ii);

(iii) any cash or cash equivalents withdrawn from Aptevo Accounts in accordance with Section 2.10(c);

(iv) all rights, interests and claims of either Party or any of its Subsidiaries to any Emergent Intellectual Property, Emergent Software or Emergent Technology;

(v) any and all Shared Contracts (other than Aptevo Assets arising under any Shared Contracts in accordance with Section 2.9);

(vi) except as otherwise provided in Article V, any and all rights under any Policies; and

(vii) subject to Section 2.2(a)(xv), any and all Assets of any members of the Emergent Group that are not Aptevo Assets.

2.3 Aptevo Liabilities.

(a) For the purposes of this Agreement, "Aptevo Liabilities" shall mean (without duplication):

(i) all Liabilities, including any Environmental Liabilities and any Liability relating to the protection of human and occupational health and safety, the protection or restoration of, or prevention of harm to, the environment or natural resources, relating to, arising out of or resulting from:

(A) the operation or ownership of the Aptevo Business, as conducted at any time prior to, on or after the Distribution Date (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative (whether or not such act or failure to act is or was within such Person's authority) and including (for the avoidance of doubt) any Liability with respect to any products sold by the Aptevo Business under an Emergent label, whether prior to, on or after the Distribution Date);

(B) the operation or ownership of any business conducted by any member of the Aptevo Group at any time after the Effective Time (including any Liability relating to, arising out of or resulting from any act or failure to act by any Representative (whether or not such act or failure to act is or was within such Person's authority));

(C) any Aptevo Assets (including any Aptevo Contracts and any Aptevo Assets arising under any Shared Contracts, to the extent related to the Aptevo Business, and any real property and leasehold interests) in any such case whether arising before, on or after the Distribution Date; or

(D) any product liability claims or other claims of third parties relating to any product developed, manufactured, marketed, distributed, licensed or sold by the Aptevo Business, including for the avoidance of doubt any Specified Product Liability Claims;

(ii) all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by or otherwise the responsibility of Aptevo or any other member of the Aptevo Group, and all agreements, obligations and Liabilities of any member of the Aptevo Group under this Agreement or any of the Ancillary Agreements;

(iii) all Liabilities relating to, arising out of or resulting from any of the terminated, divested or discontinued businesses and operations of the Aptevo Business, including the businesses listed on Schedule 2.3(a)(iii);

(iv) all Liabilities reflected as liabilities or obligations of Aptevo and its Subsidiaries on the Aptevo Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the Aptevo Balance Sheet; provided that the amounts set forth on the Aptevo Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of Aptevo Liabilities pursuant to this subclause (iv);

(v) all Liabilities that are of a nature or type that would have resulted in such Liabilities being included as Liabilities on a pro forma balance sheet of Aptevo as of the Effective Time (were such balance sheet to be prepared on a basis consistent with the determination of the Liabilities included on the Aptevo Balance Sheet), it being understood that the Aptevo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of Aptevo Liabilities pursuant to this subclause (v);

(vi) all Liabilities relating to, arising out of or resulting from the Actions listed on Schedule 2.2(a)(xi); and

(vii) all Liabilities arising out of claims made by Emergent's or Aptevo's current or former respective directors, officers, shareholders, employees, agents, Subsidiaries or Affiliates against any member of the Emergent Group or the Aptevo Group to the extent relating to, arising out of or resulting from the (x) Aptevo Business or (y) the other businesses, operations, activities or Liabilities referred to in clauses (i) through (vi) above, inclusive.

Notwithstanding the foregoing, the Aptevo Liabilities shall not include the Excluded Liabilities referred to in Section 2.3(b).

(b) For the purposes of this Agreement, "Excluded Liabilities" shall mean (without duplication):

(i) any and all Liabilities that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be retained or assumed by Emergent or any other member of the Emergent Group, and all agreements and obligations of any member of the Emergent Group under this Agreement or any of the Ancillary Agreements;

(ii) any and all Liabilities of a member of the Emergent Group to the extent relating to, arising out of or resulting from any Excluded Assets (other than Liabilities arising under any Shared Contracts to the extent such Liabilities relate to the Aptevo Business);

(iii) the Liabilities described on Schedule 2.3(b)(iii); and

(iv) any and all Liabilities of any members of the Emergent Group that are not Aptevo Liabilities.

2.4 Transfer of Excluded Assets; Assumption of Excluded Liabilities.

(a) To the extent any Excluded Asset is transferred or assigned to, or any Excluded Liability is assumed by, a member of the Aptevo Group upon consummation of the Distribution or is owned or held by a member of the Aptevo Group after the Effective Time, from and after the Distribution Date:

(i) Aptevo shall, and shall cause its applicable Subsidiaries to, promptly assign, transfer, convey and deliver to Emergent or certain of its Subsidiaries designated by Emergent, and Emergent or such Subsidiaries shall accept from Aptevo and its applicable Subsidiaries, all of Aptevo's and such Subsidiaries' respective right, title and interest in and to such Excluded Assets; and

(ii) Emergent and certain of its Subsidiaries designated by Emergent shall promptly accept, assume and agree faithfully to perform, discharge and fulfill all such Excluded Liabilities in accordance with their respective terms.

(b) In furtherance of the assignment, transfer, conveyance and delivery of Excluded Assets and the assumption of Excluded Liabilities set forth in Sections 2.1(a)(iii), 2.1(a)(iv), 2.4(a)(i) and 2.4(a)(ii) and without any additional consideration therefor: (i) Aptevo shall execute and deliver, and shall cause its applicable Subsidiaries to execute and deliver, such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of transfer, conveyance and assignment as and to the extent necessary to

evidence the transfer, conveyance and assignment of all of Aptevo's and its applicable Subsidiaries' right, title and interest in and to the Excluded Assets to Emergent and its applicable Subsidiaries, and (ii) Emergent shall execute and deliver, and shall cause its applicable Subsidiaries to execute and deliver, such assumptions of contracts and other instruments of assumption as and to the extent necessary to evidence the valid and effective assumption of the Excluded Liabilities by Emergent and such Subsidiaries. All of the foregoing documents contemplated by this Section 2.4(b) shall be referred to collectively herein as the "Aptevo Transfer Documents" and, together with the Emergent Transfer Documents, the "Transfer Documents."

2.5 Approvals and Notifications.

(a) To the extent that the transfer or assignment of any Excluded Assets or the assumption of any Excluded Liabilities requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Emergent and Aptevo, neither Emergent nor Aptevo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person, or agree to any material undertaking, in order to obtain or make such Approvals or Notifications.

(b) If and to the extent that the valid, complete and perfected transfer or assignment to the Emergent Group of any Excluded Assets or the assumption by the Emergent Group of any Excluded Liabilities would be a violation of applicable Law, or require any Approvals or Notifications that has not been obtained or made on or before the Distribution Date, then, unless the Parties shall otherwise mutually determine, the transfer or assignment to the Emergent Group of such Excluded Assets or the assumption by the Emergent Group of such Excluded Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Excluded Assets or Excluded Liabilities shall continue to constitute Excluded Assets or Excluded Liabilities for all other purposes of this Agreement.

(c) If any transfer or assignment of any Excluded Asset or any assumption of any Excluded Liability not intended to be transferred, assigned or assumed hereunder, as the case may be, is consummated on or prior to the Distribution Date, then, insofar as reasonably possible, the member of the Aptevo Group holding or owning such Excluded Asset or such Excluded Liability, as the case may be, shall thereafter hold such Excluded Asset or Excluded Liability, as the case may be, for the use and benefit of the member of the Emergent Group entitled thereto (at the expense of the member of the Emergent Group entitled thereto). In addition, the member of the Aptevo Group retaining such Excluded Asset or such Excluded Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Excluded Asset or Excluded Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the Emergent Group to whom such Excluded Asset is to be transferred or assigned, or which will assume such Excluded Liability, as the case may be, in order to place such member of the

Emergent Group in a substantially similar position as if such Excluded Asset or Excluded Liability had not been so transferred, assigned or assumed and so that all the benefits and burdens relating to such Excluded Asset or Excluded Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Excluded Asset or Excluded Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Distribution Date to the Emergent Group.

(d) If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Excluded Asset or the deferral of assumption of any Excluded Liability, are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Excluded Asset or the assumption of any Excluded Liability have been removed, the transfer or assignment of the applicable Excluded Asset or the assumption of the applicable Excluded Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) Any member of the Aptevo Group retaining an Excluded Asset or Excluded Liability due to the deferral of the transfer or assignment of such Excluded Asset or the deferral of the assumption of such Excluded Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Emergent or the member of the Emergent Group entitled to the Excluded Asset or Excluded Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Emergent or the member of the Emergent Group entitled to such Excluded Asset or Excluded Liability.

(f) To the extent that the transfer or assignment of any Aptevo Asset, the assumption of any Aptevo Liability, the Separation or the Distribution requires any Approvals or Notifications, the Parties shall use their commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Emergent and Aptevo, neither Emergent nor Aptevo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person, or agree to any material undertaking, in order to obtain or make such Approvals or Notifications.

(g) If and to the extent that the valid, complete and perfected transfer or assignment to the Aptevo Group of any Aptevo Asset or assumption by the Aptevo Group of any Aptevo Liability would be a violation of applicable Law, or require any Approvals or Notifications in connection with the Separation or the Distribution that have not been obtained or made on or before the Distribution Date, then, unless the Parties shall otherwise mutually determine, the transfer or assignment to the Aptevo Group of such Aptevo Assets or the assumption by the Aptevo Group of such Aptevo Liabilities, as the case may be, shall be automatically deemed deferred and any such purported transfer, assignment or assumption shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such Aptevo Assets or Aptevo Liabilities shall continue to constitute Aptevo Assets and Aptevo Liabilities for all other purposes of this Agreement.

(h) If any transfer or assignment of any Aptevo Asset or any assumption of any Aptevo Liability intended to be transferred, assigned or assumed hereunder, as the case may be, is not consummated on or prior to the Distribution Date, whether as a result of the provisions of Section 2.5(g) or for any other reason, then, insofar as reasonably possible, the member of the Emergent Group retaining such Aptevo Asset or such Aptevo Liability, as the case may be, shall thereafter hold such Aptevo Asset or Aptevo Liability, as the case may be, for the use and benefit of the member of the Aptevo Group entitled thereto (at the expense of the member of the Aptevo Group entitled thereto). In addition, the member of the Emergent Group retaining such Aptevo Asset or such Aptevo Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Aptevo Asset or Aptevo Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the Aptevo Group to whom such Aptevo Asset is to be transferred or assigned, or which will assume such Aptevo Liability, as the case may be, in order to place such member of the Aptevo Group in a substantially similar position as if such Aptevo Asset or Aptevo Liability had been transferred, assigned or assumed as contemplated hereby and so that all the benefits and burdens relating to such Aptevo Asset or Aptevo Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Aptevo Asset or Aptevo Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Distribution Date to the Aptevo Group.

(i) If and when the Approvals or Notifications, the absence of which caused the deferral of transfer or assignment of any Aptevo Asset or the deferral of assumption of any Aptevo Liability pursuant to Section 2.5(g), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Aptevo Asset or the assumption of any Aptevo Liability have been removed, the transfer or assignment of the applicable Aptevo Asset or the assumption of the applicable Aptevo Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(j) Any member of the Emergent Group retaining an Aptevo Asset or Aptevo Liability due to the deferral of the transfer or assignment of such Aptevo Asset or the deferral of the assumption of such Aptevo Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by Aptevo or the member of the Aptevo Group entitled to the Aptevo Asset or Aptevo Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Aptevo or the member of the Aptevo Group entitled to such Aptevo Asset or Aptevo Liability.

(k) Notwithstanding anything to the contrary in this Agreement, the Parties' respective obligations under Sections 2.5(a), 2.5(c), 2.5(f) and 2.5(h) shall terminate on the first anniversary of the Distribution Date.

2.6 Novation of Aptevo Liabilities.

(a) Each of Emergent and Aptevo, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities of any nature

whatsoever that constitute Aptevo Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Aptevo Group, so that, in any such case, the members of the Aptevo Group will be solely responsible for such Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Emergent nor Aptevo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested or to agree to any material undertaking in connection therewith.

(b) If Emergent or Aptevo is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Emergent Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Aptevo Liability"), Aptevo shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Emergent Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Emergent Group that constitute Unreleased Aptevo Liabilities from and after the Distribution Date and (ii) use its commercially reasonable efforts to effect such payment, performance, or discharge prior to any demand for such payment, performance, or discharge is permitted to be made by the obligee thereunder on any member of the Emergent Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Aptevo Liabilities shall otherwise become assignable or able to be novated, Emergent shall promptly assign, or cause to be assigned, and Aptevo or the applicable Aptevo Group member shall assume, such Unreleased Aptevo Liabilities without exchange of further consideration.

2.7 Novation of Excluded Liabilities.

(a) Each of Emergent and Aptevo, at the request of the other, shall use its commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all obligations under agreements, leases, licenses and other obligations or Liabilities for which a member of the Emergent Group and a member of the Aptevo Group are jointly or severally liable and that constitute Excluded Liabilities, or to obtain in writing the unconditional release of all parties to such arrangements other than any member of the Emergent Group, so that, in any such case, the members of the Emergent Group will be solely responsible for such Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement or any of the Ancillary Agreements, neither Emergent nor Aptevo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any third Person from whom any such consent, substitution, approval, amendment or release is requested or to agree to any material undertaking in connection therewith.

(b) If Emergent or Aptevo is unable to obtain, or to cause to be obtained, any such required consent, substitution, approval, amendment or release and the applicable member of the Aptevo Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Excluded Liability"), Emergent shall, to the extent not

prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Aptevo Group, as the case may be, (i) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Aptevo Group that constitute Unreleased Excluded Liabilities from and after the Distribution Date and (ii) use its commercially reasonable efforts to effect such payment, performance, or discharge prior to any demand for such payment, performance, or discharge is permitted to be made by the obligee thereunder on any member of the Aptevo Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Excluded Liabilities shall otherwise become assignable or able to be novated, Aptevo shall promptly assign, or cause to be assigned, and Emergent or the applicable Emergent Group member shall assume, such Unreleased Excluded Liabilities without exchange of further consideration.

2.8 Intercompany Agreements and Arrangements.

(a) Except as set forth in Section 2.8(b), in furtherance of the releases and other provisions of Section 4.1 hereof, Aptevo and each other member of the Aptevo Group, on the one hand, and Emergent and each other member of the Emergent Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among Aptevo and/or any other member of the Aptevo Group, on the one hand, and Emergent and/or any other member of the Emergent Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of any other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.8(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued following the Effective Time); (ii) any agreements, arrangements, commitments or understandings to which any Person other than the Parties and their respective Affiliates is a party; (iii) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.8(d); (iv) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of Emergent or Aptevo, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned); (v) any Shared Contracts; (vi) any agreements, arrangements, commitments or understandings relating to the purchase and sale of products in the ordinary course of business between any member of the Aptevo Group and any member of the Emergent Group; (vii) the Reorganization Agreements; and (viii) any other agreements, arrangements, commitments or understandings that this Agreement or any Ancillary Agreement expressly contemplates will survive past the Effective Time.

(c) The Parties acknowledge and agree that all of the Intercompany Balances as of ten (10) Business Days prior to the date hereof have been repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing or otherwise, as determined by Emergent.

(d) All Intercompany Balances outstanding as of the date hereof shall, as promptly as practicable after the Effective Time, be repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing or otherwise, as determined by Emergent.

2.9 Treatment of Shared Contracts.

(a) Without limiting the generality of the obligations set forth in Section 2.1, unless the Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.9 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, (i) any contract, agreement, arrangement, commitment or understanding that is listed on Schedule 2.9(a) shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Distribution Date, so that each Party or the members of its respective Group shall, as of the Distribution Date, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses, in each case, in accordance with the allocation of benefits and burdens set forth on Schedule 2.9(a), and (ii) (A) any contract, agreement, arrangement, commitment or understanding that is an Excluded Asset or Excluded Liability but, prior to the Effective Time, inured in part to the benefit or burden of any member of the Aptevo Group (other than any such contract, agreement, arrangement, commitment or understanding covering substantially the same services or arrangements that are covered by a contract, agreement, arrangement, commitment or understanding entered into by a member of the Aptevo Group in connection with the Separation), and (B) any contract, agreement, arrangement, commitment or understanding that is an Aptevo Asset or an Aptevo Liability but, prior to the Effective Time, inured in part to the benefit or burden of any member of the Emergent Group (other than any such contract, agreement, arrangement, commitment or understanding covering substantially the same services or arrangements that are covered by a contract, agreement, arrangement, commitment or understanding entered into by a member of the Emergent Group in connection with the Separation), shall be assigned in part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Distribution Date, so that each Party or the members of its respective Group shall, as of the Distribution Date, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses (any contract, agreement, arrangement, commitment or understanding referred to in clause (i) or (ii) above, a "Shared Contract"); provided, however, that, in the case of each of clause (i) and (ii), (1) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (2) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the Parties thereto derive from such Shared Contract, then the Parties shall, and shall

cause each of their respective Subsidiaries to, take such other reasonable and permissible actions (including by providing prompt notice to the other Party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other Party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the Aptevo Group or the Emergent Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the Aptevo Business or the businesses retained by Emergent, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to (or amended to allow) a member of the applicable Group pursuant to this Section 2.9, and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.9.

(b) Each of Emergent and Aptevo shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as Assets owned by, and/or Liabilities of, as applicable, such Party, or its subsidiaries, as applicable, not later than the Distribution Date, and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.9 shall require any member of any Group to make any payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any obligation or grant any concession for the benefit of any member of any other Group in order to effect any transaction contemplated by this Section 2.9.

2.10 Bank Accounts; Cash Balances; Collection of Accounts Receivable.

(a) Emergent and Aptevo each agrees to take, or cause the respective members of their respective Groups to take, on the Distribution Date (or such earlier time as Emergent and Aptevo may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by Aptevo or any other member of the Aptevo Group (collectively, the "Aptevo Accounts") and all contracts or agreements governing each bank or brokerage account owned by Emergent or any other member of the Emergent Group (collectively, the "Emergent Accounts") so that each such Aptevo Account and Emergent Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to) to any Emergent Account or Aptevo Account, respectively, is delinked from such Emergent Account or Aptevo Account, respectively.

(b) With respect to any outstanding payments initiated by Emergent, Aptevo or any of their respective Subsidiaries prior to the Effective Time, such outstanding payments shall be honored following the Effective Time by the Person or Group owning the account from which the payment was initiated.

(c) As between Emergent and Aptevo (and the members of their respective Groups) all payments made and reimbursements received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group) shall be held by such Party in trust for the use and benefit of the Party

entitled thereto and, promptly following receipt by such Party of any such payment or reimbursement, such Party shall pay over, or shall cause the applicable member of its Group to pay over, to the other Party the amount of such payment or reimbursement without right of set-off.

(d) From and after the Effective Time, Emergent (or any member of the Emergent Group designated by Emergent) shall be solely responsible for the collection efforts of any and all accounts receivable of the Emergent Group or the Aptevo Group outstanding as of the Effective Time. Promptly following the collection of any such account receivable by Emergent (or the applicable member of the Emergent Group), but solely to the extent that such account receivable constitutes an Aptevo Asset, Emergent (or the applicable member of the Emergent Group) shall forward to Aptevo the amount so collected.

2.11 Ancillary Agreements. Effective on or prior to the Distribution Date, each of Emergent and Aptevo will execute and deliver all Ancillary Agreements to which it is a party.

2.12 Disclaimer of Representations and Warranties. EACH OF EMERGENT (ON BEHALF OF ITSELF AND EACH OTHER MEMBER OF THE EMERGENT GROUP) AND APTEVO (ON BEHALF OF ITSELF AND EACH OTHER MEMBER OF THE APTEVO GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN, IN ANY REORGANIZATION AGREEMENT OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT, ANY REORGANIZATION AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT, ANY REORGANIZATION AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS, NOTIFICATIONS OR APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN, IN ANY REORGANIZATION AGREEMENT OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN “AS IS,” “WHERE IS” BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, EXCEPT AS OTHERWISE AGREED BY EMERGENT, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE), AND EXCLUDING ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR TITLE, AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (A) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (B) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.13 Intellectual Property. Notwithstanding anything to the contrary in this Agreement or any Ancillary Agreement, Emergent will retain all licenses, rights and royalty payments in and to any and all existing Intellectual Property license agreements with third parties, including the sole right to amend or modify such agreements, except for Intellectual Property related agreements which (a) relate exclusively or primarily to the Aptevo Business, (b) were executed or entered into by the Aptevo Business and (c) do not otherwise constitute Excluded Assets.

2.14 Transition Committee. Prior to the Effective Time, the Parties shall establish a transition committee (the "Transition Committee") that shall consist of an equal number of members designated by Emergent and Aptevo at all times, with each Party having the right to replace the Transition Committee members delegated by it from time to time and taking such efforts as are necessary from time to time to cause the Transition Committee to consist of an equal number of representatives of Emergent and Aptevo (in a total number determined from time to time by the Parties). The Transition Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement or any Ancillary Agreements. The Transition Committee shall have the authority to (a) establish one or more subcommittees from time to time as it deems appropriate or as may be described in any Ancillary Agreements, with each such subcommittee comprised of an equal number of members representing each Party, and each such subcommittee having such scope of responsibility as may be determined by the Transition Committee from time to time; (b) delegate to any such committee any of the powers of the Transition Committee; and (c) combine, modify the scope of responsibility of, and disband any such subcommittees, and to modify or reverse any such delegations. The Transition Committee shall establish general procedures for managing the responsibilities delegated to it under this Section 2.14, and may modify such procedures from time to time. All decisions by the Transition Committee or any subcommittee thereof shall be effective only with majority approval, and any such approval must include the approval of at least one member of the Transition Committee designated by Emergent and at least one member of the Transition Committee designated by Aptevo. The Parties shall utilize the procedures set forth in Article VIII to resolve any matters as to which the Transition Committee is not able to reach a decision.

ARTICLE III
THE DISTRIBUTION

3.1 The Distribution.

(a) Subject to the terms and conditions of this Agreement (including the conditions set out in Section 3.3), Emergent agrees that, on the Distribution Date and with effect from the Effective Time, it will effect the Distribution.

(b) Notwithstanding any other provision of this Agreement, Emergent shall, in its sole and absolute discretion, determine the Distribution Date and all terms of the Distribution, including the form, structure and terms of any transaction(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Emergent may, at

any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. For the avoidance of doubt, nothing in the foregoing shall in any way limit Emergent's right to terminate this Agreement or the Distribution as set forth in Article X or alter the consequences of any such termination from those specified in such Article.

(c) Aptevo shall cooperate with Emergent to accomplish the Distribution and shall, at Emergent's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including the registration under the Exchange Act of Aptevo Common Shares on an appropriate registration form or forms to be designated by Emergent. Emergent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Emergent. Aptevo and Emergent, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

3.2 Actions Prior to the Distribution.

(a) Emergent shall, to the extent possible, give the NYSE not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) Emergent and Aptevo shall prepare and mail, prior to the Distribution Date, to the holders of Emergent Common Shares, such information concerning Aptevo, its business, operations and management, the Distribution and such other matters as Emergent shall reasonably determine and as may be required by Law. Emergent and Aptevo will prepare, and Aptevo will, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters which Emergent determines are necessary or desirable to effectuate the Distribution and Emergent and Aptevo shall each use its reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable.

(c) Aptevo shall prepare, file with the SEC and cause to become effective any registration statements or amendments thereto required to effect the establishment of, or amendments to, any employee benefit and other plans necessary or appropriate in connection with the transactions contemplated by this Agreement or any of the Ancillary Agreements.

(d) Emergent and Aptevo shall take all such action as may be necessary or appropriate under the securities or blue sky Laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(e) Emergent shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(f) Aptevo shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the Aptevo Spin Shares on Nasdaq, subject to official notice of issuance.

(g) Emergent and Aptevo shall take all such action as may be necessary or appropriate to provide for the adoption by Aptevo of its certificate of incorporation and bylaws in such form as Emergent may determine in its sole discretion.

(h) At or prior to the Effective Time, Emergent and Aptevo shall take all actions as may be necessary to approve the stock-based employee benefit plans of Aptevo in order to satisfy the requirements of Rule 16b-3 under the Exchange Act and the applicable rules and regulations of Nasdaq.

(i) Emergent and Aptevo shall cooperate to change the name, effective on or prior to the Distribution Date, of any entity that is part of (i) Aptevo and any of its Affiliates so that the words "Emergent BioSolutions", or, if separate, "Emergent" or "Biosolutions" are changed to "Aptevo" without "Emergent" or "BioSolutions" as part of any such name, and (ii) Emergent and its Affiliates so that the word "Aptevo" is changed to "Emergent BioSolutions" (or other word(s)) without "Aptevo" as part of any such name.

(j) Emergent and Aptevo shall cooperate to cause the conditions to the Distribution set forth in this Article III to be satisfied and to effect the Distribution at the Effective Time.

3.3 Conditions to Distribution.

(a) The consummation of the Distribution will be subject to the satisfaction, or waiver by Emergent in its sole and absolute discretion, of the following conditions:

(i) The continued validity of a private letter ruling received by Emergent from the IRS (the "IRS Ruling") prior to the date hereof in connection with the transactions contemplated hereby, which shall continue in full force and effect and which shall not be modified or amended in any respect adversely affecting the intended tax-free treatment of the Distribution and certain related transactions.

(ii) The receipt of a tax opinion from Wilmer Cutler Pickering Hale and Dorr LLP, tax counsel to Emergent, dated as of the Distribution Date to be in form and substance satisfactory to Emergent in its sole and absolute discretion, which tax opinion shall rely on the effectiveness of the IRS Ruling, substantially to the effect that, for U.S. federal income tax purposes, the Distribution and certain related transactions, taken together, will qualify as transactions under Sections 355(a) and/or 368(a)(1)(D) of the Code.

(iii) The Reorganization shall have been completed in accordance with the Plan of Reorganization.

(iv) Each of the Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto.

(v) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be pending, threatened, issued or in effect.

(vi) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted.

(vii) All Governmental Approvals necessary to consummate the Separation, the Distribution and the transactions related thereto and to permit the operation of the Aptevo Business after the Distribution Date shall have been obtained and be in full force and effect.

(viii) The Separation and the Distribution shall not violate or result in a breach of applicable Law or any material contract of Emergent or Aptevo or any of their respective Subsidiaries.

(ix) The approval for listing on Nasdaq for the Aptevo Common Shares to be delivered to the Record Holders in the Distribution shall have been obtained, subject to official notice of issuance.

(x) The SEC declaring effective the Form 10, with no order suspending the effectiveness of the Form 10 in effect and no proceedings for such purposes pending before or threatened by the SEC.

(xi) The Information Statement and such other information concerning Aptevo, its business, operations and management, the Distribution and such other matters as Emergent shall determine in its sole and absolute discretion and as may otherwise be required by Law shall have been mailed to the Record Holders.

(xii) The Emergent Board shall have authorized and approved the Distribution and not withdrawn such authorization and approval.

(xiii) The Emergent Board shall have approved the basis of the determination of the categories of assets and liabilities included in the Aptevo Balance Sheet.

(xiv) No other events or developments shall exist or shall have occurred that, in the judgment of the Emergent Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions related thereto.

(b) The foregoing conditions are for the sole benefit of Emergent and shall not give rise to or create any duty on the part of Emergent or the Emergent Board to waive or not waive such conditions or in any way limit Emergent's right to terminate this Agreement as set forth in Article X or alter the consequences of any such termination from those specified in such Article. Any determination made by the Emergent Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in this Section 3.3 shall be conclusive and binding on the Parties.

3.4 Certain Stockholder Matters.

(a) Subject to Section 3.3, on or prior to the Distribution Date, Emergent will deliver to the Agent for the benefit of the Record Holders book-entry transfer authorizations for all of the Aptevo Common Shares to be delivered in the Distribution, and shall cause the Agent to distribute on the Distribution Date the appropriate number of Aptevo Common Shares to each such holder or designated transferee or transferees of such holder by way of direct registration in book-entry form. The Distribution shall be effective at the Effective Time.

(b) Subject to Section 3.3, each Record Holder will be entitled to receive in the Distribution a number of whole Aptevo Common Shares equal to the number of Emergent Common Shares held by such holder on the Record Date multiplied by the Distribution Ratio and rounded down to the nearest whole number, with any residual fractional interest dealt with in accordance with paragraph (c) below. Emergent shall instruct the Agent to distribute such Aptevo Common Shares to the Record Holders as soon as practicable following the Effective Time. Aptevo agrees to provide all book-entry transfer authorizations for Aptevo Common Shares that Emergent or the Agent shall require in order to effect the Distribution.

(c) No fractional interests in Aptevo Common Shares will be distributed or credited to book-entry accounts in connection with the Distribution. As soon as practicable after the Distribution Date, Emergent shall direct the Agent to determine the fractional interests in Aptevo Common Shares which would have been allocable to each holder of record or beneficial owner of Emergent Common Shares as of the Record Date had no rounding down occurred as part of the calculation in paragraph (b) above, to aggregate all such fractional interests into whole Aptevo Common Shares and to sell those whole shares in open market transactions (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such holder or for the benefit of each such beneficial owner, in lieu of any fractional interest, such holder's or owner's ratable share of the proceeds of such sale, after deducting any Taxes required to be withheld and after deducting an amount equal to all brokerage charges, commissions and transfer Taxes attributed to such sale. Neither Emergent nor Aptevo will be required to guarantee any minimum sale price for the relevant Aptevo Common Shares. Neither Emergent nor Aptevo will be required to pay any interest on the proceeds from the sale of such Aptevo Common Shares.

(d) Until the Aptevo Common Shares are delivered in accordance with this Section 3.4 and applicable Law, from and after the Effective Time, Aptevo will regard the Persons entitled to receive such Aptevo Common Shares as record holders of Aptevo Common Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. Aptevo agrees that, subject to any transfers of such shares, from and after the Effective Time (i) each such holder will be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the Aptevo Common Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the Aptevo Common Shares then held by such holder.

(e) Any Aptevo Common Shares or cash in lieu of fractional shares with respect to Aptevo Common Shares that remain unclaimed by any Record Holder one hundred and eighty (180) days after the Distribution Date shall be delivered to Aptevo, Aptevo shall hold such Aptevo Common Shares for the account of such Record Holder and the Parties agree that all obligations to provide such Aptevo Common Shares and cash, if any, in lieu of fractional share interests shall be obligations of Aptevo, subject in each case to applicable escheat or other abandoned property Laws, and Emergent shall have no Liability with respect thereto.

ARTICLE IV
MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

(a) Except as provided in (i) Sections 4.1(c) and 4.1(d) and (ii) any Ancillary Agreement, effective as of the Effective Time, Aptevo does hereby, for itself and each other member of the Aptevo Group, their respective Affiliates (other than any member of the Emergent Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Aptevo Group (in each case, in their respective capacities as such), remise, release and forever discharge Emergent and the members of the Emergent Group, their respective Affiliates (other than any member of the Aptevo Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Emergent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns (the "Emergent Released Parties"), from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Effective Time, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(b) Except as provided in (i) Sections 4.1(c) and 4.1(d) and (ii) any Ancillary Agreement, effective as of the Effective Time, Emergent does hereby, for itself and each other member of the Emergent Group, their respective Affiliates (other than any member of the Aptevo Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Emergent Group (in each case, in their respective capacities as such), remise, release and forever discharge Aptevo, the respective members of the Aptevo Group, their respective Affiliates (other than any member of the Emergent Group), successors and assigns, and all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Aptevo Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns (the "Aptevo Released Parties"), from any and all Liabilities whatsoever, whether at law or in equity (including any right of contribution), whether arising under any contract or agreement, by operation of Law or otherwise, existing or arising from any acts or events occurring or failing to occur or alleged to have occurred or to have failed to occur or any conditions existing or alleged to have existed at or before the Effective Time, including in connection with the transactions and all other activities to implement the Separation and the Distribution.

(c) Nothing contained in Section 4.1(a) or (b) shall impair any right of any Person to enforce this Agreement, any Ancillary Agreement or any agreements, arrangements, commitments or understandings that are specified in Section 2.8(b) or the applicable Schedules thereto not to terminate as of the Effective Time, in each case in accordance with its terms. Nothing contained in Section 4.1(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Emergent Group or the Aptevo Group that is specified in Section 2.8(b) or the applicable Schedules thereto as not to terminate as of the Effective Time, or any other Liability specified in such Section 2.8(b) as not to terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability for unpaid amounts for products or services or refunds owing on products or services due on a value-received basis for work done by a member of one Group at the request or on behalf of a member of the other Group;

(v) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by third Persons, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(vi) any Liability solely to the extent such Liability is the basis of a claim against any Person that is not an Aptevo Released Party or an Emergent Released Party.

In addition, nothing contained in Section 4.1(a) shall release any member of the Emergent Group from honoring its existing obligations to indemnify any director, officer or employee of Aptevo who was a director, officer or employee of any member of the Emergent Group on or prior to the Distribution Date, to the extent such director, officer or employee is or becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to then-existing obligations; it being understood that, if the underlying obligation giving rise to such Action is an Aptevo Liability, Aptevo shall indemnify, or procure from a Subsidiary the effective indemnification of, Emergent for such Liability (including Emergent's costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) Aptevo shall not make, and shall not permit any member of the Aptevo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Emergent or any other member of the Emergent Group, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Emergent shall not make, and shall not permit any member of the Emergent Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against Aptevo or any other member of the Aptevo Group, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b).

(e) It is the intent of each of Emergent and Aptevo, by virtue of the provisions of this Section 4.1, to provide for a full and complete release and discharge of all Liabilities existing or arising from all acts and events occurring or failing to occur or alleged to have occurred or to have failed to occur and all conditions existing or alleged to have existed on or before the Distribution Date, between or among Aptevo or any other member of the Aptevo Group, on the one hand, and Emergent or any other member of the Emergent Group, on the other hand (including any contractual agreements or arrangements existing or alleged to exist between or among any such members on or before the Distribution Date), except as expressly set forth in Section 4.1(c). At any time, at the request of any other Party, each Party shall cause each member of its respective Group to execute and deliver releases reflecting the provisions hereof.

(f) Any breach of the provisions of this Section 4.1 by either Emergent or Aptevo shall entitle the other Party to recover reasonable fees and expenses of counsel in connection with such breach or any Action resulting from such breach.

4.2 Indemnification by Aptevo. Aptevo shall, and shall cause the other members of the Aptevo Group to, indemnify, defend and hold harmless Emergent, each member of the Emergent Group and each of their respective directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Emergent Indemnitees"), from and against any and all Liabilities of the Emergent Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) the failure of Aptevo or any other member of the Aptevo Group or any other Person to pay, perform or otherwise promptly discharge any Aptevo Liabilities or Aptevo Contract in accordance with its respective terms, whether prior to, on or after the Distribution Date;

(b) the Aptevo Business (except to the extent it constitutes an Excluded Liability), any Aptevo Liability or any Aptevo Contract;

(c) any breach by Aptevo or any other member of the Aptevo Group of this Agreement or any of the Ancillary Agreements, unless any such Ancillary Agreement expressly provides for separate indemnification therein, in which case any claim for indemnification for breach thereof shall be made exclusively pursuant to (and subject to the terms and conditions of) the indemnification provisions therein;

(d) except to the extent it constitutes an Excluded Liability, any guarantee, indemnification obligation, letter of credit reimbursement obligation, surety, bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Aptevo Group by any member of the Emergent Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, contained in the Form 10, the Information Statement or any other Disclosure Document, in each case, as amended or supplemented, except in each case solely to the extent such statement or omission constitutes an Emergent Disclosure Portion.

4.3 Indemnification by Emergent. Emergent shall, and shall cause the other members of the Emergent Group to, indemnify, defend and hold harmless Aptevo, each member of the Aptevo Group and each of their respective directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Aptevo Indemnitees"), from and against any and all Liabilities of the Aptevo Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) the failure of Emergent or any other member of the Emergent Group or any other Person to pay, perform or otherwise promptly discharge any Excluded Liabilities in accordance with their terms, whether prior to, on or after the Distribution Date;

(b) the Excluded Liabilities;

(c) the Emergent Business (except to the extent it constitutes an Aptevo Liability and other than the conduct of business, operations or activities for the benefit of the Aptevo Group pursuant to any Ancillary Agreement);

(d) any breach by Emergent or any other member of the Emergent Group of this Agreement or any of the Ancillary Agreements, unless any such Ancillary Agreement expressly provides for separate indemnification therein, in which case any claim for indemnification for breach thereof shall be made exclusively pursuant to (and subject to the terms and conditions of) the indemnification provisions therein; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, contained in the Form 10, the Information Statement or any other Disclosure Document, in each case, as amended or supplemented, and in each case solely to the extent such statement or omission constitutes an Emergent Disclosure Portion.

4.4 Procedures for Indemnification of Third-Party Claims.

(a) If any Person entitled to indemnification hereunder (an "Indemnitee") shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Emergent Group or the Aptevo Group of any claim or of

the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which any Party (an "Indemnifying Party") may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as promptly as practicable (and no later than thirty (30) days or sooner, if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Section 4.4(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent to which the Indemnifying Party is actually materially prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 4.4(a).

(b) An Indemnifying Party may elect to defend (and, unless the Indemnifying Party has specified any reservations or exceptions, to seek to settle or compromise), at such Indemnifying Party's own expense, any Third-Party Claim with outside counsel satisfactory to the Indemnitee. Within thirty (30) days after the receipt of notice from an Indemnitee in accordance with Section 4.4(a) (or sooner, if the nature of such Third-Party Claim so requires), the Indemnifying Party shall notify the Indemnitee of its election whether the Indemnifying Party will assume responsibility for defending such Third-Party Claim, which election shall specify any reservations or exceptions. After notice from an Indemnifying Party to an Indemnitee of its election to assume the defense of a Third-Party Claim, such Indemnitee shall have the right to employ separate counsel and to participate in (but not control) the defense, compromise or settlement thereof, but the fees and expenses of such counsel shall be the expense of such Indemnitee except as otherwise set forth in this Section 4.4. Notwithstanding the foregoing or anything else to the contrary in this Agreement, the Indemnifying Party shall not be entitled to defend (or settle or compromise) any Third-Party Claim that involves any Governmental Authority or potential criminal liability or that seeks injunctive or other non-monetary relief or that constitutes a Specified Product Liability Claim.

(c) In the event that the Indemnifying Party is permitted by the terms of this Agreement, and has elected, to assume the defense of the Third-Party Claim but has specified, and continues to assert, any reservations or exceptions in such notice, then, in any such case, the reasonable fees and expenses of one (1) separate counsel for all Indemnitees shall be borne by the Indemnifying Party.

(d) If an Indemnifying Party is not permitted by this terms of this Agreement or elects not to assume responsibility for defending a Third-Party Claim, or fails to notify an Indemnitee of its election as provided in Section 4.4(b), such Indemnitee may defend such Third-Party Claim at the cost and expense of the Indemnifying Party.

(e) Unless the Indemnifying Party has failed or is not permitted by the terms of this Agreement to assume the defense of the Third-Party Claim in accordance with the terms of this Agreement, no Indemnitee may settle or compromise any Third-Party Claim, or admit to any wrongdoing in connection therewith, without the consent of the Indemnifying Party.

(f) In the case of a Third-Party Claim, no Indemnifying Party shall consent to entry of any judgment or enter into any settlement of the Third-Party Claim, or admit to any wrongdoing in connection therewith, without the consent of the Indemnitee; provided, however, that the Indemnifying Party may, without the consent of the Indemnitee, consent to any settlement of a Third-Party Claim (other than a Specified Product Liability Claim) that (i) does not require or result in any payment by the Indemnitee, (ii) does not include any admission of wrongdoing by the Indemnitee or any of its Affiliates, (iii) does not provide for any injunctive or non-monetary relief against the Indemnitee or any of its Affiliates and (iv) includes a complete and unconditional release of the Indemnitee and its Affiliates with respect to such Third-Party Claim.

(g) The party controlling the defense of any Third-Party Claim shall keep the other party fully informed of the status of such Third-Party Claim and the defense thereof and shall consider in good faith recommendations made by the other party with respect thereto.

(h) Notwithstanding anything to the contrary in this Agreement, (i) Emergent shall have the right to approve counsel employed by Aptevo in the defense of Aptevo against any Specified Product Liability Claim and (ii) neither Aptevo nor any member of the Aptevo Group shall consent to entry of any judgment or enter into any settlement of any Specified Product Liability Claim, or admit to any wrongdoing in connection therewith, without Emergent's prior written consent.

(i) For the avoidance of doubt, the provisions of this Article IV shall apply to Third-Party Claims that have already been asserted as well as Third-Party Claims asserted after the date hereof, and there shall be no requirement under this Section 4.4 to give notice with respect to any Third-Party Claims that have already been asserted as of the Effective Time.

4.5 Additional Matters.

(a) Indemnification payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification under this Article IV shall be paid by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity agreements contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder and (iii) any termination of this Agreement.

(b) Any claim on account of a Liability which does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the related Indemnifying Party. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such Indemnifying Party shall be deemed to have refused to accept responsibility to make payment. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements.

(c) In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(d) In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section 4.5, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

(e) For all claims as to which indemnification or contribution is provided under this Article IV, other than Third-Party Claims (as to which Section 4.4 shall apply), the reasonable fees and expenses of counsel to the Indemnitee for the enforcement of the indemnity obligations shall be borne by the Indemnifying Party.

4.6 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.7 Survival of Indemnities. The rights and obligations of each of Emergent and Aptevo and their respective Indemnitees under this Article IV shall survive the sale or other transfer by any Party of any Assets or businesses or the assignment by it of any Liabilities.

4.8 Guarantees, Letters of Credit or Other Obligations. In furtherance of, and not in limitation of, the obligations set forth in Section 2.6 and this Article IV:

(a) On or prior to the Distribution Date or as soon as practicable thereafter, Aptevo shall (with the reasonable cooperation of the applicable member(s) of the Emergent Group) use its reasonable best efforts to have any member(s) of the Emergent Group removed as guarantor of or obligor for any Aptevo Liability to the extent that they constitute Aptevo Liabilities.

(b) On or prior to the Distribution Date, to the extent required to obtain a release from a guarantee or letter of credit, including the guarantees listed on Schedule 4.8(b) (a "Guarantee Release"), of any member of the Emergent Group, Aptevo shall execute a guarantee agreement in the form of the existing guarantee or letter of credit, as applicable, or such other form as is agreed to by the relevant parties to such guarantee agreement or letter of credit, except to the extent that such existing guarantee or letter of credit contains representations, covenants or other terms or provisions either (i) with which Aptevo would be reasonably unable to comply or (ii) which would be reasonably expected to be breached.

(c) If the Parties are unable to obtain, or to cause to be obtained, any such required removal as set forth in clauses (a) and (b) of this Section 4.8, (i) Aptevo shall, and shall cause the other members of the Aptevo Group to, indemnify, defend and hold harmless each of the Emergent Indemnitees for any Liability arising from or relating to such guarantee and shall, as agent or subcontractor for the applicable Emergent Group guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder, and (ii) Aptevo shall not, and shall cause the other members of the Aptevo Group not to, agree to renew or extend the term of, increase any obligations under, or transfer to a third Person, any loan, guarantee, letter of credit, lease, contract or other obligation for which a member of the Emergent Group is or may be liable unless all obligations of the members of the Emergent Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to Emergent in its sole and absolute discretion.

4.9 Contribution. If the indemnification provided for in Section 4.2 is unavailable to, or insufficient to hold harmless, any Indemnitee under this Article IV with respect to any Liabilities (other than in accordance with the terms of this Agreement, in which case this Section 4.9 shall not apply), then the Indemnifying Party, in lieu of indemnifying such Indemnitee, shall contribute to the amount paid or payable by such Indemnitee as a result of such Liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the Indemnitee in connection with the conduct, statements or omissions that resulted in such Liabilities. The relative fault of any Emergent Indemnitee, on the one hand, and of any Aptevo Indemnitee, on the other hand, in the case of any Liabilities arising out of or related to information contained in the Form 10, the Information Statement or any other Disclosure Document shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission of a material fact relates to information supplied by an Aptevo Indemnitee or an Emergent Indemnitee, it being understood that (a) the Emergent Disclosure Portions shall in all cases be deemed supplied by Emergent and the Emergent Indemnitees and (b) all other information in the Form 10, the Information Statement or any other Disclosure Document shall in all cases be deemed supplied by Aptevo and the Aptevo Indemnitees.

4.10 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, its Subsidiaries or any Person claiming through it shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, neutral mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any Aptevo Liabilities by Aptevo and the other members of the Aptevo Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Emergent Liabilities by Emergent and the other members of the Emergent Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; or (c) the provisions of this Article IV are void or unenforceable for any reason.

4.11 Taxes. The provisions of this Agreement, including this Article IV, shall not apply to any matters relating to Taxes to the extent such matters are addressed in the Tax Matters Agreement or the Employee Matters Agreement. In the case of any conflict between this Agreement and either the Tax Matters Agreement or the Employee Matters Agreement in relation to any matters related to Taxes, the Tax Matters Agreement or the Employee Matters Agreement, as applicable, shall prevail.

ARTICLE V
INSURANCE

5.1 Insurance Matters.

(a) Aptevo acknowledges and agrees, on its own behalf and on behalf of each other member of the Aptevo Group, that, from and after the Effective Time, neither Aptevo nor any other member of the Aptevo Group shall have any rights to or under any member of the Emergent Group's insurance policies, except as expressly provided in this Agreement or any Ancillary Agreement.

(b) Notwithstanding Section 5.1(a), from and after the Effective Time, with respect to any Liability incurred by any member of the Aptevo Group prior to the Effective Time, to the extent reasonably possible, Emergent will, or will cause the applicable insurance companies or the member of the Emergent Group that is insured thereunder to (i) continue to provide the members of the Aptevo Group with access to and coverage under the applicable insurance policies, and (ii) reasonably cooperate with Aptevo and take commercially reasonable actions as may be necessary or advisable to assist Aptevo in submitting such claims under the applicable insurance policies; provided, that Aptevo shall be responsible for any and all applicable deductibles, self-insured retentions, retrospective premiums, claims-handling charges, co-payments or any other charge or fee legally due and owing relating to such claims and neither Emergent nor the insurance company or any other member of the Emergent Group shall be required to maintain such insurance policies. For the avoidance of doubt, if an occurrence date is after the Effective Time, then no payment for any damages, costs of defense, or other sums with respect to such claim shall be available to Aptevo under such insurance policies. No member of the Aptevo Group, in connection with making a claim under any insurance policy of any member of the Emergent Group pursuant to this Section 5.1(b), shall take any action that would be reasonably likely to: (A) have an adverse impact on the then-current relationship between any member of the Emergent Group, on the one hand, and the applicable insurance company, on the other hand; (B) result in the applicable insurance company terminating or reducing coverage, or increasing the amount of any premium owed by any member of the Emergent Group under the applicable insurance policy; or (C) otherwise compromise, jeopardize or interfere with the rights of any member of the Emergent Group under the applicable insurance policy. At all times, the Parties shall, and shall cause the other members of its Group to, cooperate with reasonable requests for information by the other Party or the insurance companies regarding any such insurance policy claim.

(c) At the Effective Time, Aptevo shall have in effect all insurance programs required to comply with Aptevo's statutory and contractual obligations and such other insurance policies as reasonably necessary or customary for companies operating a business similar to the Aptevo Business. Such insurance programs include general liability, commercial auto liability, workers' compensation, employers liability, product liability, property, cargo, employment practices liability, employee dishonesty/crime, directors' and officers' liability and fiduciary liability.

(d) Aptevo agrees, on its own behalf and on behalf of each other member of the Aptevo Group, that, from the Effective Time until the sixth (6th) anniversary of the Effective Time, each member of the Emergent Group shall be named as additional insureds or loss payees, whichever is appropriate, under the Aptevo Group's insurance policies in respect of any Emergent Liabilities arising out of the Aptevo Business or any wrongful acts or omissions prior to the Effective Time to the extent the applicable insurance carrier permits it. Aptevo shall indemnify, hold harmless and reimburse each member of the Emergent Group for any and all costs incurred by any member of the Emergent Group to the extent resulting from any member of the Aptevo Group's insurance policies in which any member of the Emergent Group is named as an additional insureds, including any deductibles, self-insured retentions or uninsured losses.

(e) No member of the Emergent Group shall have any obligation to secure extended reporting for any claims under any member of the Emergent Group's claims-made or occurrence-reported liability policies for any acts or omissions by any member of the Aptevo Group incurred prior to the Effective Time.

(f) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Emergent Group in respect of any of the Emergent insurance policies and programs or any other contract or policy of insurance.

ARTICLE VI
CERTAIN OTHER MATTERS

6.1 No Right to Use Regulatory Information. Except as otherwise set forth in the Product License Agreement: (a) no member of the Emergent Group shall have a right of reference to or otherwise be entitled to use the regulatory filings or other regulatory information that is owned or controlled by any member of the Aptevo Group and exclusively related to any Aptevo Products; and (b) no member of the Aptevo Group shall have a right of reference to or otherwise be entitled to use the regulatory filings or other regulatory information owned or controlled by any member of the Emergent Group.

6.2 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within forty-five (45) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus five percent (5%) (or, if lower, the maximum rate permitted by applicable Law).

6.3 Inducement. Aptevo acknowledges and agrees that Emergent's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by Aptevo's covenants and agreements in this Agreement and the Ancillary Agreements, including Aptevo's assumption of the Aptevo Liabilities pursuant to the Separation and the provisions of this Agreement and Aptevo's covenants and agreements contained in Article IV.

6.4 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided herein or in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV, including Section 4.2 and Section 4.3) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

6.5 Non-Competition Obligation.

(a) Subject to Section 6.5(b), during the period commencing on the Distribution Date and ending on the earlier of the third (3rd) anniversary of the Distribution Date and the time as of immediately prior to the consummation of an Emergent Change of Control (the "Restricted Period"), Emergent shall not (and it shall cause each other Restricted Party not to) engage in any Competitive Activities anywhere in the world.

(b) Aptevo hereby agrees that the covenant set forth in Section 6.5(a) above shall not be deemed to prohibit or otherwise restrict any Restricted Party from:

(i) providing services to any member of the Aptevo Group, or otherwise performing such Restricted Party's obligations or exercising its rights, under the terms of this Agreement or any Ancillary Agreement or otherwise taking any action in furtherance of the Separation, the Distribution and the other transactions contemplated by this Agreement and the Ancillary Agreements;

(ii) owning or acquiring any Person that engages in Competitive Activities if (A) such Competitive Activities account for less than thirty-three percent (33%) of such person's consolidated annual revenues for the most recent calendar year ended prior to such acquisition or (B) following such acquisition until the earlier of the eighteen (18) month anniversary thereof or the end of the Restricted Period, such Restricted Party shall have used commercially reasonable efforts to divest or cease the portion of such Person's business that is engaged in Competitive Activities; provided that such Restricted Party shall have a minimum of eighteen (18) months following such acquisition to complete such divestiture or cessation;

(iii) purchasing products or services from, or selling products or services to, or otherwise engaging in a subcontracting, contract manufacturing or other commercial relationship with, any Person that is engaged in Competitive Activities;

(iv) engaging in any business in which (after giving effect to the Distribution) any Restricted Party is currently engaged, whether or not any one or more products or services associated with such business activities might be deemed to be competitive in some manner with the Competitive Activities;

(v) acquiring rights to any product or assets (whether by purchase, license or otherwise) that may be used for Competitive Activities if such product or assets are not so employed or otherwise would fall within the exception set forth in clause (ii) above if they were an acquired Person for purposes of such clause (ii); or

(vi) acquiring or owning securities of a Person whose securities are publicly traded on a recognized securities exchange or quotation system representing not in excess of five percent (5%) of any class of such securities.

6.6 No Solicitation of Employees. For and during the twelve (12) month period following the Distribution Date, none of Emergent, Aptevo or any member of their respective Groups will, without the prior written consent of the other applicable party, either directly or indirectly, on their own behalf or in the service or on behalf of others, solicit, aid, induce or encourage any employee of any other party's respective Group to leave his or her employment; provided, however, that nothing in this Section 6.6 shall restrict or preclude the rights of Emergent, Aptevo or any member of their respective Groups from soliciting or hiring (i) any employee who responds to a general solicitation or advertisement that is not specifically targeted or focused on the employees employed by any other party's respective Group (and nothing shall prohibit such generalized searches for employees through various means, including, but not limited to, the use of advertisements in the media (including trade media) or the engagement of search firms to engage in such searches); provided that the applicable party has not encouraged or advised such firm to approach any such employee; (ii) any employee whose employment has been terminated by the other party's respective Group; or (iii) any employee whose employment has been terminated by such employee after ninety (90) days from the date of termination of such employee's employment.

ARTICLE VII
EXCHANGE OF INFORMATION; CONFIDENTIALITY

7.1 Agreement for Exchange of Information; Archives. Subject to Section 7.7 and any other applicable confidentiality obligations, each of Emergent and Aptevo, on behalf of its respective Group, agrees to provide, or cause to be provided, to the other Group, at any time before, on or after the Distribution Date, as soon as reasonably practicable after written request therefor, any Information in the possession or under the control of such respective Group which the requesting Party reasonably needs (i) to comply with reporting, disclosure, filing or other requirements imposed on the requesting Party (including under applicable securities or Tax Laws) by a Governmental Authority having jurisdiction over the requesting Party, (ii) for use in any other judicial, regulatory, administrative, Tax or other proceeding or in order to satisfy audit, accounting, claims, regulatory, litigation, Tax or other similar requirements, in each case other than claims or allegations that one Party to this Agreement has against the other, or (iii) subject to the foregoing clause (ii), to comply with its obligations under this Agreement or any Ancillary Agreement; provided, however, that, in the event that any Party determines that any such

provision of Information could be commercially detrimental, violate any Law or agreement, or waive any privilege otherwise available under applicable Law, including the attorney-client privilege, the Parties shall take all reasonable measures to permit the compliance with such obligations in a manner that avoids any such harm or consequence. For the avoidance of doubt, the rights and obligations of any Party described in this Section 7.1 with respect to the sharing of Information related to Taxes are subject to the rights and obligations described in the Tax Matters Agreement.

7.2 Ownership of Information. Any Information owned by one Group that is provided to a requesting Party pursuant to Section 7.1 or Section 7.6 shall be deemed to remain the property of the providing Party. Unless specifically set forth herein, nothing contained in this Agreement shall be construed as granting or conferring rights of license or otherwise in any such Information.

7.3 Compensation for Providing Information. The Party requesting Information agrees to reimburse the other Party for the reasonable out-of-pocket costs, if any, of creating, gathering and copying such Information, to the extent that such costs are incurred for the benefit of the requesting Party.

7.4 Record Retention. To facilitate the possible exchange of Information pursuant to this Article VII and other provisions of this Agreement after the Effective Time, the Parties agree to use their reasonable best efforts to retain all Information in their respective possession or control on the Distribution Date in accordance with the policies of Emergent as in effect on the Distribution Date or such other policies as may be adopted by Emergent after the Effective Time (provided, in the case of Aptevo, that Emergent notifies Aptevo of any such material change). Neither Party will destroy, or permit any of its Subsidiaries to destroy, any Information which the other Party may have the right to obtain pursuant to this Agreement prior to the end of the retention period set forth in such policies without first notifying the other Party of the proposed destruction and giving the other Party the opportunity to take possession of such information prior to such destruction; provided, however, that in the case of any Information relating to Taxes, employee benefits or Environmental Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding the foregoing, Section 5.01 of the Tax Matters Agreement shall govern the retention of Tax Records (as defined in the Tax Matters Agreement).

7.5 Limitations of Liability. Neither Party shall have any liability to the other Party in the event that any Information exchanged or provided pursuant to this Agreement which is an estimate or forecast, or which is based on an estimate or forecast, is found to be inaccurate in the absence of willful misconduct by the Party providing such Information. Neither Party shall have any liability to the other Party if any Information is destroyed after reasonable best efforts by such Party to comply with the provisions of Section 7.4.

7.6 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action by one Party against the other Party, each Party shall use its commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors,

officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. Without limiting any indemnification obligations of the non-requesting Party pursuant to Article IV, the requesting Party shall bear all costs and expenses in connection therewith. For the avoidance of doubt, the rights and obligations of any Party described in this Section 7.6 are subject to the rights and obligations described in the Tax Matters Agreement.

(b) If an Indemnifying Party chooses to defend or to seek to compromise or settle any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be, and shall otherwise cooperate in such defense, settlement or compromise, or such prosecution, evaluation or pursuit, as the case may be.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 7.6, each of the Parties agrees to cooperate, and to cause each member of its respective Group to cooperate, with each other in the defense of any infringement or similar claim with respect to any Intellectual Property and shall not claim to acknowledge, or permit any member of its respective Group to claim to acknowledge, the validity or infringing use of any Intellectual Property of a third Person in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 7.6 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses inventors and other officers (subject to the exception set forth in the first sentence of Section 7.6(a)).

(f) In connection with any matter contemplated by this Section 7.6, the Parties will enter into, in accordance with Section 7.9, a mutually acceptable joint defense agreement so as to maintain to the extent practicable any applicable attorney-client privilege or work product immunity of any member of any Group.

7.7 Confidentiality.

(a) Subject to Section 7.1 and 7.8, each of Emergent and Aptevo (each, a "Receiving Party"), on behalf of itself and each member of its respective Group (collectively, the relevant "Receiving Group"), agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Emergent's confidential and proprietary information pursuant to policies in effect as of the Distribution Date (and in no event less than a reasonable degree of care), all confidential or proprietary Information ("Confidential Information") concerning each such other Group or any of its members (collectively, the "Disclosing Group", and the relevant Party in such Group, the "Disclosing Party") that is either in the possession of any member of the Receiving Group or any of its respective Representatives (including such Confidential Information in its possession prior to the date hereof) or furnished by any member of the Disclosing Group or its respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use any such Confidential Information other than for such purposes as shall be expressly permitted hereunder or under any Ancillary Agreement, except, in each case, to the extent that such Confidential Information (i) is as of the date hereof or at any time thereafter in the public domain or generally known to the public through no fault of any member of the Receiving Group or any of their respective Representatives, (ii) is after the Distribution Date lawfully acquired by any member of the Receiving Group from sources, other than any member of the Disclosing Group or any of its respective Representatives, which sources are not themselves bound by a confidentiality obligation, or (iii) is independently generated by a member of the Receiving Group without reference to any Confidential Information of the Disclosing Group. Each Party shall maintain, and shall cause its respective Group members and Representatives to maintain, policies and procedures, and develop such further policies and procedures as will from time to time become necessary or appropriate, to ensure compliance with this Section 7.7.

(b) Aptevo acknowledges that it and other members of the Aptevo Group may have in its or their possession Confidential Information of third Persons that was received under a confidentiality or nondisclosure agreement with such third Person while the Aptevo Group was part of Emergent. Aptevo will, and will cause its respective Group members and its Representatives to, hold in strict confidence the Confidential Information of third Persons to which any member of the Aptevo Group has access, in accordance with the terms of any agreements entered into prior to the Effective Time between any member of the Emergent Group and such third Persons.

(c) Each Receiving Party, on behalf of itself and the other members of its Receiving Group, agrees not to release, communicate or disclose, or permit to be released, communicated or disclosed, directly or indirectly, any Confidential Information of the Disclosing Group to any other Person, except its Representatives who need to know such Confidential Information (who shall be advised of their obligations hereunder with respect to such Confidential Information), except in compliance with Section 7.8. Without limiting the foregoing, when any such Confidential Information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, each Receiving Party will promptly after request of the Disclosing Party either return to the Disclosing Party all such Confidential Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or certify to the Disclosing Party that it has destroyed such Confidential Information (and such copies thereof and such notes, extracts or summaries based thereon).

(d) Each Party shall be liable for any failure by the members of its Group, and their respective Representatives, to comply with the restrictions on use and disclosure of Confidential Information contained in this Agreement.

7.8 Protective Arrangements. In the event that any Receiving Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any Confidential Information of the Disclosing Group pursuant to applicable Law or receives any demand under lawful process or from any Governmental Authority to disclose or provide Confidential Information of the Disclosing Party (or any member of any other Party's Group), such Receiving Party shall notify the Disclosing Party (if legally permissible under the circumstances) prior to disclosing or providing such Confidential Information and shall cooperate at the expense of the Disclosing Party in seeking any reasonable protective arrangements requested by the Disclosing Party. Subject to the foregoing, the member of the Receiving Group that received such request may thereafter disclose or provide the Disclosing Group's Confidential Information to the extent required by such Law (as so advised by counsel) or by lawful process or such Governmental Authority. The Receiving Party shall promptly provide the Disclosing Party with a copy of the Confidential Information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such Confidential Information was disclosed, in each case if legally permissible under the circumstances.

7.9 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and shall be provided prior to the Effective Time have been and shall be rendered for the collective benefit of the Parties and their respective Subsidiaries, and that each Party and its respective Subsidiaries should be deemed to be the client with respect to such services for the purposes of asserting all privileges and immunities that may be asserted under applicable Law in connection therewith.

(b) The Parties agree as follows:

(i) Emergent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Emergent Business, whether or not the Privileged Information is in the possession or under the control of any member of the Emergent Group or any member of the Aptevo Group. Emergent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Emergent Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Emergent Group or any member of the Aptevo Group.

(ii) Aptevo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Aptevo Business, whether or not the Privileged Information is in the possession or under the control of any member of the Emergent Group or any member of the Aptevo Group. Aptevo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Aptevo Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Emergent Group or any member of the Aptevo Group.

(iii) If Emergent and Aptevo do not agree as to whether certain information is Privileged Information, then the information shall be treated as Privileged Information, and the Party who believes such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information unless the Parties otherwise agree. The Parties shall utilize the procedures set forth in Article VIII to resolve any disputes as to whether any information relates solely to the Emergent Business, solely to the Aptevo Business, or to both the Emergent Business and the Aptevo Business.

(c) Subject to Section 7.9(d) and Section 7.9(e), the Parties agree that they shall have a shared privilege or immunity with respect to all privileges not allocated pursuant to Section 7.9(b) and all privileges and immunities relating to any Actions or other matters that involve both Parties (or one or more of their respective Subsidiaries) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party or any of its Subsidiaries without the consent of the other Party.

(d) If any dispute arises between any member of the Emergent Group and any member of the Aptevo Group regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or the other members of its Group, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the members of the other Group; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. Further, each Party specifically agrees that it shall not (and shall cause its Subsidiaries not to) withhold its consent to the waiver of a privilege or immunity for any purpose except to protect its own legitimate interests.

(e) Upon receipt by any member of the Aptevo Group of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of information subject to a shared privilege or immunity or as to which any member of the Emergent Group has the sole right hereunder to assert a privilege or immunity, or if Aptevo obtains knowledge that any current or former directors, officers, agents or employees of any member of the Aptevo Group have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, Aptevo shall promptly provide notice to Emergent of the existence of the request (which notice shall be delivered to Emergent no later than five (5) Business Days following the receipt of any such subpoena, discovery or other request) and shall provide Emergent a reasonable opportunity to review the information and to assert any rights it or they may have, including under this Section 7.9 or otherwise, to prevent the production or disclosure of such Privileged Information.

(f) Upon receipt by any member of the Emergent Group of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of information subject to a shared privilege or immunity or as to which any member of the Aptevo Group has the sole right hereunder to assert a privilege or immunity, or if Emergent obtains knowledge that any current or former directors, officers, agents or employees of any member of the Emergent Group have received any subpoena, discovery or other requests that may reasonably be expected to result in the production or disclosure of such Privileged Information, Emergent shall promptly provide notice to Aptevo of the existence of the request (which notice shall be delivered to Aptevo no later than five (5) Business Days following the receipt of any such subpoena, discovery or other request) and shall provide Aptevo a reasonable opportunity to review the information and to assert any rights it or they may have, including under this Section 7.9 or otherwise, to prevent the production or disclosure of such Privileged Information.

(g) The Parties agree that they have or may in the future have common legal interests in the Emergent Liabilities and any corresponding legal rights, in the Aptevo Liabilities and any corresponding legal rights, in the Privileged Information and in the preservation of the protected status of the Privileged Information. The Parties have disclosed and exchanged and will disclose and exchange certain Privileged Information between and among themselves in order to further the Parties' common legal interests.

(h) Any furnishing of, or access to, information pursuant to this Agreement is made in reliance on the agreement of Emergent and Aptevo set forth in this Section 7.9 and in Section 7.7 to maintain the confidentiality of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties further agree that (i) the exchange by one Party (or any of members of its Group) to the other Party (or any members of its Group) of any Privileged Information that should not have been transferred pursuant to the terms of this Article VII shall not be deemed to constitute a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise with respect to such Privileged Information; and (ii) the Party receiving (or for which a Subsidiary has received) such Privileged Information shall promptly return such Privileged Information to the Party (or its applicable Subsidiary) who has the right to assert the privilege or immunity.

(i) In furtherance of, and without limitation to, the Parties' agreement under this Section 7.9, Emergent and Aptevo shall, and shall cause their applicable Group members to, use reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements where necessary or useful for this purpose.

ARTICLE VIII
DISPUTE RESOLUTION

8.1 Disputes.

(a) Except as otherwise provided in Section 8.1(b), any controversy or claim arising out of or relating to this Agreement or any Ancillary Agreements, or the breach thereof, shall be resolved by Emergent in its sole and absolute discretion.

(b) Any controversy or claim arising after the Effective Time and arising out of or relating to this Agreement or any Ancillary Agreements, or the breach thereof (a "Dispute"), shall be resolved: (a) first, by negotiation by the applicable local or functional leads (if applicable to any Dispute), and then (if there remains a Dispute) negotiation by and among the members of the Transition Committee, with the possibility of mediation as provided in Section 8.2; and (b) then, if negotiation and mediation fail, by binding arbitration as provided in Section 8.3. Each Party agrees on behalf of itself and each of its Subsidiaries that the procedures set forth in this Article VIII shall be the exclusive means for resolution of any Dispute. The initiation of mediation or arbitration hereunder will toll the applicable statute of limitations for the duration of any such proceedings.

8.2 Negotiation and Mediation. If either party serves written notice of a Dispute upon the other party (a "Dispute Notice"), the parties will first attempt to resolve such Dispute by direct discussions and negotiation (including as set forth in Section 8.1 above or, as applicable, in accordance with the applicable Ancillary Agreement). If the parties to the Dispute agree, the parties may also attempt to resolve the Dispute by a mediation administered by the International Institute for Conflict Prevention & Resolution ("CPR") under its Mediation Procedure.

8.3 Arbitration.

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

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

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

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

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

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

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

8.6 Expenses. Each Party shall bear its own costs, expenses and attorneys' fees in pursuit and resolution of any Dispute; provided, however, that, in the event of any arbitration with respect to any Dispute pursuant to Section 8.3 in which the arbitrator issues an arbitral award in an amount that is within ten percent (10%) of the amount of the most recent *bona fide* written settlement offer submitted by a Party and rejected by a Party in connection with such Dispute, then the Party that rejected such settlement offer shall bear both Parties' costs, expenses and attorneys' fees incurred in connection with such arbitration (including the fees and expenses of any arbitrator).

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

ARTICLE IX
FURTHER ASSURANCES AND ADDITIONAL COVENANTS

9.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Distribution Date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Distribution Date, each Party hereto shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by any other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the Aptevo Assets and the assignment and assumption of the Aptevo Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party will, at the reasonable request, cost and expense of any other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest.

(c) On or prior to the Distribution Date, Emergent and Aptevo in their respective capacities as direct and indirect shareholders of their respective Subsidiaries, shall each ratify any actions which are reasonably necessary or desirable to be taken by Emergent, Aptevo or any of their respective Subsidiaries, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Emergent and Aptevo, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of Aptevo or any other member of the Aptevo Group, on the one hand, or of Emergent or any other member of the Emergent Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any third Person arises out of any action or inaction described in clause (i) or (ii) above, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

ARTICLE X
TERMINATION

10.1 Termination. This Agreement may be terminated by Emergent at any time, in its sole and absolute discretion, prior to the Effective Time. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by each of the Parties.

10.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (or any of its directors or officers) shall have any Liability or further obligation to any other Party.

ARTICLE XI
MISCELLANEOUS

11.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Ancillary Agreements, the Exhibits, the Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) Emergent represents on behalf of itself and each other member of the Emergent Group, and Aptevo represents on behalf of itself and each other member of the Aptevo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform each of this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature made in its respective

name as if it were a manual signature, agrees that it will not assert that any such signature is not adequate to bind such Party to the same extent as if it were signed manually and agrees that at the reasonable request of any other Party at any time it will as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof).

(e) Notwithstanding any provision of this Agreement or any Ancillary Agreement, neither Emergent nor Aptevo shall be required to take or omit to take any act that would violate its fiduciary duties to any minority shareholders of any non-wholly owned Subsidiary of Emergent or Aptevo, as the case may be (it being understood that directors' qualifying shares or similar interests will be disregarded for purposes of determining whether a Subsidiary is wholly owned).

11.2 Governing Law. This Agreement and, unless expressly provided therein, each Ancillary Agreement, shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws and principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

11.3 Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by either Party without the express written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement (i) in connection with the merger of such Party, or the sale, transfer or other divestiture of all or substantially all of an entire product line, Affiliate, division or other business unit of such Party, or (ii) to any Affiliate of such Party; provided, however, that in connection with each such assignment or delegation, the assigning Party provides a guarantee to the non-assigning Party for any liability or obligation assigned or delegated pursuant to this Section 11.3; provided, further, that Aptevo shall only be entitled to assign its rights or delegate its obligations under this Agreement with the prior written consent of Emergent.

11.4 Third-Party Beneficiaries. Except (a) for the indemnification rights under this Agreement of any Emergent Indemnitee or Aptevo Indemnitee in their respective capacities as such and (b) as expressly set forth in any Ancillary Agreement, (i) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties and are not intended to confer upon any Person except the Parties any rights or remedies hereunder, and (ii) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any third person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

11.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to

have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 11.5):

If to Emergent, to:

[•]

with a copy to:

[•]

If to Aptevo to:

[•]

with a copy to:

[•]

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

11.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

11.7 Force Majeure. No Party shall be deemed in default of this Agreement or any Ancillary Agreement to the extent that any delay or failure in the performance of its obligations under this Agreement or any Ancillary Agreement, other than a delay or failure to make a payment, results from any cause beyond its reasonable control and without its fault or negligence, such as acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any failure in electrical or air conditioning equipment (each such cause, a "Force Majeure"). In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay.

11.8 Publicity. Prior to the Effective Time, each of Aptevo and Emergent shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to the Separation, the Distribution or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto.

11.9 Expenses. Except as expressly set forth in this Agreement (including Sections 6.1, 7.6(a), 7.8, 8.6 and 9.1(b) and Articles IV and V) or in any Ancillary Agreement, all fees, costs and expenses incurred in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, and with the consummation of the transactions contemplated hereby and thereby, will be borne by the Party incurring such fees, costs or expenses.

11.10 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

11.11 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

11.12 Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

11.13 Specific Performance. Subject to the provisions of Article VIII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of its or their rights under this Agreement or such Ancillary Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

11.14 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by any Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

11.15 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be held to include the plural and vice versa and words of one gender shall be held to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the

Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Exhibit, Schedule and Appendix references are to the Articles, Sections, Exhibits, Schedules and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) the word "including" and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean "including, without limitation"; (e) the word "or" shall not be exclusive; (f) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to [•], 2016, regardless of any amendment or restatement hereof; (g) the verb "will" means "shall"; and (h) except where the context otherwise requires, references to Subsidiaries of Aptevo refers to Persons that will be Subsidiaries of Aptevo upon consummation of the Distribution. Emergent and Aptevo have each participated in the negotiation and drafting of this Agreement and if an ambiguity or question of interpretation should arise, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or burdening either Party by virtue of the authorship of any of the provisions in this Agreement or any interim drafts of this Agreement.

11.16 No Set Off. Except as set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any of its Subsidiaries shall have any right of set off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement or any Ancillary Agreement.

11.17 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither Aptevo or its Affiliates, on the one hand, nor Emergent or its Affiliates, on the other hand, shall be liable under this Agreement to the other for any special, punitive, exemplary or similar damages in connection with the transactions contemplated hereby (other than any such liability with respect to a Third-Party Claim), whether or not advised of the possibility of such damages and whether or not such damages are reasonably foreseeable.

11.18 Performance. Emergent will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Emergent Group. Aptevo will cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Aptevo Group. Each Party (including its permitted successors and assigns) further agrees that it will (a) give timely notice of the terms, conditions and continuing obligations contained in this Section 11.18 to all of the other members of its Group, and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

[Signature Page Follows]

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

EMERGENT BIOSOLUTIONS INC.

By: _____
Name: _____
Title: _____

APTEVO THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION
OF
APTEVO THERAPEUTICS INC.

Pursuant to Sections 242 and 245 of the
General Corporation Law of the State of Delaware

(originally incorporated on February 22, 2016)

Aptevo Therapeutics Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "General Corporation Law"), hereby certifies as follows:

1. The current name of the Corporation and the name under which the Corporation was originally incorporated is Aptevo Therapeutics Inc. The original Certificate of Incorporation was filed on February 22, 2016.

2. The Board of Directors of the Corporation pursuant to Sections 242 and 245 of the General Corporation Law duly adopted resolutions setting forth this Restated Certificate of Incorporation and declaring said Restated Certificate of Incorporation advisable. The sole stockholder of the Corporation duly approved and adopted this Restated Certificate of Incorporation by written consent in accordance with Sections 228, 242 and 245 of the General Corporation Law.

The Certificate of Incorporation of the Corporation is hereby amended and restated in its entirety to read as follows:

FIRST: The name of the Corporation is Aptevo Therapeutics Inc. (hereinafter referred to as the "Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of the business or purposes to be conducted or promoted by the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authority to issue is 515,000,000 shares, consisting of (i) 500,000,000 shares of Common Stock, $0.001 par value per share ("Common Stock"), and (ii) 15,000,000 shares of Preferred Stock, $0.001 par value per share ("Preferred Stock").

The following is a statement of the designations and the powers, privileges and rights, and the qualifications, limitations or restrictions thereof in respect of each class of capital stock of the Corporation.

A. COMMON STOCK.

1. General. The voting, dividend and liquidation rights of the holders of the Common Stock are subject to and qualified by the rights of the holders of the Preferred Stock of any series as may be designated by the Board of Directors upon any issuance of the Preferred Stock of any series.

2. Voting. The holders of the Common Stock shall have voting rights at all meetings of stockholders, each such holder being entitled to one vote for each share thereof held by such holder; provided, however, that, except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Certificate of Incorporation (which, as used herein, shall mean the restated certificate of incorporation of the Corporation, as amended from time to time, including the terms of any certificate of designations of any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together as a class with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation. There shall be no cumulative voting.

The number of authorized shares of Common Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of the holders of capital stock representing at least a majority of the votes entitled to be cast irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

3. Dividends. Dividends may be declared and paid on the Common Stock from funds lawfully available therefor as and when determined by the Board of Directors and subject to any preferential dividend or other rights of any then outstanding Preferred Stock.

4. Liquidation. Upon the dissolution or liquidation of the Corporation, whether voluntary or involuntary, holders of Common Stock will be entitled to receive ratably all assets of the Corporation available for distribution to its stockholders, subject to any preferential or other rights of any then outstanding Preferred Stock.

B. PREFERRED STOCK.

Preferred Stock may be issued from time to time in one or more series, each of such series to have such terms as stated or expressed herein and in the resolution or resolutions providing for the issue of such series adopted by the Board of Directors as hereinafter provided. Any shares of Preferred Stock which may be redeemed, purchased or acquired by the Corporation may be reissued except as otherwise provided by law.

Authority is hereby expressly granted to the Board of Directors from time to time to issue the Preferred Stock in one or more series, and in connection with the creation of any such series, by adopting a resolution or resolutions providing for the issuance of the shares thereof and by filing a certificate of designations relating thereto in accordance with the General Corporation

Law of the State of Delaware, to determine and fix the number of shares of such series and such voting powers, full or limited, or no voting powers, and such designations, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions thereof, including without limitation thereof, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be stated and expressed in such resolutions, all to the full extent now or hereafter permitted by the General Corporation Law of the State of Delaware. Without limiting the generality of the foregoing, the resolutions providing for issuance of any series of Preferred Stock may provide that such series shall be superior or rank equally or be junior to any other series of Preferred Stock to the extent permitted by law.

The number of authorized shares of Preferred Stock may be increased or decreased (but not below the number of shares then outstanding) by the affirmative vote of the holders of capital stock representing a majority of the votes entitled to be cast thereon, voting as a single class, irrespective of the provisions of Section 242(b)(2) of the General Corporation Law of the State of Delaware.

FIFTH: Except as otherwise provided herein, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

SIXTH: In furtherance and not in limitation of the powers conferred upon it by the General Corporation Law of the State of Delaware, and subject to the terms of any series of Preferred Stock, the Board of Directors shall have the power to adopt, amend, alter or repeal the By-laws of the Corporation by the affirmative vote of a majority of the directors present at any regular or special meeting of the Board of Directors at which a quorum is present. The stockholders may not adopt, amend, alter or repeal the By-laws of the Corporation, or adopt any provision inconsistent therewith, unless such action is approved, in addition to any other vote required by this Certificate of Incorporation, by the affirmative vote of the holders of capital stock representing at least seventy-five percent (75%) of the votes that all the stockholders would be entitled to cast in any annual election of directors or class of directors. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of capital stock representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article SIXTH.

SEVENTH: Except to the extent that the General Corporation Law of the State of Delaware prohibits the elimination or limitation of liability of directors for breaches of fiduciary duty, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any breach of fiduciary duty as a director, notwithstanding any provision of law imposing such liability. No amendment to or repeal of this provision shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal. If the General Corporation Law of the State of Delaware is amended to permit further elimination or limitation of the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware as so amended.

EIGHTH: The Corporation shall provide indemnification and advancement of expenses as follows:

1. Actions, Suits and Proceedings Other than by or in the Right of the Corporation. The Corporation shall indemnify each person who was or is a party or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) (all such persons being referred to hereafter as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) and amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

2. Actions or Suits by or in the Right of the Corporation. The Corporation shall indemnify any Indemnitee who was or is a party to or threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that Indemnitee is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving, or has agreed to serve, at the request of the Corporation, as a director, officer, partner, employee or trustee of, or in a similar capacity with, another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and, to the extent permitted by law, amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with such action, suit or proceeding and any appeal therefrom, if Indemnitee acted in good faith and in a manner which Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made under this Section 2 in respect of any claim, issue or matter as to which Indemnitee shall have been adjudged to be liable to the Corporation, unless, and only to the extent, that the Court of Chancery of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) which the Court of Chancery of Delaware or such other court shall deem proper.

3. Indemnification for Expenses of Successful Party. Notwithstanding any other provisions of this Article EIGHTH, to the extent that an Indemnitee has been successful, on the merits or otherwise, in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article EIGHTH, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, Indemnitee shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by or on behalf of Indemnitee in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (i) the disposition being adverse to Indemnitee, (ii) an adjudication that Indemnitee was liable to the Corporation, (iii) a plea of guilty or nolo contendere by Indemnitee, (iv) an adjudication that Indemnitee did not act in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and (v) with respect to any criminal proceeding, an adjudication that Indemnitee had reasonable cause to believe his or her conduct was unlawful, Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

4. Notification and Defense of Claim. As a condition precedent to an Indemnitee's right to be indemnified pursuant to Section 1, 2 or 3 of this Article EIGHTH, or to receive advancement of expenses pursuant to Section 5 of this Article EIGHTH, such Indemnitee must notify the Corporation in writing as soon as practicable of any action, suit, proceeding or investigation involving such Indemnitee for which indemnity or advancement of expenses will or could be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to Indemnitee. After notice from the Corporation to Indemnitee of its election so to assume such defense, the Corporation shall not be liable to Indemnitee for any legal or other expenses subsequently incurred by Indemnitee in connection with such action, suit, proceeding or investigation, other than as provided below in this Section 4. Indemnitee shall have the right to employ his or her own counsel in connection with such action, suit, proceeding or investigation, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of Indemnitee unless (i) the employment of counsel by Indemnitee has been authorized by the Corporation, (ii) counsel to Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and Indemnitee in the conduct of the defense of such action, suit, proceeding or investigation or (iii) the Corporation shall not in fact have employed counsel to assume the defense of such action, suit, proceeding or investigation, in each of which cases the fees and expenses of counsel for Indemnitee shall be at the expense of the Corporation, except as otherwise expressly provided by this Article EIGHTH. The Corporation shall not be entitled, without the consent of Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for Indemnitee shall have reasonably made the conclusion provided for in clause (ii) of the preceding sentence. The Corporation shall not be required to indemnify Indemnitee under this Article EIGHTH for any amounts paid in settlement of any action, suit, proceeding or investigation effected without its written consent. The Corporation shall not settle any action, suit, proceeding or investigation in any manner which would impose any penalty or limitation on Indemnitee without Indemnitee's written consent. Neither the Corporation nor Indemnitee will unreasonably withhold or delay its consent to any proposed settlement.

5. Advancement of Expenses. Subject to the provisions of Sections 4 and 6 of this Article EIGHTH, any expenses (including attorneys' fees) incurred by or on behalf of Indemnitee in defending an action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; provided, however, that the payment of such expenses incurred by or on behalf of Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined by final judicial decision from which there is no further right to appeal that Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article EIGHTH. Such undertaking shall be accepted without reference to the financial ability of Indemnitee to make such repayment.

6. Procedure for Indemnification and Advancement of Expenses. In order to obtain indemnification pursuant to Section 1, 2 or 3 of this Article EIGHTH or advancement of expenses pursuant to Section 5 of this Article EIGHTH, an Indemnitee shall submit to the Corporation a written request. Any such advancement of expenses shall be made promptly, and in any event within 30 days after receipt by the Corporation of the written request of Indemnitee, unless the Corporation has assumed the defense pursuant to Section 4 of this Article EIGHTH (and none of the circumstances described in Section 4 of this Article EIGHTH that would nonetheless entitle the Indemnitee to indemnification or an advancement for the fees and expenses of separate counsel have occurred). Any such indemnification, unless ordered by a court, shall be made with respect to requests under Section 1 or 2 only as authorized in the specific case upon a determination by the Corporation that the indemnification of Indemnitee is proper because Indemnitee has met the applicable standard of conduct set forth in Section 1 or 2, as the case may be. Such determination shall be made in each instance (a) by a majority vote of the directors of the Corporation who are not at that time parties to the action, suit or proceeding in question ("disinterested directors"), whether or not a quorum, (b) by a committee of disinterested directors designated by majority vote of disinterested directors, whether or not a quorum, (c) if there are no disinterested directors, or if the disinterested directors so direct, by independent legal counsel (who may, to the extent permitted by law, be regular legal counsel to the Corporation) in a written opinion, or (d) by the stockholders of the Corporation.

7. Remedies. The right to indemnification or advancement of expenses as granted by this Article EIGHTH shall be enforceable by Indemnitee in any court of competent jurisdiction. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Corporation pursuant to Section 6 of this Article EIGHTH that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct. Indemnitee's expenses (including attorneys' fees) reasonably incurred in connection with successfully establishing Indemnitee's right to advancement of expenses or indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

8. Limitations. Notwithstanding anything to the contrary in this Article EIGHTH, except as set forth in Section 7 of this Article EIGHTH, the Corporation shall not indemnify or advance expenses to an Indemnitee pursuant to this Article EIGHTH in connection with a proceeding (or part thereof) initiated by such Indemnitee unless the initiation thereof was approved by the Board of Directors. Notwithstanding anything to the contrary in this Article EIGHTH, the Corporation shall not indemnify or advance expenses to an Indemnitee to the extent such Indemnitee is reimbursed or paid expenses from the proceeds of insurance, and in the event the Corporation makes any indemnification payments or advancement of expenses to an Indemnitee and such Indemnitee is subsequently reimbursed from the proceeds of insurance, such Indemnitee shall promptly refund indemnification payments or advancement of expenses to the Corporation to the extent of such insurance reimbursement.

9. Subsequent Amendment. No amendment, termination or repeal of this Article EIGHTH or of the relevant provisions of the General Corporation Law of the State of Delaware or any other applicable laws shall adversely affect or diminish in any way the rights of any Indemnitee to indemnification or advancement of expenses under the provisions hereof with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the final adoption of such amendment, termination or repeal.

10. Other Rights. The indemnification and advancement of expenses provided by this Article EIGHTH shall not be deemed exclusive of any other rights to which an Indemnitee seeking indemnification or advancement of expenses may be entitled under any law (common or statutory), agreement or vote of stockholders or disinterested directors or otherwise, both as to action in Indemnitee's official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of Indemnitee. Nothing contained in this Article EIGHTH shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification and advancement rights and procedures different from those set forth in this Article EIGHTH. In addition, the Corporation may, to the extent authorized from time to time by its Board of Directors, grant indemnification and advancement rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article EIGHTH.

11. Partial Indemnification and Advancement of Expenses. If an Indemnitee is entitled under any provision of this Article EIGHTH to indemnification or advancement of expenses by the Corporation for some or a portion of the expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement actually and reasonably incurred by or on behalf of Indemnitee in connection with any action, suit, proceeding or investigation and any appeal therefrom but not, however, for the total amount thereof, the Corporation shall nevertheless indemnify or advance expenses to Indemnitee for the portion of such expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) or amounts paid in settlement to which Indemnitee is entitled.

12. Insurance. The Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

13. Savings Clause. If this Article EIGHTH or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), liabilities, losses, judgments, fines (including excise taxes and penalties arising under the Employee Retirement Income Security Act of 1974) and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable portion of this Article EIGHTH that shall not have been invalidated and to the fullest extent permitted by applicable law.

14. Definitions. Terms used herein and defined in Section 145(h) and Section 145(i) of the General Corporation Law of the State of Delaware shall have the respective meanings assigned to such terms in such Section 145(h) and Section 145(i).

NINTH: This Article NINTH is inserted for the management of the business and for the conduct of the affairs of the Corporation.

1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

2. Number of Directors; Election of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the Corporation shall be established by the Board of Directors. Election of directors need not be by written ballot, except as and to the extent provided in the By-laws of the Corporation.

3. Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors shall be and is divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The Board of Directors is authorized to assign members of the Board of Directors already in office to Class I, Class II or Class III at the time such classification becomes effective.

4. Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director initially assigned to Class I shall serve for a term expiring at the Corporation's first annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; each director initially assigned to Class II shall serve for a term expiring at the Corporation's second annual meeting of stockholders held after the

effectiveness of this Restated Certificate of Incorporation; and each director initially assigned to Class III shall serve for a term expiring at the Corporation's third annual meeting of stockholders held after the effectiveness of this Restated Certificate of Incorporation; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal. A decrease in the number of authorized directors shall not shorten the term of any incumbent director.

5. Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors fixed pursuant to Section 2 of this Article NINTH shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

6. Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors unless a greater number is required by law or by this Certificate of Incorporation.

7. Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the Corporation may be removed only for cause and only by the affirmative vote of the holders of capital stock representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors.

8. Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancy or newly created directorship in the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor and to such director's earlier death, resignation or removal.

9. Stockholder Nominations and Introduction of Business, Etc. Advance notice of stockholder nominations for election of directors and other business to be brought by stockholders before a meeting of stockholders shall be given in the manner provided by the By-laws of the Corporation.

10. Amendments to Article. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of capital stock representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article NINTH.

TENTH: Stockholders of the Corporation may not take any action by written consent in lieu of a meeting; provided, however, that, notwithstanding the foregoing and only for so long as

Emergent BioSolutions Inc., a Delaware corporation, and its wholly owned subsidiaries, collectively, own capital stock representing a majority of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors, any action required or permitted to be taken by the stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action to be taken, are signed by the holders of shares of outstanding capital stock having at least the minimum number of votes necessary to authorize such action. Notwithstanding any other provisions of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of capital stock representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article TENTH.

ELEVENTH: Special meetings of stockholders for any purpose or purposes may be called at any time by only the Board of Directors, the Chairman of the Board, the Chief Executive Officer or, if no person then holds the title Chief Executive Officer, the President, and may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. Notwithstanding any other provision of law, this Certificate of Incorporation or the By-laws of the Corporation, and notwithstanding the fact that a lesser percentage may be specified by law, the affirmative vote of the holders of capital stock representing at least seventy-five percent (75%) of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors shall be required to amend or repeal, or to adopt any provision inconsistent with, this Article ELEVENTH.

IN WITNESS WHEREOF, Aptevo Therapeutics Inc. has caused this Restated Certificate of Incorporation to be duly executed and acknowledged in its name and on its behalf by an authorized officer as of this ____ day of _____, 2016.

APTEVO THERAPEUTICS INC.

By: _____

Name: _____

Title: _____

EXHIBIT 3.2

AMENDED AND RESTATED BY-LAWS

OF

APTEVO THERAPEUTICS INC.

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ARTICLE I

STOCKHOLDERS

1.1 Place of Meetings. All meetings of stockholders shall be held at such place as may be designated from time to time by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President or, if not so designated, at the principal office of the corporation.

1.2 Annual Meeting. The annual meeting of stockholders for the election of directors to succeed those whose terms expire and for the transaction of such other business as may properly be brought before the meeting shall be held on a date and at a time designated by the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President. The corporation may postpone, reschedule or cancel any previously scheduled annual meeting of stockholders.

1.3 Special Meetings. Special meetings of stockholders for any purpose or purposes may be called at any time by only the Board of Directors, the Chairman of the Board, the Chief Executive Officer or, if no person then holds the title Chief Executive Officer, the President, and may not be called by any other person or persons. Business transacted at any special meeting of stockholders shall be limited to matters relating to the purpose or purposes stated in the notice of meeting. The corporation may postpone, reschedule or cancel any previously scheduled special meeting of stockholders.

1.4 Notice of Meetings. Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, notice of each meeting of stockholders, whether annual or special, shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. Without limiting the manner by which notice otherwise may be given to stockholders, any notice shall be effective if given by a form of electronic transmission consented to (in a manner consistent with the General Corporation Law of the State of Delaware) by the stockholder to whom the notice is given. The notices of all meetings shall state the place, date and time of the meeting and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present

in person and vote at such meeting. The notice of a special meeting shall state, in addition, the purpose or purposes for which the meeting is called. If notice is given by mail, such notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the records of the corporation. If notice is given by electronic transmission, such notice shall be deemed given at the time specified in Section 232 of the General Corporation Law of the State of Delaware.

1.5 Voting List. The Secretary shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, for a period of at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (b) during ordinary business hours, at the principal place of business of the corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. Except as otherwise provided by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 1.5 or to vote in person or by proxy at any meeting of stockholders.

1.6 Quorum. Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the holders of shares of capital stock representing a majority in voting power of the shares of the capital stock of the corporation issued and outstanding and entitled to vote at the meeting, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or classes or series of capital stock is required by law or the Certificate of Incorporation, the holders of shares of capital stock representing a majority in voting power of the shares of such class or classes or series of the capital stock of the corporation issued and outstanding and entitled to vote on such matter, present in person, present by means of remote communication in a manner, if any, authorized by the Board of Directors in its sole discretion, or

represented by proxy, shall constitute a quorum entitled to take action with respect to the vote on such matter. A quorum, once established at a meeting, shall not be broken by the withdrawal of enough votes to leave less than a quorum.

1.7 Adjournments. Any meeting of stockholders may be adjourned from time to time to any other time and to any other place at which a meeting of stockholders may be held under these By-laws by the chairman of the meeting or by the stockholders present or represented at the meeting and entitled to vote, although less than a quorum. It shall not be necessary to notify any stockholder of any adjournment of less than 30 days if the time and place of the adjourned meeting, and the means of remote communication, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting, are announced at the meeting at which adjournment is taken, unless after the adjournment a new record date is fixed for the adjourned meeting. At the adjourned meeting, the corporation may transact any business which might have been transacted at the original meeting.

1.8 Voting and Proxies. Each stockholder shall have one vote for each share of stock entitled to vote and held of record by such stockholder and a proportionate vote for each fractional share so held, unless otherwise provided by law or the Certificate of Incorporation. Each stockholder of record entitled to vote at a meeting of stockholders may vote in person (including by means of remote communications, if any, by which stockholders may be deemed to be present in person and vote at such meeting) or may authorize another person or persons to vote for such stockholder by a proxy executed or transmitted in a manner permitted by the General Corporation Law of the State of Delaware by the stockholder or such stockholder's authorized agent and delivered (including by electronic transmission) to the Secretary of the corporation. No such proxy shall be voted upon after three years from the date of its execution, unless the proxy expressly provides for a longer period.

1.9 Action at Meeting. When a quorum is present at any meeting, any matter other than the election of directors to be voted upon by the stockholders at such meeting shall be decided by the vote of the holders of shares of capital stock representing a majority in voting power of the votes cast by the holders of all of the shares of capital stock present or represented at the meeting and voting affirmatively or negatively on such matter (or if there are two or more

classes or series of capital stock entitled to vote as separate classes, then in the case of each such class or series, the holders of shares of capital stock representing a majority in voting power of the votes cast by the holders of all of the shares of capital stock of that class or series present or represented at the meeting and voting affirmatively or negatively on such matter), except when a different vote is required by law, the Certificate of Incorporation or these By-laws. When a quorum is present at any meeting, any election by stockholders of directors shall be determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

1.10 Nomination of Directors.

(a) Except for (1) any directors entitled to be elected by the holders of preferred stock, (2) any directors elected in accordance with Section 2.9 hereof by the Board of Directors to fill a vacancy or newly-created directorship or (3) as otherwise required by applicable law or stock exchange regulation, at any meeting of stockholders, only persons who are nominated in accordance with the procedures in this Section 1.10 shall be eligible for election as directors. Nomination for election to the Board of Directors at a meeting of stockholders may be made (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the corporation who (x) timely complies with the notice procedures in Section 1.10(b), (y) is a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such meeting and (z) is entitled to vote at such meeting.

(b) To be timely, a stockholder's notice must be received in writing by the Secretary at the principal executive offices of the corporation as follows: (i) in the case of an election of directors at an annual meeting of stockholders, not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual meeting, or if no annual meeting was held in the preceding year, a stockholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public

disclosure of the date of such annual meeting was made, whichever first occurs; or (ii) in the case of an election of directors at a special meeting of stockholders, provided that the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President has determined, in accordance with Section 1.3, that directors shall be elected at such special meeting and provided further that the nomination made by the stockholder is for one of the director positions that the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President, as the case may be, has determined will be filled at such special meeting, not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of (x) the 90th day prior to such special meeting and (y) the tenth day following the day on which notice of the date of such special meeting was mailed or public disclosure of the date of such special meeting was made, whichever first occurs. In no event shall the adjournment or postponement of a meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice.

The stockholder's notice to the Secretary shall set forth: (A) as to each proposed nominee (1) such person's name, age, business address and, if known, residence address, (2) such person's principal occupation or employment, (3) the class and series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such person, (4) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among (x) the stockholder, the beneficial owner, if any, on whose behalf the nomination is being made and the respective affiliates and associates of, or others acting in concert with, such stockholder and such beneficial owner, on the one hand, and (y) each proposed nominee, and his or her respective affiliates and associates, or others acting in concert with such nominee(s), on the other hand, including all information that would be required to be disclosed pursuant to Item 404 of Regulation S-K if the stockholder making the nomination and any beneficial owner on whose behalf the nomination is made or any affiliate or associate thereof or person acting in concert therewith were the "registrant" for purposes of such Item and the proposed nominee were a director or executive officer of such registrant, and (5) any other information concerning such person that must be disclosed as to nominees in proxy solicitations pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the

"Exchange Act"); and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is being made (1) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (2) the class or series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such stockholder and such beneficial owner, (3) a description of any agreement, arrangement or understanding between or among such stockholder and/or such beneficial owner and each proposed nominee and any other person or persons (including their names) pursuant to which the nomination(s) are being made or who may participate in the solicitation of proxies in favor of electing such nominee(s), (4) a description of any agreement, arrangement or understanding (including any derivative or short positions, swaps, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into by, or on behalf of, such stockholder or such beneficial owner, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner with respect to shares of stock of the corporation, (5) any other information relating to such stockholder and such beneficial owner that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the election of directors in a contested election pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (6) a representation that such stockholder intends to appear in person or by proxy at the meeting to nominate the person(s) named in its notice and (7) a representation whether such stockholder and/or such beneficial owner intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of shares of capital stock representing at least the percentage of voting power of all of the shares of capital stock of the corporation outstanding as of the record date of the meeting reasonably believed by such stockholder or such beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder or such beneficial owner (and such representation shall be included in any such proxy statement and form of proxy) and/or (y) otherwise to solicit proxies or votes from stockholders in support of such nomination (and such representation shall be included in any such solicitation materials). Not later than 10 days after the record date for the meeting, the information required by Items (A)(1)-(5) and (B)(1)-(5) of the prior sentence shall be

supplemented by the stockholder giving the notice to provide updated information as of the record date. In addition, to be effective, the stockholder's notice must be accompanied by the written consent of the proposed nominee to serve as a director if elected. The corporation may require any proposed nominee to furnish such other information as the corporation may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the corporation or whether such nominee would be independent under applicable Securities and Exchange Commission and stock exchange rules and the corporation's publicly disclosed corporate governance guidelines. A stockholder shall not have complied with this Section 1.10(b) if the stockholder (or beneficial owner, if any, on whose behalf the nomination is made) solicits or does not solicit, as the case may be, proxies or votes in support of such stockholder's nominee in contravention of the representations with respect thereto required by this Section 1.10.

(c) The chairman of any meeting shall have the power and duty to determine whether a nomination was made in accordance with the provisions of this Section 1.10 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee in compliance with the representations with respect thereto required by this Section 1.10), and if the chairman should determine that a nomination was not made in accordance with the provisions of this Section 1.10, the chairman shall so declare to the meeting and such nomination shall not be brought before the meeting.

(d) Except as otherwise required by law, nothing in this Section 1.10 shall obligate the corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the corporation or the Board of Directors information with respect to any nominee for director submitted by a stockholder.

(e) Notwithstanding the foregoing provisions of this Section 1.10, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the meeting to present a nomination, such nomination shall not be brought before the meeting, notwithstanding that proxies in respect of such nominee may have been received by the corporation. For purposes of this Section 1.10, to be considered a "qualified

representative of the stockholder", a person must be authorized by a written instrument executed by such stockholder or an electronic transmission delivered by such stockholder to act for such stockholder as proxy at the meeting of stockholders and such person must produce such written instrument or electronic transmission, or a reliable reproduction of the written instrument or electronic transmission, at the meeting of stockholders.

(f) For purposes of this Section 1.10, "public disclosure" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

1.11 Notice of Business at Annual Meetings.

(a) At any annual meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (1) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (2) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (3) properly brought before the meeting by a stockholder. For business to be properly brought before an annual meeting by a stockholder, (i) if such business relates to the nomination of a person for election as a director of the corporation, the procedures in Section 1.10 must be complied with and (ii) if such business relates to any other matter, the business must constitute a proper matter under Delaware law for stockholder action and the stockholder must (x) have given timely notice thereof in writing to the Secretary in accordance with the procedures set forth in Section 1.11(b), (y) be a stockholder of record on the date of the giving of such notice and on the record date for the determination of stockholders entitled to vote at such annual meeting and (z) be entitled to vote at such annual meeting.

(b) To be timely, a stockholder's notice must be received in writing by the Secretary at the principal executive offices of the corporation not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 20 days, or delayed by more than 60 days, from the first anniversary of the preceding year's annual

meeting, or if no annual meeting was held in the preceding year, a stockholder's notice must be so received not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of (A) the 90th day prior to such annual meeting and (B) the tenth day following the day on which notice of the date of such annual meeting was mailed or public disclosure of the date of such annual meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an annual meeting (or the public disclosure thereof) commence a new time period (or extend any time period) for the giving of a stockholder's notice.

The stockholder's notice to the Secretary shall set forth: (A) as to each matter the stockholder proposes to bring before the annual meeting (1) a brief description of the business desired to be brought before the annual meeting, (2) the text of the proposal (including the exact text of any resolutions proposed for consideration and, in the event that such business includes a proposal to amend the By-laws, the exact text of the proposed amendment), and (3) the reasons for conducting such business at the annual meeting, and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the proposal is being made (1) the name and address of such stockholder, as they appear on the corporation's books, and of such beneficial owner, (2) the class or series and number of shares of stock of the corporation that are, directly or indirectly, owned, beneficially or of record, by such stockholder and such beneficial owner, (3) a description of any material interest of such stockholder or such beneficial owner and the respective affiliates and associates of, or others acting in concert with, such stockholder or such beneficial owner in such business, (4) a description of any agreement, arrangement or understanding between or among such stockholder and/or such beneficial owner and any other person or persons (including their names) in connection with the proposal of such business or who may participate in the solicitation of proxies in favor of such proposal, (5) a description of any agreement, arrangement or understanding (including any derivative or short positions, swaps, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into by, or on behalf of, such stockholder or such beneficial owner, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such stockholder or such beneficial owner with respect to shares of stock of the corporation, (6) any other information relating to such stockholder and such beneficial owner

that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for the business proposed pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder, (7) a representation that such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting and (8) a representation whether such stockholder and/or such beneficial owner intends or is part of a group which intends (x) to deliver a proxy statement and/or form of proxy to holders of shares of capital stock representing at least the percentage of voting power of all of the shares of the capital stock of the corporation outstanding as of the record date of the meeting required to approve or adopt the proposal (and such representation shall be included in any such proxy statement and form of proxy) and/or (y) otherwise to solicit proxies or votes from stockholders in support of such proposal (and such representation shall be included in any such solicitation materials). Not later than 10 days after the record date for the meeting, the information required by Items (A)(3) and (B)(1)-(6) of the prior sentence shall be supplemented by the stockholder giving the notice to provide updated information as of the record date. Notwithstanding anything in these By-laws to the contrary, no business shall be conducted at any annual meeting of stockholders except in accordance with the procedures in this Section 1.11; provided that any stockholder proposal which complies with Rule 14a-8 of the proxy rules (or any successor provision) promulgated under the Exchange Act and is to be included in the corporation's proxy statement for an annual meeting of stockholders shall be deemed to comply with the notice requirements of this Section 1.11. A stockholder shall not have complied with this Section 1.11(b) if the stockholder (or beneficial owner, if any, on whose behalf the proposal is made) solicits or does not solicit, as the case may be, proxies in support of such stockholder's proposal in contravention of the representations with respect thereto required by this Section 1.11.

(c) The chairman of any annual meeting shall have the power and duty to determine whether business was properly brought before the annual meeting in accordance with the provisions of this Section 1.11 (including whether the stockholder or beneficial owner, if any, on whose behalf the proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies or votes in support of such stockholder's proposal in compliance with the representation with respect thereto required by this Section 1.11), and if the chairman should determine that business was not properly brought before the annual meeting in accordance with the provisions of this Section 1.11, the chairman shall so declare to the meeting and such business shall not be brought before the annual meeting.

(d) Except as otherwise required by law, nothing in this Section 1.11 shall obligate the corporation or the Board of Directors to include in any proxy statement or other stockholder communication distributed on behalf of the corporation or the Board of Directors information with respect to any proposal submitted by a stockholder.

(e) Notwithstanding the foregoing provisions of this Section 1.11, unless otherwise required by law, if the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting to present business, such business shall not be considered, notwithstanding that proxies in respect of such business may have been received by the corporation.

(f) For purposes of this Section 1.11, the terms "qualified representative of the stockholder" and "public disclosure" shall have the same meaning as in Section 1.10.

1.12 Conduct of Meetings.

(a) Meetings of stockholders shall be presided over by the Chairman of the Board, if any, or in the Chairman's absence by the Vice Chairman of the Board, if any, or in the Vice Chairman's absence by the Chief Executive Officer, or in the Chief Executive Officer's absence, by the President, or in the President's absence by a Vice President, or in the absence of all of the foregoing persons by a chairman designated by the Board of Directors. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

(b) The Board of Directors may adopt by resolution such rules, regulations and procedures for the conduct of any meeting of stockholders of the corporation as it shall deem appropriate including, without limitation, such guidelines and procedures as it may deem appropriate regarding the participation by means of remote communication of stockholders and proxyholders not physically present at a meeting. Except to the extent inconsistent with such rules, regulations and procedures as adopted by the Board of Directors, the chairman of any meeting of stockholders shall have the right and authority to convene and (for any or no reason)

to recess and/or adjourn the meeting and prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies or such other persons as shall be determined; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (v) limitations on the time allotted to questions or comments by participants. Unless and to the extent determined by the Board of Directors or the chairman of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

(c) The chairman of the meeting shall announce at the meeting when the polls for each matter to be voted upon at the meeting will be opened and closed. After the polls close, no ballots, proxies or votes or any revocations or changes thereto may be accepted.

(d) In advance of any meeting of stockholders, the Board of Directors, the Chairman of the Board, the Chief Executive Officer or the President shall appoint one or more inspectors of election to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is present, ready and willing to act at a meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by law, inspectors may be officers, employees or agents of the corporation. Each inspector, before entering upon the discharge of such inspector’s duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector’s ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by law. Every vote taken by ballots shall be counted by a duly appointed inspector or duly appointed inspectors.

1.13 Action by Consent in Lieu of a Meeting. Stockholders of the corporation may not take any action by written consent in lieu of a meeting; provided, however, that, notwithstanding the foregoing and only for so long as Emergent BioSolutions Inc., a Delaware corporation, and its wholly owned subsidiaries, collectively, own capital stock representing a majority of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors, any action required or permitted to be taken by the stockholders of the corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action to be taken, are signed by the holders of shares of outstanding capital stock having at least the minimum number of votes necessary to authorize such action.

ARTICLE II

DIRECTORS

2.1 General Powers. The business and affairs of the corporation shall be managed by or under the direction of a Board of Directors, who may exercise all of the powers of the corporation except as otherwise provided by law or the Certificate of Incorporation.

2.2 Number, Election and Qualification. Subject to the rights of holders of any series of Preferred Stock to elect directors, the number of directors of the corporation shall be established by the Board of Directors. Election of directors need not be by written ballot. Directors need not be stockholders of the corporation.

2.3 Chairman of the Board; Vice Chairman of the Board. The Board of Directors may appoint from its members a Chairman of the Board and a Vice Chairman of the Board, neither of whom need be an employee or officer of the corporation. If the Board of Directors appoints a Chairman of the Board, such Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors and, if the Chairman of the Board is also designated as the corporation's Chief Executive Officer, shall have the powers and duties of the Chief Executive Officer prescribed in Section 3.7 of these By-laws. If the Board of Directors appoints a Vice Chairman of the Board, such Vice Chairman shall perform such duties and possess such powers as are assigned by the Board of Directors. Unless otherwise provided by the Board of Directors, the Chairman of the Board or, in the Chairman's absence, the Vice Chairman of the Board, if any, shall preside at all meetings of the Board of Directors.

2.4 Classes of Directors. Subject to the rights of holders of any series of Preferred Stock to elect directors, the Board of Directors shall be and is divided into three classes: Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. The allocation of directors among classes shall be determined by resolution of the Board of Directors.

2.5 Terms of Office. Subject to the rights of holders of any series of Preferred Stock to elect directors, each director shall serve for a term ending on the date of the third annual meeting of stockholders following the annual meeting of stockholders at which such director was elected; provided that each director initially assigned to Class I shall serve for a term expiring at the corporation's first annual meeting of stockholders held after the effectiveness of these Amended and Restated By-laws; each director initially assigned to Class II shall serve for a term expiring at the corporation's second annual meeting of stockholders held after the effectiveness of these Amended and Restated By-laws; and each director initially assigned to Class III shall serve for a term expiring at the corporation's third annual meeting of stockholders held after the effectiveness of these Amended and Restated By-laws; provided further, that the term of each director shall continue until the election and qualification of his or her successor and be subject to his or her earlier death, resignation or removal.

2.6 Quorum. The greater of (a) a majority of the directors at any time in office and (b) one-third of the number of directors established by the Board of Directors pursuant to Section 2.2 of these By-laws shall constitute a quorum of the Board of Directors. If at any meeting of the Board of Directors there shall be less than such a quorum, a majority of the directors present may adjourn the meeting from time to time without further notice other than announcement at the meeting, until a quorum shall be present.

2.7 Action at Meeting. Every act or decision done or made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number is required by law or by the Certificate of Incorporation.

2.8 Removal. Subject to the rights of holders of any series of Preferred Stock, directors of the corporation may be removed only for cause and only by the affirmative vote of the holders of shares of capital stock representing at least 75% of the votes which all the stockholders would be entitled to cast in any annual election of directors or class of directors.

2.9 Vacancies. Subject to the rights of holders of any series of Preferred Stock, any vacancy or newly-created directorship on the Board of Directors, however occurring, shall be filled only by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director and shall not be filled by the stockholders. A director elected to fill a vacancy shall hold office until the next election of the class for which such director shall have been chosen, subject to the election and qualification of a successor or until such director's earlier death, resignation or removal.

2.10 Resignation. Any director may resign by delivering a resignation in writing or by electronic transmission to the corporation at its principal office or to the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event.

2.11 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall be determined from time to time by the Board of Directors; provided that any director who is absent when such a determination is made shall be given notice of the determination. A regular meeting of the Board of Directors may be held without notice immediately after and at the same place as the annual meeting of stockholders.

2.12 Special Meetings. Special meetings of the Board of Directors may be held at any time and place designated in a call by the Chairman of the Board, the Chief Executive Officer, the President, two or more directors, or by one director in the event that there is only a single director in office.

2.13 Notice of Special Meetings. Notice of the date, place and time of any special meeting of directors shall be given to each director by the Secretary or by the officer or one of the directors calling the meeting. Notice shall be duly given to each director (a) in person or by

telephone at least 24 hours in advance of the meeting, (b) by sending an electronic transmission, or delivering written notice by hand, to such director's last known business, home or electronic transmission address at least 48 hours in advance of the meeting, or (c) by sending written notice by first-class mail to such director's last known business or home address at least 72 hours in advance of the meeting. A notice or waiver of notice of a meeting of the Board of Directors need not specify the purposes of the meeting.

2.14 Meetings by Conference Communications Equipment. Directors may participate in meetings of the Board of Directors or any committee thereof by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation by such means shall constitute presence in person at such meeting.

2.15 Action by Consent. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent to the action in writing or by electronic transmission, and the written consents or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.16 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the corporation with such lawfully delegable powers and duties as the Board of Directors thereby confers, to serve at the pleasure of the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members of the committee present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors and subject to the provisions of law, shall have and may exercise all the powers and authority of

the Board of Directors in the management of the business and affairs of the corporation and may authorize the seal of the corporation to be affixed to all papers which may require it. Each such committee shall keep minutes and make such reports as the Board of Directors may from time to time request. Except as the Board of Directors may otherwise determine, any committee may make rules for the conduct of its business, but unless otherwise provided by the directors or in such rules, its business shall be conducted as nearly as possible in the same manner as is provided in these By-laws for the Board of Directors. Except as otherwise provided in the Certificate of Incorporation, these By-laws, or the resolution of the Board of Directors designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

2.17 Compensation of Directors. Directors may be paid such compensation for their services and such reimbursement for expenses of attendance at meetings as the Board of Directors may from time to time determine. No such payment shall preclude any director from serving the corporation or any of its parent or subsidiary entities in any other capacity and receiving compensation for such service.

ARTICLE III

OFFICERS

3.1 Titles. The officers of the corporation shall consist of a Chief Executive Officer, a President, a Secretary, a Treasurer and such other officers with such other titles as the Board of Directors shall determine, including one or more Vice Presidents, Assistant Treasurers and Assistant Secretaries. The Board of Directors may appoint such other officers as it may deem appropriate.

3.2 Election. The Chief Executive Officer, President, Treasurer and Secretary shall be elected annually by the Board of Directors at its first meeting following the annual meeting of stockholders. Other officers may be appointed by the Board of Directors at such meeting or at any other meeting.

3.3 Qualification. No officer need be a stockholder. Any two or more offices may be held by the same person.

3.4 Tenure. Except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws, each officer shall hold office until such officer's successor is elected and qualified, unless a different term is specified in the resolution electing or appointing such officer, or until such officer's earlier death, resignation or removal.

3.5 Resignation and Removal. Any officer may resign by delivering a resignation in writing or by electronic transmission to the corporation at its principal office or to the Chief Executive Officer, the President or the Secretary. Such resignation shall be effective upon receipt unless it is specified to be effective at some later time or upon the happening of some later event. Any officer may be removed at any time, with or without cause, by vote of a majority of the directors then in office. Except as the Board of Directors may otherwise determine, no officer who resigns or is removed shall have any right to any compensation as an officer for any period following such officer's resignation or removal, or any right to damages on account of such removal, whether such officer's compensation be by the month or by the year or otherwise, unless such compensation is expressly provided for in a duly authorized written agreement with the corporation.

3.6 Vacancies. The Board of Directors may fill any vacancy occurring in any office for any reason and may, in its discretion, leave unfilled for such period as it may determine any offices other than those of Chief Executive Officer, President, Treasurer and Secretary. Each such successor shall hold office for the unexpired term of such officer's predecessor and until a successor is elected and qualified, or until such officer's earlier death, resignation or removal.

3.7 President; Chief Executive Officer. Unless the Board of Directors has designated another person as the corporation's Chief Executive Officer, the President shall be the Chief Executive Officer of the corporation. The Chief Executive Officer shall have general charge and supervision of the business of the corporation subject to the direction of the Board of Directors, and shall perform all duties and have all powers that are commonly incident to the office of chief executive or that are delegated to such officer by the Board of Directors. The President shall perform such other duties and shall have such other powers as the Board of Directors or the

Chief Executive Officer (if the President is not the Chief Executive Officer) may from time to time prescribe. In the event of the absence, inability or refusal to act of the Chief Executive Officer or the President (if the President is not the Chief Executive Officer), the Vice President (or if there shall be more than one, the Vice Presidents in the order determined by the Board of Directors) shall perform the duties of the Chief Executive Officer and when so performing such duties shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer.

3.8 Vice Presidents. Each Vice President shall perform such duties and possess such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. The Board of Directors may assign to any Vice President the title of Executive Vice President, Senior Vice President or any other title selected by the Board of Directors.

3.9 Secretary and Assistant Secretaries. The Secretary shall perform such duties and shall have such powers as the Board of Directors or the Chief Executive Officer may from time to time prescribe. In addition, the Secretary shall perform such duties and have such powers as are incident to the office of the secretary, including without limitation the duty and power to give notices of all meetings of stockholders and special meetings of the Board of Directors, to attend all meetings of stockholders and the Board of Directors and keep a record of the proceedings, to maintain a stock ledger and prepare lists of stockholders and their addresses as required, to be custodian of corporate records and the corporate seal and to affix and attest to the same on documents.

Any Assistant Secretary shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Secretary may from time to time prescribe. In the event of the absence, inability or refusal to act of the Secretary, the Assistant Secretary (or if there shall be more than one, the Assistant Secretaries in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Secretary.

In the absence of the Secretary or any Assistant Secretary at any meeting of stockholders or directors, the chairman of the meeting shall designate a temporary secretary to keep a record of the meeting.

3.10 Treasurer and Assistant Treasurers. The Treasurer shall perform such duties and shall have such powers as may from time to time be assigned by the Board of Directors or the Chief Executive Officer. In addition, the Treasurer shall perform such duties and have such powers as are incident to the office of treasurer, including without limitation the duty and power to keep and be responsible for all funds and securities of the corporation, to deposit funds of the corporation in depositories selected in accordance with these By-laws, to disburse such funds as ordered by the Board of Directors, to make proper accounts of such funds, and to render as required by the Board of Directors statements of all such transactions and of the financial condition of the corporation.

The Assistant Treasurers shall perform such duties and possess such powers as the Board of Directors, the Chief Executive Officer or the Treasurer may from time to time prescribe. In the event of the absence, inability or refusal to act of the Treasurer, the Assistant Treasurer (or if there shall be more than one, the Assistant Treasurers in the order determined by the Board of Directors) shall perform the duties and exercise the powers of the Treasurer.

3.11 Salaries. Officers of the corporation shall be entitled to such salaries, compensation or reimbursement as shall be fixed or allowed from time to time by the Board of Directors.

3.12 Delegation of Authority. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officer or agent, notwithstanding any provision hereof.

ARTICLE IV

CAPITAL STOCK

4.1 Issuance of Stock. Subject to the provisions of the Certificate of Incorporation, the whole or any part of any unissued balance of the authorized capital stock of the corporation or the whole or any part of any shares of the authorized capital stock of the corporation held in the corporation’s treasury may be issued, sold, transferred or otherwise disposed of by vote of the Board of Directors in such manner, for such lawful consideration and on such terms as the Board of Directors may determine.

4.2 Stock Certificates; Uncertificated Shares. The shares of the corporation shall be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the corporation's stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Every holder of stock of the corporation represented by certificates shall be entitled to have a certificate, in such form as may be prescribed by law and by the Board of Directors, representing the number of shares held by such holder registered in certificate form. Each such certificate shall be signed in a manner that complies with Section 158 of the General Corporation Law of the State of Delaware.

Each certificate for shares of stock which are subject to any restriction on transfer pursuant to the Certificate of Incorporation, these By-laws, applicable securities laws or any agreement among any number of stockholders or among such holders and the corporation shall have conspicuously noted on the face or back of the certificate either the full text of the restriction or a statement of the existence of such restriction.

If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of each certificate representing shares of such class or series of stock, provided that in lieu of the foregoing requirements there may be set forth on the face or back of each certificate representing shares of such class or series of stock a statement that the corporation will furnish without charge to each stockholder who so requests a copy of the full text of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information

required to be set forth or stated on certificates pursuant to Sections 151, 202(a) or 218(a) of the General Corporation Law of the State of Delaware or, with respect to Section 151 of General Corporation Law of the State of Delaware, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

4.3 Transfers. Shares of stock of the corporation shall be transferable in the manner prescribed by law and in these By-laws. Transfers of shares of stock of the corporation shall be made only on the books of the corporation or by transfer agents designated to transfer shares of stock of the corporation. Subject to applicable law, shares of stock represented by certificates shall be transferred only on the books of the corporation by the surrender to the corporation or its transfer agent of the certificate representing such shares properly endorsed or accompanied by a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Uncertificated shares may be transferred by delivery of a written assignment or power of attorney properly executed, and with such proof of authority or the authenticity of signature as the corporation or its transfer agent may reasonably require. Except as may be otherwise required by law, by the Certificate of Incorporation or by these By-laws, the corporation shall be entitled to treat the record holder of stock as shown on its books as the owner of such stock for all purposes, including the payment of dividends and the right to vote with respect to such stock, regardless of any transfer, pledge or other disposition of such stock until the shares have been transferred on the books of the corporation in accordance with the requirements of these By-laws.

4.4 Lost, Stolen or Destroyed Certificates. The corporation may issue a new certificate of stock in place of any previously issued certificate alleged to have been lost, stolen or destroyed, upon such terms and conditions as the corporation may prescribe, including the presentation of reasonable evidence of such loss, theft or destruction and the giving of such indemnity and posting of such bond as the corporation may require for the protection of the corporation or any transfer agent or registrar.

4.5 Record Date. The Board of Directors may fix in advance a date as a record date for the determination of the stockholders entitled to notice of or to vote at any meeting of stockholders, or entitled to receive payment of any dividend or other distribution or allotment of any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action. Such record date shall not precede the date on which the resolution fixing the record date is adopted, and such record date shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action to which such record date relates.

If no record date is fixed, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day before the day on which notice is given, or, if notice is waived, at the close of business on the day before the day on which the meeting is held. If no record date is fixed, the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating to such purpose.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

4.6 Regulations. The issue, transfer, conversion and registration of shares of stock of the corporation shall be governed by such other regulations as the Board of Directors may establish.

ARTICLE V

GENERAL PROVISIONS

5.1 Fiscal Year. Except as from time to time otherwise designated by the Board of Directors, the fiscal year of the corporation shall begin on the first day of January of each year and end on the last day of December in each year.

5.2 Corporate Seal. The corporate seal shall be in such form as shall be approved by the Board of Directors.

5.3 Waiver of Notice. Whenever notice is required to be given by law, by the Certificate of Incorporation or by these By-laws, a written waiver signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before, at or after the time of the event for which notice is to be given, shall be deemed equivalent to notice required to be given to such person. Neither the business nor the purpose of any meeting need be specified in any such waiver. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

5.4 Voting of Securities. Except as the Board of Directors may otherwise designate, the Chief Executive Officer, the President or the Treasurer may waive notice of, vote, or appoint any person or persons to vote, on behalf of the corporation at, and act as, or appoint any person or persons to act as, proxy or attorney-in-fact for this corporation (with or without power of substitution) at, any meeting of stockholders or securityholders of any other entity, the securities of which may be held by this corporation.

5.5 Evidence of Authority. A certificate by the Secretary, or an Assistant Secretary, or a temporary Secretary, as to any action taken by the stockholders, directors, a committee or any officer or representative of the corporation shall as to all persons who rely on the certificate in good faith be conclusive evidence of such action.

5.6 Certificate of Incorporation. All references in these By-laws to the Certificate of Incorporation shall be deemed to refer to the Restated Certificate of Incorporation of the corporation, as amended and/or restated and in effect from time to time.

5.7 Severability. Any determination that any provision of these By-laws is for any reason inapplicable, illegal or ineffective shall not affect or invalidate any other provision of these By-laws.

5.8 Pronouns. All pronouns used in these By-laws shall be deemed to refer to the masculine, feminine or neuter, singular or plural, as the identity of the person or persons may require.

5.9 Exclusive Forum. Unless the corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee or stockholder of the corporation to the corporation or the corporation's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the General Corporation Law of the State of Delaware or as to which the General Corporation Law of the State of Delaware confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim arising pursuant to any provision of the Certificate of Incorporation or these By-laws (in each case, as they may be amended from time to time) or governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this Section 5.9.

ARTICLE VI

AMENDMENTS

These By-laws may be altered, amended or repealed, in whole or in part, or new By-laws may be adopted by the Board of Directors or by the stockholders as provided in the Certificate of Incorporation.

Exhibit 10.2

TAX MATTERS AGREEMENT

This Tax Matters Agreement (the "Agreement") is entered into as of the day of , 2016, between Emergent BioSolutions Inc. ("EBSI"), a Delaware corporation, by and on behalf of itself and each Affiliate of EBSI, and Aptevo Therapeutics Inc. ("Aptevo" and, together with EBSI, the "Parties"), a Delaware corporation, by and on behalf of itself and each Affiliate of Aptevo.

R E C I T A L S:

WHEREAS, EBSI's board of directors has determined that it is appropriate and advisable to: (i) separate the Aptevo Business from EBSI's remaining businesses (the "Separation"), which will include the transfer of the assets (including interests in intangible assets and stock of subsidiaries) used in connection with the Aptevo Business to Aptevo (the "Contribution"); and (ii) following the Separation, make a distribution, on a pro rata basis, to holders of shares of common stock, par value $0.001 per share of EBSI ("EBSI Common Stock"), of all of the outstanding shares of common stock, par value $0.001 per share, of Aptevo ("Aptevo Common Stock") owned by EBSI (the "Distribution" and, together with the Separation, the "Transactions") (the date of such Distribution, the "Distribution Date");

WHEREAS, EBSI and Aptevo intend that the Contribution and Distribution and certain other transactions effected as part of the Separation qualify for Tax-Free Status;

WHEREAS, as of the date hereof, EBSI is the common parent of an affiliated group of domestic corporations, including Aptevo, that has elected to file consolidated U.S. federal Income Tax Returns and, as a result of the Distribution, neither Aptevo nor any of its Affiliates will be a member of such group after the close of the Distribution Date; and

WHEREAS, in contemplation of the Distribution, EBSI and Aptevo desire to set forth their agreement on the rights and obligations of EBSI and Aptevo and their respective Affiliates with respect to the responsibility, handling and allocation of federal, state, local, and non-U.S. Taxes, and various other Tax matters;

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, EBSI and Aptevo (and their respective Affiliates) hereby covenant and agree as follows:

ARTICLE I

DEFINITIONS

For purposes of this Agreement (including the recitals hereof), the following terms have the following meaning, and capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings assigned to them in the Distribution Agreement.

"Active Trade or Business" means the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by Aptevo and its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) of the Non-Cangene Biosciences Component as conducted immediately prior to the Distribution.

"Affiliate" means any corporation, partnership, limited liability company, or other entity directly or indirectly Controlled by the entity in question; provided, however, that no member of the Aptevo Group shall be treated as an Affiliate of EBSI or any member of the EBSI Group.

"Agreement" has the meaning set forth in the Preamble.

"Aptevo" has the meaning set forth in the Preamble.

"Aptevo Business" has the meaning set forth in the Distribution Agreement.

"Aptevo Capital Stock" means all classes or series of capital stock of Aptevo, including (a) the Aptevo Common Stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock in Aptevo for U.S. federal Income Tax purposes.

"Aptevo Common Stock" has the meaning set forth in the Recitals.

"Aptevo Group" means Aptevo and all Affiliates of Aptevo, as determined immediately after the Distribution.

"Aptevo Separate Return" means any Tax Return of or including any member of the Aptevo Group (including any consolidated, combined or unitary return) that is not a Joint Return.

"bioPharma" means bioPharma, Inc., a Delaware corporation.

"bioPharma Liquidation" has the meaning set forth in the IRS Ruling Request.

"Board Certificate" has the meaning set forth in Section 4.02(d) of this Agreement.

"Business" means the Emergent Business or Aptevo Business, as the case may be.

"Cangene Biosciences Component" has the meaning set forth in the IRS Ruling Request.

"Cangene US Liquidation" has the meaning set forth in the IRS Ruling Request.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contribution" has the meaning set forth in the Recitals.

"Control" means the ownership of stock or other securities possessing at least 50% of the total combined voting power of all classes of securities entitled to vote.

"Distribution" has the meaning set forth in the Recitals.

"Distribution Agreement" means the Separation and Distribution Agreement entered into by and between EBSI and Aptevo on the date hereof, as the same may be amended.

"Distribution Date" has the meaning set forth in the Recitals.

"Distribution Losses" means (a) all Taxes (including interest and penalties thereon) imposed on EBSI (or any member of the EBSI Group) or Aptevo (or any member of the Aptevo Group) pursuant to any settlement, Final Determination, judgment or otherwise; (b) all accounting, legal and other professional fees, and court costs incurred in connection with such Taxes; and (c) all costs, expenses and damages associated with stockholder litigation or controversies and any amount paid by EBSI (or any member of the EBSI Group) or Aptevo (or any member of the Aptevo Group) in respect of the liability of shareholders, whether paid to shareholders as a result of a settlement, judgement or similar action related to a stockholder litigation or controversy or to the IRS or any other Tax Authority in settlement or determination of the liability of shareholders, in each case, resulting from the failure of the Transactions to have Tax-Free Status.

"Distribution Tax Contest" means a Tax Contest with the purpose or effect of determining or redetermining Taxes that could give rise to Distribution Losses.

"EBSI" has the meaning set forth in the Preamble.

"EBSI Affiliated Group" means the affiliated group (as that term is defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which EBSI is the common parent.

"EBSI Capital Stock" means all classes or series of capital stock of EBSI, including (a) the EBSI Common Stock, (b) all options, warrants and other rights to acquire such capital stock and (c) all instruments properly treated as stock in EBSI for U.S. federal Income Tax purposes.

"EBSI Common Stock" has the meaning set forth in the Recitals.

"EBSI Federal Consolidated Income Tax Return" means any United States federal Income Tax Return for the EBSI Affiliated Group.

"EBSI Group" means EBSI and all Affiliates of EBSI, excluding any entity that is a member of the Aptevo Group.

"EBSI Separate Return" means any Tax Return of or including any member of the EBSI Group (including any consolidated, combined or unitary return) that is not a Joint Return.

"Emergent Business" has the meaning set forth in the Distribution Agreement.

"Employee Matters Agreement" means the Employee Matters Agreement entered into by and between EBSI and Aptevo on the date hereof, as the same may be amended.

"Employment Taxes" means any Tax the liability or responsibility for which is allocated pursuant to the Employee Matters Agreement.

"Fifty-Percent or Greater Interest" has the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code, which generally means stock possessing at least 50% of the total combined voting power of all classes of stock entitled to vote or at least 50% of the total value of shares of all classes of stock.

"Final Determination" means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the Laws of a state, local, or non-U.S. taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree, or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Sections 7121 or 7122 of the Code, or a comparable agreement under the Laws of a state, local, or non-U.S. taxing jurisdiction; (d) by any allowance of a refund or credit in respect of an overpayment of Tax, but only after the expiration of all periods during which such refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a treaty-based competent authority determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"Income Tax" means any Tax which is based upon, measured by, or calculated with respect to income or net worth, including, without limitation, franchise or other similar taxes based upon, measured by, or calculated with respect to gross receipts, revenue, or other similar factors or activities.

"Income Tax Return" means any Tax Return relating to Income Taxes.

"Indemnifying Party" means a Party that has an obligation to make an Indemnity Payment.

"Indemnitee" means a Party that is entitled to receive an Indemnity Payment.

"Indemnity Payment" means an indemnity payment contemplated by this Agreement.

"IRS" means the United States Internal Revenue Service.

"IRS Ruling" means the private letter ruling issued by the IRS, on December 29, 2015, to EBSI in connection with the Transactions.

"IRS Ruling Request" means any letter filed by EBSI with the IRS requesting the IRS Ruling regarding certain Tax consequences of the Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

"Joint Return" means any Tax Return that actually includes, by election or otherwise, one or more members of the EBSI Group together with one or more members of the Aptevo Group.

"License" means a license of intangible property, such as intellectual property, that is treated as a sale, transfer or assignment of such property for U.S. federal Income Tax purposes, such as an exclusive license of all substantial rights to such property to the licensee.

"Newco LLC" means Aptevo BioTherapeutics LLC.

"Non-Cangene Biosciences Component" has the meaning set forth in the IRS Ruling Request.

"Non-Income Tax" means any Tax that is not an Income Tax.

"Non-Income Tax Return" means any Tax Return relating to Non-Income Taxes.

"Notified Action" has the meaning set forth in Section 4.04(a).

"Parties" has the meaning set forth in the Preamble.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. federal Income Tax purposes.

"Post-Distribution Tax Period" means any Tax Period beginning after the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Distribution Date.

"Pre-Distribution Tax Period" means any Tax Period ending on or before the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Distribution Date.

"Proposed Acquisition Transaction" means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulation Section 1.355-7, or any other Treasury Regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by Aptevo management or shareholders, is a hostile acquisition, or otherwise, as a result of which Aptevo would merge or consolidate with any other Person or as a result of which one or more Persons would (directly or indirectly) acquire, or have the right to acquire, from Aptevo and/or one or more holders of outstanding shares of Aptevo Capital Stock, a number of shares of Aptevo Capital Stock that would, when combined with any other direct or indirect acquisitions (including issuances) of Aptevo Capital Stock in the four-year period beginning two years prior to the Distribution Date (other than acquisitions in the Transactions), comprise 40% or more of (a) the value of all outstanding shares of stock of Aptevo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (b) the total combined voting power of all outstanding shares of voting stock of Aptevo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include, and the following shall not be treated as acquisitions of Aptevo Capital Stock for purposes of determining whether the 40% threshold has been achieved, (x) the adoption by Aptevo of a shareholder rights plan, (y) issuances by Aptevo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a

person's performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulation Section 1.355-7(d), and (z) acquisitions that satisfy Safe Harbor VII (relating to acquisitions in the public market) of Treasury Regulation Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof are intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated in this definition and its interpretation.

"Records" has the meaning set forth in Section 5.01(a).

"Refund Recipient" has the meaning set forth in Section 2.06.

"Representation Letters" means the representation letters and any other materials (including, without limitation, the IRS Ruling Request and any Supplemental Ruling Request) delivered or deliverable by EBSI and others in connection with the rendering by Wilmer Cutler Pickering Hale and Dorr LLP or any other Tax Advisor, and/or the issuance by the IRS or any other Tax Authority, of the Tax Opinions/Rulings.

"Rulings" means, collectively, the IRS Ruling and any Supplemental Ruling and "Ruling" means any one of them.

"Section 336(e) Election" has the meaning set forth in Section 4.07.

"Section 4.02(d) Acquisition Transaction" means any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 40%.

"Separate Return" means an EBSI Separate Return or an Aptevo Separate Return, as the case may be.

"Separation" has the meaning set forth in the Recitals.

"Separation Taxes" means any Taxes (including, for the avoidance of doubt, Income Taxes and Transfer Taxes) imposed on any member of the EBSI Group or Aptevo Group arising from, or attributable to, any transfer of assets or liabilities in the Separation that are incurred on or prior to the Distribution Date, or that otherwise relate to transactions occurring on or prior to the Distribution Date; provided, however, that Separation Taxes shall not include any Distribution Losses.

"Straddle Period" means any Tax Period that begins on or before and ends after the Distribution Date.

"Supplemental Ruling" means a supplemental ruling issued by the IRS to EBSI or any other member of the EBSI Group in connection with the Transactions and any other ruling (other than the IRS Ruling) issued by a Tax Authority pursuant to a ruling request filed by or on behalf of the EBSI Group with respect to the Transactions.

"Supplemental Ruling Request" means any letter filed by EBSI with the IRS or any other Tax Authority requesting a Supplemental Ruling regarding certain Tax consequences of the Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendment or supplement to such ruling request letter.

"Tax" or "Taxes" means any income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers compensation, unemployment, disability, property, ad valorem, value added, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, alternative minimum, estimated or other tax (including any fee, assessment, or other charge in the nature of or in lieu of any tax), imposed by any governmental entity or political subdivision thereof, and any interest, penalty, additions to tax, or additional amounts in respect of the foregoing.

"Tax Advisor" means, with respect to U.S. Tax matters, a U.S. Tax counsel or accountant of recognized national standing, and, with respect to non-U.S. Tax matters, a local Tax counsel or accountant of recognized national standing in the relevant jurisdiction.

"Tax Attribute" means a net operating loss, net capital loss, overall foreign loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit, research and development credit or any other Tax Item that could reduce a Tax or create a Tax benefit.

"Tax Authority" means, with respect to any Tax, the governmental authority or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such authority or subdivision.

"Tax Benefit" means, with respect to a Tax Period, the amount by which the cash Tax liability of an entity (or of the consolidated or combined group of which it is a member) is reduced solely as a result of a Tax Item, or the amount of an actual Tax refund that is generated solely as a result of such Tax Item (plus any related interest received from any Tax Authority), in either case, by comparing the cash Tax liability or actual Tax refund on the applicable Tax Return that would arise with and without the Tax Item potentially giving rise to the Tax Benefit.

"Tax Contest" means an audit, review, examination, or any other administrative or judicial proceeding with the purpose or effect of determining or redetermining any Tax (including any administrative or judicial review of any claim for refund).

"Tax-Free Status" means the qualification of (I) the Contribution and the Distribution, taken together, (a) as a reorganization described in Sections 355(a) and 368(a)(1)(D) of the Code, and (b) as a transaction in which the stock distributed thereby is "qualified property" for purposes of Sections 355(d), 355(e) and 361(c) of the Code, and (II) each of the bioPharma Liquidation and Cangene US Liquidation as a complete liquidation described in Section 332 of the Code.

"Tax Incentive" means any Tax exemption, Tax holiday, Tax incentive, preferential Tax treatment, Tax credit, or other Tax reduction agreement with a Tax Authority relating to the EBSI Group or the Aptevo Group.

"Tax Item" means any item of income, gain, loss, deduction, credit, recapture of credit, or any other item (including the basis or adjusted basis of property) which increases or decreases Taxes paid or payable in any Tax Period.

"Tax Law" means the Law of any governmental entity or political subdivision thereof relating to any Tax.

"Tax Opinion" means the written opinion on the U.S. federal Income Tax consequences of certain aspects of the Transactions provided by Wilmer Cutler Pickering Hale and Dorr LLP to EBSI on the date hereof.

"Tax Opinions/Rulings" means the Tax Opinion, any Unqualified Tax Opinion and/or the Rulings deliverable to any member of the EBSI Group in connection with the Transactions.

"Tax Period" means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

"Tax Return" means any report of Tax due, any claims for refund of Tax paid, any information return with respect to Tax, any election made with respect to Tax, or any other similar report, statement, declaration, or document required to be filed under the Code or other Law with respect to Tax, including any attachments, exhibits, or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing for any taxpayer or consolidated, combined, or unitary group of taxpayers.

"Tax Return Preparer" means (i) with respect to any Tax Return that EBSI is responsible for preparing under Section 3.01(a), EBSI, and (ii) with respect to any Tax Return that Aptevo is responsible for preparing under Section 3.01(b), Aptevo.

"Transactions" has the meaning set forth in the Recitals.

"Transfer Taxes" means all transfer, sales, use, excise, stock, stamp, stamp duty, stamp duty reserve, stamp duty land, documentary, filing, recording, registration, value-added and other similar Taxes (excluding, for the avoidance of doubt, any income, gains, profit or similar Taxes, however assessed).

"Treasury Regulations" means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

"Unqualified Tax Opinion" means an unqualified "will" opinion of a Tax Advisor, which Tax Advisor is reasonably acceptable to EBSI, on which EBSI may rely to the effect that a transaction will not affect the Tax-Free Status. Any such opinion may assume that the Transactions would have qualified for Tax-Free Status if the transaction in question did not occur.

ARTICLE II

RESPONSIBILITY FOR TAX

Section 2.01 General Rule.

(a) *EBSI Liability*. Each member of the EBSI Group, jointly and severally, shall be liable for, and shall indemnify and hold harmless the Aptevo Group from and against any liability for, Taxes which are allocated to EBSI under this Article II.

(b) *Aptevo Liability*. Each member of the Aptevo Group, jointly and severally, shall be liable for, and shall indemnify and hold harmless the EBSI Group from and against any liability for, Taxes which are allocated to Aptevo under this Article II.

Section 2.02 Income Taxes. Except as provided in Section 2.04, all Income Taxes of the EBSI Group and Aptevo Group shall be allocated as follows:

(a) *Pre-Distribution Income Taxes*. EBSI shall be responsible for any and all Income Taxes imposed on the EBSI Group or the Aptevo Group with respect to any Pre-Distribution Tax Period (whether or not such Income Taxes are due and owing on any originally filed or amended Income Tax Return or as a result of any Final Determination or other adjustment made by a Tax Authority), including (i) any Income Taxes due and owing with respect to any Joint Return and (ii) any Income Taxes due and owing with respect to any Aptevo Separate Return to the extent attributable to the Pre-Distribution Tax Period, determined in accordance with Section 2.05 in the case of a Straddle Period.

(b) *Post-Distribution Income Taxes*. EBSI shall be responsible for any and all Income Taxes imposed on the EBSI Group for any Post-Distribution Tax Period (whether or not such Income Taxes are due and owing on any originally filed or amended Income Tax Return or as a result of any Final Determination or other adjustment made by a Tax Authority). Aptevo shall be responsible for any and all Income Taxes imposed on the Aptevo Group for any Post-Distribution Tax Period (whether or not such Income Taxes are due and owing on any originally filed or amended Income Tax Return or as a result of any Final Determination or other adjustment made by a Tax Authority), including any Income Taxes due and owing with respect to any Straddle Period to the extent attributable to the Post-Distribution Tax Period, determined in accordance with Section 2.05.

Section 2.03 Non-Income Taxes. Except as provided in Section 2.04, all Non-Income Taxes of the EBSI Group and Aptevo Group shall be allocated as follows:

(a) *Pre-Distribution Non-Income Taxes*. For all Pre-Distribution Tax Periods, EBSI shall be responsible for any and all Non-Income Taxes that are attributable to either the Emergent Business or the Aptevo Business.

(b) *Post-Distribution Non-Income Taxes*. For all Post-Distribution Tax Periods, (i) EBSI shall be responsible for any and all Non-Income Taxes attributable to the Emergent Business and (ii) Aptevo shall be responsible for any and all Non-Income Taxes attributable to the Aptevo Business.

Section 2.04 Certain Transaction Taxes and Breaches of Covenants.

(a) The Parties acknowledge and agree that this Agreement, including Article II, shall not apply with respect to any and all Employment Taxes for which the Employee Matters Agreement shall govern.

(b) Any Separation Taxes shall be allocated to EBSI.

(c) EBSI shall be responsible for (i) any and all Distribution Losses for which EBSI is responsible pursuant to Section 4.05 of this Agreement and (ii) any and all Taxes resulting from a breach by any member of the EBSI Group of any covenant in this Agreement.

(d) Aptevo shall be responsible for (i) any and all Distribution Losses for which Aptevo is responsible pursuant to Section 4.05 of this Agreement and (ii) any and all Taxes resulting from a breach by any member of the Aptevo Group of any covenant in this Agreement.

Section 2.05 Proration of Taxes for Straddle Periods.

(a) For U.S. federal Income Tax purposes, the Tax Period of each member of the Aptevo Group that joined in the filing of the EBSI Federal Consolidated Income Tax Return will close as of the end of the Distribution Date, and Tax Items of the Aptevo Group shall be allocated on a closing of the books basis. No election under Treasury Regulation Section 1.1502-76(b)(2)(ii) relating to ratable allocation of a year's items (or any analogous provision of state, local or non-U.S. Income Tax Laws) shall be made. EBSI and Aptevo shall take all commercially reasonable actions necessary or appropriate to close the taxable year of each member of the Aptevo Group for state, local or non-U.S. Income Tax purposes as of the end of the Distribution Date to the extent permitted by applicable Law; provided that this Section 2.05(a) shall not be construed to require EBSI to change any of its Tax Periods.

(b) For any Straddle Period, Taxes for the Pre-Distribution Tax Period shall be computed (i) in the case of Taxes imposed on a periodic basis (such as real, personal and intangible property Taxes), on a daily pro rata basis and (ii) in the case of other Taxes generally, as if the Tax Period ended as of the close of business on the Distribution Date and, in the case of any such other Taxes that are attributable to the ownership of any equity interest in a partnership, other "flowthrough" entity or "controlled foreign corporation" (within the meaning of Section 957(a) of the Code or any comparable state, local or non-U.S. Tax Law), as if the Tax Period of that entity ended as of the close of business on the Distribution Date (whether or not such Taxes arise in a Straddle Period of the applicable owner).

Section 2.06 Tax Refunds and Other Tax Benefits.

(a) Subject to Section 2.07, if EBSI, Aptevo or any of their respective Affiliates receives any refund of any Taxes which are allocated to the other Party under this Article II (a "Refund Recipient"), such Refund Recipient shall pay to the other Party the entire amount of the refund (including interest received from the relevant Tax Authority, but net of any Taxes imposed with respect to such refund and any other reasonable costs) within 10 business days of receipt thereof; provided, however, that the other Party, upon the request of such Refund Recipient, shall repay, within 10 business days of such request, the amount paid to the other Party (plus any penalties, interest or other charges imposed by the relevant Tax Authority) in the event such Refund Recipient is required by applicable Law to repay such refund. In the event a Party would be a Refund Recipient but for the fact it elected to apply a refund to which it would otherwise have been entitled against a Tax liability arising in a subsequent Tax Period, then such Party shall be treated as a Refund Recipient and the amount credited against such Tax liability shall be treated as a refund, and shall be paid within 10 business days of the due date of the Tax Return (including a Tax Return relating to estimated Taxes) to which such refund is applied to reduce the subsequent Tax liability.

(b) If a member of the Aptevo Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination to any Taxes for which a member of the EBSI Group is liable hereunder (or any Tax Attribute of a member of the EBSI Group) and such Tax Benefit would not have arisen but for such adjustment (determined on a "with and without" basis), or if a member of the EBSI Group actually realizes in cash any Tax Benefit as a result of an adjustment pursuant to a Final Determination to any Taxes for which a member of the Aptevo Group is liable hereunder (or any Tax Attribute of a member of the Aptevo Group) and such Tax Benefit

would not have arisen but for such adjustment (determined on a "with and without" basis), Aptevo or EBSI, as the case may be, shall make a payment to the other Party, within 30 days following such actual realization of the Tax Benefit, in an amount equal to such Tax Benefit actually realized in cash (including any Tax Benefit actually realized as a result of the payment). The payment shall be accompanied by a written calculation of the amount of the Tax Benefit payable to such other Party by EBSI or Aptevo pursuant to this Section 2.06(b).

Section 2.07 Carrybacks and Claims for Refund

(a) Aptevo hereby agrees that if a Tax Return of a member of the Aptevo Group for a Post-Distribution Tax Period reflects any Tax Attribute, then the applicable member of the Aptevo Group shall elect to relinquish, waive or otherwise forgo the right to carry back any such Tax Attribute to a Pre-Distribution Tax Period to the extent permissible under applicable Law. Such elections shall include, but not be limited to, the election described in Treasury Regulation Section 1.1502-21(b)(3)(ii)(B), and any analogous election under state, local, or non-U.S. Income Tax Laws, to waive the carryback of net operating losses or other Tax Attributes for U.S. federal Income Tax and applicable state, local or non-U.S. Income Tax purposes.

(b) If, notwithstanding the provisions of Section 2.07(a), Aptevo is required to carry back a Tax Attribute to a Pre-Distribution Tax Period, EBSI shall remit to Aptevo any Tax Benefit that the EBSI Group actually realizes with respect to any such carryback within 30 days following such actual realization of the Tax Benefit.

(c) If Aptevo has a Tax Attribute that must be carried back to any Pre-Distribution Tax Period, Aptevo shall notify EBSI in writing that such Tax Attribute must be carried back. Such notification shall include a description in reasonable detail of the basis for any Tax Benefit and the amount thereof, and a certification by an appropriate officer of Aptevo setting forth Aptevo's belief (together with supporting analysis) that the carryback of such Tax Attribute (including the amount of the carryback) is more likely than not correct.

(d) If EBSI pays any amount to Aptevo under Section 2.07(b) and, as a result of a subsequent Final Determination, a Tax Benefit that gave rise to such payment is subsequently disallowed, EBSI shall notify Aptevo of the amount of the Tax Benefit disallowed, and Aptevo shall then repay, within 10 business days of such notification, such amount to EBSI, together with any interest, fines, additions to Tax, penalties or any additional amounts imposed by a Tax Authority relating thereto.

(e) For purposes of this Agreement, a Tax Benefit shall be deemed to have been realized at the time any actual refund of Taxes is received or applied against other cash Taxes due, or at the time of filing a Tax Return (including a Tax Return relating to estimated Taxes) on which a Tax Item is applied in reduction of cash Taxes that would otherwise be payable.

Section 2.08 Allocation of Earnings and Profits and Tax Attributes.

(a) The allocation of earnings and profits between EBSI and Aptevo shall be reasonably determined by EBSI pursuant to Section 312(h) of the Code and the relevant Treasury Regulations under the Code. EBSI shall provide Aptevo with a preliminary allocation of earnings and profits within 120 days of the Distribution Date.

(b) EBSI shall in good faith advise Aptevo in writing of the portion, if any, of the Tax Attributes, including overall foreign loss or consolidated, combined or unitary attributes, which EBSI determines shall be allocated or apportioned to the Aptevo Group under applicable Law. EBSI and all members of the Aptevo Group shall prepare all Tax Returns in accordance with such written notice.

(c) The allocations made under this Section 2.08 shall be revised by EBSI to reflect each subsequent Final Determination that affects such allocations. Each revised calculation shall be provided to Aptevo within 120 days of the Final Determination to which the revision relates.

ARTICLE III

TAX RETURNS, TAX CONTESTS AND OTHER ADMINISTRATIVE MATTERS

Section 3.01 Responsibility for Preparing Tax Returns.

(a) Except as described in Section 3.01(b), EBSI shall timely prepare (i) any Joint Returns or Separate Returns that are required or permitted to be filed for any Tax Period beginning on or before the Distribution Date (including Straddle Periods), and (ii) any Joint Returns or EBSI Separate Returns that are required or permitted to be filed for any Tax Period beginning after the Distribution Date. If Aptevo is responsible for filing any such Tax Return under Section 3.03(a), EBSI shall, subject to Section 3.01(c), promptly deliver such prepared Tax Return to Aptevo reasonably in advance of the applicable filing deadline.

(b) Aptevo shall timely prepare any Aptevo Separate Returns that are required or permitted to be filed for any Tax Period beginning after the Distribution Date. If EBSI is responsible for filing any such Tax Return under Section 3.03(a), Aptevo shall, subject to Section 3.01(c), promptly deliver such prepared Tax Return to EBSI reasonably in advance of the applicable filing deadline.

(c) Subject to Section 3.01(d), to the extent that any Tax Return described in Section 3.01(a) or 3.01(b) directly relates to matters for which another Party may have an indemnification obligation to the Tax Return Preparer or an obligation to pay Taxes directly to a Tax Authority for which it is not indemnified pursuant to this Agreement, or that may give rise to a refund to which that other Party would be entitled under this Agreement, the Tax Return Preparer shall (i) prepare the relevant portions of the Tax Return on a basis consistent with past practice, except (A) as required by applicable Law or to correct any clear error, or (B) as mutually agreed by the Parties; (ii) notify the other Party of any such portions not prepared on a basis consistent with past practice; (iii) provide the other Party a reasonable opportunity to review the relevant portions of the Tax Return; (iv) consider in good faith any reasonable comments made by the other Party; and (v) use commercially reasonable efforts to incorporate, in the portion of such Tax Return related to the other Party's potential indemnification obligation (or refund entitlement), any reasonable comments made by the other Party relating to the Tax Return Preparer's compliance with clause (i). The Parties shall attempt in good faith to resolve any issues arising out of the review of any such Tax Return.

(d) EBSI shall have the exclusive right with respect to any Joint Return for Income Taxes to determine (i) the manner in which such Tax Return shall be prepared and filed, including, without limitation, the manner in which any item of income, gain, loss, deduction or credit shall be reported, (ii) whether any extensions may be requested, (iii) the elections that will be made by any member of the group, and (iv) whether any amended Tax Returns should be filed. Aptevo hereby irrevocably designates, and agrees to cause each member of the Aptevo Group to so designate, EBSI as its sole and exclusive agent and attorney-in-fact to take such actions (including execution of documents) as EBSI, in its sole discretion, may deem appropriate in any and all matters relating to any Joint Return. Without limiting the foregoing, Aptevo and the members of the Aptevo Group shall file any and all consents, elections or other documents and take any other actions necessary or appropriate to file any Joint Return.

(e) Absent a change of Law or an applicable Final Determination otherwise, EBSI and Aptevo shall prepare all Tax Returns of the EBSI Group and/or Aptevo Group in accordance with and consistent with the IRS Ruling and Tax Opinion and any Supplemental Ruling or Unqualified Tax Opinion.

Section 3.02 Information Packages. Each Party (i) shall provide to the other Party (in the format reasonably determined by the other Party) all information and assistance requested by the other Party as reasonably necessary to prepare any Tax Return described in Section 3.01(a) or Section 3.01(b) on a timely basis consistent with past practices in preparing such Tax Returns and (ii) in so providing such information and assistance, shall use any systems and third party service providers as are consistent with past practices in preparing Tax Returns.

Section 3.03 Filing of Tax Returns and Payment of Taxes.

(a) Subject to Section 3.03(c), each Party shall execute and timely file each Tax Return that it is responsible for filing under applicable Law and shall timely pay to the relevant Tax Authority any amount shown as due on each such Tax Return. The obligation to make payments pursuant to this Section 3.03(a) shall not affect a Party's right, if any, to receive payments under Section 3.03(b) or otherwise be indemnified with respect to that Tax liability.

(b) In addition to its obligations under Section 3.01(c), the relevant Tax Return Preparer shall, no later than 5 business days before the due date (including extensions) of any Tax Return described in Section 3.01(a) or Section 3.01(b), notify the other Party of any amount (or any portion of any such amount) shown as due on that Tax Return

for which the other Party must indemnify the Tax Return Preparer under this Agreement. Such notice shall describe in reasonable detail how the indemnification amount was determined and copies of information supporting such determination shall be attached thereto. The other Party shall pay such amount to the Tax Return Preparer no later than the due date (including extensions) of the relevant Tax Return. A failure by an Indemnitee to give notice as provided in this Section 3.03(b) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(c) Aptevo shall not file (or allow any member of the Aptevo Group to file) any amended Tax Return (including any Joint Return or Aptevo Separate Return) for any Pre-Distribution Tax Period without the consent of EBSI, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 3.04 Tax Contests

(a) EBSI or Aptevo, as applicable, shall, within 10 business days of becoming aware of any Tax Contest (including a Distribution Tax Contest) that could reasonably be expected to cause the other Party to have an indemnification obligation under this Agreement, notify the other Party of such Tax Contest and thereafter promptly forward or make available to the Indemnifying Party copies of notices and communications relating to the relevant portions of such Tax Contest. A failure by an Indemnitee to give notice as provided in this Section 3.04(a) (or to promptly forward any such notices or communications) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(b) Subject to Section 3.04(c), EBSI and Aptevo each shall have the exclusive right to control the conduct and settlement of any Tax Contest, other than a Distribution Tax Contest, relating to any Tax Return that it is responsible for preparing pursuant to Section 3.01. Notwithstanding the foregoing, if the conduct or settlement of any portion or aspect of any such Tax Contest could reasonably be expected to cause the other Party to have an indemnification obligation under this Agreement or an obligation to pay Taxes directly to a Tax Authority for which it is not indemnified pursuant to this Agreement, then (i) the other Party shall have the right to share joint control over the conduct and settlement of that portion or aspect and (ii) whether or not the other Party exercises that right, the Tax Return Preparer shall not accept or enter into any settlement with respect to such portion or aspect without the consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed.

(c) EBSI shall have the exclusive right to control the conduct and settlement of any Tax Contest relating to any Joint Return for Income Taxes.

(d) EBSI shall have the exclusive right to control the conduct and settlement of any Distribution Tax Contest; provided that if the conduct or settlement of any portion or aspect of any such Tax Contest could reasonably be expected to cause the Aptevo Group to have an indemnification obligation under this Agreement, then (i) EBSI shall provide Aptevo with a reasonable opportunity to participate in such Tax Contest, including a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest and providing Aptevo with copies of any written materials relating to such Tax Contest received from the relevant Tax Authority and (ii) EBSI shall not accept or enter into any settlement without the consent of Aptevo, which shall not be unreasonably withheld, conditioned or delayed.

(e) In any case where the Parties control jointly the conduct and settlement of any Tax Contest (or portion or aspect thereof): (i) neither Party shall accept or enter into any settlement of such Tax Contest (or the relevant portion or aspect thereof) without the consent of the other Party, which shall not be unreasonably withheld, conditioned or delayed, (ii) both Parties shall have a right to review and consent to, which consent shall not be unreasonably withheld, conditioned or delayed, any correspondence or filings to be submitted to any Tax Authority with respect to such Tax Contest (or the relevant portion or aspect thereof) and (iii) both Parties shall have the right to attend any formally scheduled meetings or hearings with any Tax Authority.

Section 3.05 Reliance by EBSI. If any member of the Aptevo Group supplies information to a member of the EBSI Group in connection with a Tax liability and an officer of a member of the EBSI Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the EBSI Group identifying the information being so relied upon, the chief financial officer of

Aptevo (or any officer of Aptevo as designated by the chief financial officer of Aptevo) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each member of the Aptevo Group, jointly and severally, agrees to indemnify and hold harmless each member of the EBSI Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the Aptevo Group having supplied, pursuant to this Article III, a member of the EBSI Group with inaccurate or incomplete information in connection with a Tax liability.

Section 3.06 Reliance by Aptevo. If any member of the EBSI Group supplies information to a member of the Aptevo Group in connection with a Tax liability and an officer of a member of the Aptevo Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Aptevo Group identifying the information being so relied upon, the chief financial officer of EBSI (or any officer of EBSI as designated by the chief financial officer of EBSI) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Each member of the EBSI Group, jointly and severally, agrees to indemnify and hold harmless each member of the Aptevo Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the EBSI Group having supplied, pursuant to this Article III, a member of the Aptevo Group with inaccurate or incomplete information in connection with a Tax liability.

Section 3.07 Tax Incentives. EBSI or Aptevo, as applicable, shall (i) provide written notice to the other Party describing any proposed action that could reasonably be expected to cause the other Party to lose all or any part of, or otherwise affect the terms and conditions of, any Tax Incentive granted to the other Party by any Tax Authority, or that could reasonably be expected to cause the other Party to repay any Tax Incentive previously granted by any Tax Authority and (ii) shall consult with the other Party regarding any such proposed action reasonably in advance of taking such action.

Section 3.08 Expenses and Applicability. After the Distribution, each Party shall bear its own expenses for preparing any Tax Returns that it is responsible for preparing pursuant to Section 3.01 and related to any Tax Contest, other than expenses included in the definition of Distribution Losses.

Section 3.09 Option Deductions.

(a) The EBSI Group shall be entitled to claim any Income Tax deduction attributable to the vesting, exercise, disqualifying disposition, payment or other relevant taxable event, as appropriate, in respect of restricted stock, options, or other equity awards with respect to EBSI Capital Stock, and no member of the Aptevo Group shall attempt to claim any such Tax deduction. The EBSI Group shall withhold applicable Taxes and satisfy applicable Tax reporting requirements with respect to such equity awards.

(b) The Aptevo Group shall be entitled to claim any Income Tax deduction attributable to the vesting, exercise, disqualifying disposition, payment or other relevant taxable event, as appropriate, in respect of restricted stock, options, or other equity awards with respect to Aptevo Capital Stock, and no member of the EBSI Group shall attempt to claim any such Tax deduction. Aptevo shall withhold applicable Taxes and satisfy applicable Tax reporting requirements with respect to such equity awards.

(c) To the extent any Tax deduction claimed by any member of the EBSI Group in accordance with this Section is disallowed to any and all members of the EBSI Group and a Tax Authority makes a Final Determination that a member of the Aptevo Group is entitled to such deduction, EBSI shall notify Aptevo of the receipt of such Final Determination, promptly after receipt thereof, and Aptevo shall pay to EBSI the amount of its Tax Benefit resulting from such deduction within 30 days after notification from EBSI or, if later, realization of such Tax Benefit. To the extent any Tax deduction claimed by any member of the Aptevo Group in accordance with this Section is disallowed to any and all members of the Aptevo Group and a Tax Authority makes a Final Determination that a member of the EBSI Group is entitled to such deduction, Aptevo shall notify EBSI of the receipt of such Final Determination, promptly after receipt thereof, and EBSI shall pay to Aptevo the amount of its Tax Benefit resulting from such deduction within 30 days after notification from Aptevo or, if later, realization of such Tax Benefit.

ARTICLE IV

TAX-FREE STATUS

Section 4.01 Tax Opinion/Rulings and Representation Letters. Each of EBSI and Aptevo hereby represents and agrees that (i) it has read the Representation Letters delivered to Wilmer Cutler Pickering Hale and Dorr LLP in connection with the rendering of the Tax Opinion on the date of this Agreement and has read the Representation Letters (including the IRS Ruling Request) delivered to the IRS in connection with obtaining the IRS Ruling and (ii) subject to any qualifications therein, all information contained in such Representation Letters and the IRS Ruling that concerns or relates to such Party or its Affiliates is true, correct and complete as of the date hereof.

Section 4.02 Restrictions on Aptevo.

(a) Aptevo agrees that it will not take or fail to take, or permit any member of the Aptevo Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in any Representation Letters or Tax Opinions/Rulings. Aptevo agrees that it will not take or fail to take, or permit any member of the Aptevo Group to take or fail to take, any action which prevents or could reasonably be expected to prevent the Tax-Free Status of the Transactions, including issuing any Aptevo Capital Stock that would prevent the Distribution from qualifying as a tax-free distribution with respect to EBSI pursuant to Section 355(e) of the Code.

(b) Aptevo agrees that, from the date hereof until the first day after the two-year anniversary of the Distribution Date, it will (i) maintain its status as a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code and (ii) not engage in any transaction that would result in it ceasing to be a company engaged in the Active Trade or Business for purposes of Section 355(b)(2) of the Code, in each case, taking into account Section 355(b)(3) of the Code.

(c) Aptevo agrees that, from the date hereof until the first day after the two-year anniversary of the Distribution Date, it shall not (and shall not cause or permit any of its Affiliates to), in a single transaction or series of transactions:

(i) enter into any Proposed Acquisition Transaction or, to the extent Aptevo has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur (whether by (A) redeeming rights under a shareholder rights plan, (B) finding a tender offer to be a "permitted offer" under any such plan or otherwise causing any such plan to be inapplicable or neutralized with respect to any Proposed Acquisition Transaction, (C) approving any Proposed Acquisition Transaction, whether for purposes of Section 203 of the Delaware General Corporation Law or any similar corporate statute, any "fair price" or other provision of Aptevo's charter or bylaws or otherwise, or (D) amending its certificate of incorporation to declassify its board of directors or approving any such amendment, or otherwise);

(ii) liquidate, partially liquidate, merge or consolidate with any other Person that was not already wholly owned by a member of the Aptevo Group prior to such transaction;

(iii) (A) sell, transfer, assign or License all or substantially all of the assets that were transferred to Aptevo as part of the Contribution or (B) sell, transfer, assign or License 25% or more of the gross assets of the Active Trade or Business conducted by Aptevo and its "separate affiliated group" (as defined in Section 355(b)(3)(B) of the Code) (such percentage to be measured based on fair market value as of the Distribution Date);

(iv) redeem or otherwise repurchase (directly or through an Affiliate) any Aptevo Capital Stock, or rights to acquire Aptevo Capital Stock, except to the extent such repurchases satisfy the requirements of Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48), which are set forth on Schedule I;

(v) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of Aptevo Capital Stock (including, without limitation, through the conversion of one class of Aptevo Capital Stock into another class of Aptevo Capital Stock);

(vi) elect to treat Newco LLC as a corporation under Treasury Regulation Section 301.7701-3 or otherwise transfer the assets of bioPharma transferred to Newco LLC in the Transactions to a corporation (other than Aptevo) for U.S. federal Income Tax purposes;

(vii) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Representation Letters or the Tax Opinions/Rulings) which in the aggregate (and taking into account any other transactions described in this subparagraph (c)) would be reasonably likely to have the effect of causing or permitting one or more Persons (whether or not acting in concert) to acquire directly or indirectly stock representing a Fifty-Percent or Greater Interest in Aptevo or otherwise jeopardize the Tax-Free Status of the Transactions;

unless, prior to taking any such action set forth in the foregoing clauses (i) through (vii), (A) Aptevo shall have requested that EBSI obtain a Supplemental Ruling in accordance with Section 4.04 of this Agreement to the effect that such action will not affect the Tax-Free Status of the Transactions and EBSI shall have received such a Supplemental Ruling in form and substance reasonably satisfactory to EBSI (and in determining whether a Supplemental Ruling is reasonably satisfactory, EBSI may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such Ruling), (B) Aptevo shall provide EBSI with an Unqualified Tax Opinion in form and substance reasonably satisfactory to EBSI (and in determining whether an opinion is reasonably satisfactory, EBSI may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion and EBSI may determine that no opinion would be acceptable to EBSI) or (C) EBSI shall have waived in writing the requirement to obtain such Supplemental Ruling or Unqualified Tax Opinion.

(d) If Aptevo proposes to enter into any Section 4.02(d) Acquisition Transaction or, to the extent Aptevo has the right to prohibit any Section 4.02(d) Acquisition Transaction, proposes to permit any Section 4.02(d) Acquisition Transaction to occur, in each case, during the period from the date hereof until the first day after the two-year anniversary of the Distribution Date, Aptevo shall provide EBSI, no later than 10 days prior to the signing of any written agreement with respect to the Section 4.02(d) Acquisition Transaction, with a written description of such transaction (including the type and amount of Aptevo Capital Stock to be issued or acquired in such transaction) and a certificate of the board of directors of Aptevo to the effect that the Section 4.02(d) Acquisition Transaction is not a Proposed Acquisition Transaction or any other transaction to which the requirements of Section 4.02(c) apply (a "Board Certificate").

(e) Aptevo agrees that, from the date hereof until the first day after the six-month anniversary of the Distribution Date, it shall not (and shall not cause or permit any of its Affiliates to) sell, transfer, assign or License or negotiate or otherwise pursue (e.g., by engaging investment bankers) the sale, transfer, assignment or License of all or substantially all of the assets of the Cangene Biosciences Component to any Person (other than its Affiliates) unless, prior to taking any such action, (A) Aptevo shall have requested that EBSI obtain a Supplemental Ruling in accordance with Section 4.04 of this Agreement to the effect that such action will not affect the Tax-Free Status of the Transactions and EBSI shall have received such a Supplemental Ruling in form and substance reasonably satisfactory to EBSI (and in determining whether a Supplemental Ruling is reasonably satisfactory, EBSI may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such Ruling), (B) Aptevo shall provide EBSI with an Unqualified Tax Opinion in form and substance reasonably satisfactory to EBSI (and in determining whether an opinion is reasonably satisfactory, EBSI may consider, among other factors, the appropriateness of any underlying assumptions and management's representations if used as a basis for the opinion and EBSI may determine that no opinion would be acceptable to EBSI) or (C) EBSI shall have waived in writing the requirement to obtain such Supplemental Ruling or Unqualified Tax Opinion.

Section 4.03 Restrictions on EBSI. EBSI agrees that it will not take or fail to take, or permit any member of the EBSI Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any material, information, covenant or representation in any Representation Letters or Tax Opinions/Rulings. EBSI agrees that it will not take or fail to take, or permit any member of the EBSI Group to take or fail to take, any action which prevents or could reasonably be expected to prevent the Tax-Free Status of the Transactions, including issuing any EBSI Capital Stock that would prevent the Distribution from qualifying as a tax-free distribution with respect to EBSI pursuant to Section 355(e) of the Code.

Section 4.04 Procedures Regarding Opinions and Rulings.

(a) If Aptevo notifies EBSI that it desires to take one of the actions described in clauses (i) through (vii) of Section 4.02(c) or Section 4.02(e) (a "Notified Action"), EBSI and Aptevo shall reasonably cooperate to attempt to obtain the Supplemental Ruling or Unqualified Tax Opinion referred to in Section 4.02(c) or Section 4.02(e), unless EBSI shall have waived the requirement to obtain such Supplemental Ruling or Unqualified Tax Opinion. In no event shall EBSI be required to file any Supplemental Ruling Request under this Section 4.04(a) unless Aptevo represents that (i) it has read the Supplemental Ruling Request, and (ii) all information and representations, if any, relating to any member of the Aptevo Group contained in the Supplemental Ruling Request documents are (subject to any qualifications therein) true, correct and complete. Aptevo shall reimburse EBSI for all reasonable costs and expenses incurred by the EBSI Group in obtaining a Supplemental Ruling or Unqualified Tax Opinion requested by Aptevo within 10 business days after receiving an invoice from EBSI therefor.

(b) EBSI shall have the right to obtain a Supplemental Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If EBSI determines to obtain a Supplemental Ruling or an Unqualified Tax Opinion, Aptevo shall (and shall cause each Affiliate of Aptevo to) cooperate with EBSI and take any and all actions reasonably requested by EBSI in connection with obtaining the Supplemental Ruling or Unqualified Tax Opinion, including, without limitation, by making any representation or covenant or providing any materials or information, in each case as reasonably requested by the IRS or Tax Advisor; provided that Aptevo shall not be required to make (or cause any Affiliate of Aptevo to make) any representation or covenant that is inconsistent with historical facts or any covenant as to future matters or events over which it has no control. EBSI and Aptevo shall each bear its own costs and expenses in obtaining a Supplemental Ruling or an Unqualified Tax Opinion requested by EBSI.

(c) Aptevo hereby agrees that EBSI shall have sole and exclusive control over the process of obtaining any Supplemental Ruling, and that only EBSI shall apply for a Supplemental Ruling. In connection with obtaining a Supplemental Ruling pursuant to Section 4.04(a), (i) EBSI shall keep Aptevo informed in a timely manner of all material actions taken or proposed to be taken by EBSI in connection therewith; (ii) EBSI shall (A) reasonably in advance of the submission of any Supplemental Ruling Request documents provide Aptevo with a draft copy thereof, (B) reasonably consider Aptevo's comments on such draft copy, and (C) provide Aptevo with a final copy; and (iii) EBSI shall provide Aptevo with notice reasonably in advance of, and Aptevo shall have the right to attend, any formally scheduled meetings with the IRS (subject to the approval of the IRS) that relate to such Ruling. Neither Aptevo nor any Affiliates of Aptevo shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning the Transactions.

Section 4.05 Liability for Distribution Losses.

(a) Notwithstanding anything in this Agreement or the Distribution Agreement to the contrary, subject to Section 4.05(c), each member of the Aptevo Group, jointly and severally, shall be responsible for, and shall indemnify and hold harmless EBSI and each of its Affiliates and each of their respective officers, directors and employees from and against, 100% of any Distribution Losses that are attributable to or result from any one or more of the following: (i) the acquisition (other than pursuant to the Transactions) of all or a portion of the stock and/or assets of Aptevo and/or any member of the Aptevo Group by any means whatsoever by any Person, (ii) any negotiations, understandings, agreements or arrangements by Aptevo with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly Aptevo Capital Stock representing a Fifty-Percent or Greater Interest therein, (iii) any act or failure to act by Aptevo or any member of the Aptevo Group described in Section 4.02 (regardless of whether such act or failure to act is covered by a Supplemental Ruling, Unqualified Tax Opinion or waiver described in clause (A), (B) or (C) of Section 4.02(c) or Section 4.02(e) or a Board Certificate described in Section 4.02(d)) or (iv) any breach by Aptevo of its agreement and representation set forth in Section 4.01.

(b) Notwithstanding anything in this Agreement or the Distribution Agreement to the contrary, subject to Section 4.05(c), each member of the EBSI Group, jointly and severally, shall be responsible for, and shall indemnify and hold harmless Aptevo and its Affiliates and each of their respective officers, directors and employees from and against, 100% of any Distribution Losses that are attributable to or result from any one or more of the following:

(i) the acquisition (other than pursuant to the Transactions) of all or a portion of the stock and/or assets of EBSI and/or any member of the EBSI Group by any means whatsoever by any Person, (ii) any negotiations, understandings, agreements or arrangements by EBSI with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly EBSI Capital Stock representing a Fifty-Percent or Greater Interest therein, (iii) any act or failure to act by EBSI or any member of the EBSI Group described in Section 4.03, or (iv) any breach by EBSI of its agreement and representation set forth in Section 4.01.

(c)

(i) To the extent that any Distribution Loss is subject to indemnity under both Section 4.05(a) and Section 4.05(b), responsibility for such Distribution Loss shall be shared by EBSI and Aptevo according to relative fault. For the avoidance of doubt, if neither EBSI nor Aptevo is responsible for any Distribution Loss pursuant to this Section 4.05, EBSI shall be responsible, pursuant to Section 2.02 of this Agreement, for such Distribution Loss to the extent such loss is comprised of Taxes imposed on EBSI (or any member of the EBSI Group) or Aptevo (or any member of the Aptevo Group) and costs incurred in connection with such Taxes.

(ii) For purposes of calculating the amount and timing of any Distribution Loss for which any member of the Aptevo Group is responsible under this Section 4.05, Distribution Losses shall be calculated by assuming that EBSI, the EBSI Affiliated Group and each member of the EBSI Group (I) pay Tax at the highest marginal corporate Tax rates in effect in each relevant Tax Period and (II) have no Tax Attributes in any relevant Tax Period.

(iii) Notwithstanding anything in Section 4.05(b) or Section 4.05(c)(i) or any other provision of this Agreement or the Distribution Agreement to the contrary, with respect to (I) any Distribution Loss resulting from the application of Section 355(e) of the Code as a result of an acquisition of a Fifty-Percent or Greater Interest in Aptevo and (II) any other Distribution Loss resulting (for the absence of doubt, in whole or in part, if such Distribution Loss would not have resulted but for such acquisition) from an acquisition after the Distribution of any stock or assets of Aptevo (or any member of the Aptevo Group) by any means whatsoever by any Person, each member of the Aptevo Group, jointly and severally, shall be responsible for, and shall indemnify and hold harmless EBSI and its Affiliates and each of their respective officers, directors and employees from and against, 100% of such Distribution Loss.

(iv) Notwithstanding anything in Section 4.05(a) or Section 4.05(c)(i) or any other provision of this Agreement or the Distribution Agreement to the contrary, with respect to (I) any Distribution Loss resulting from the application of Section 355(e) of the Code as a result of an acquisition of a Fifty-Percent or Greater Interest in EBSI and (II) any other Distribution Loss resulting (for the absence of doubt, in whole or in part, if such Distribution Loss would not have resulted but for such acquisition) from an acquisition after the Distribution of any stock or assets of EBSI (or any member of the EBSI Group) by any means whatsoever by any Person, each member of the EBSI Group, jointly and severally, shall be responsible for, and shall indemnify and hold harmless Aptevo and its Affiliates and each of their respective officers, directors and employees from and against, 100% of such Distribution Loss.

Section 4.06 Reporting. EBSI and Aptevo shall (i) timely file any appropriate information and statements (including as required by Section 6045B of the Code and Treasury Regulation Section 1.355-5 and, to the extent applicable, Treasury Regulation Section 1.368-3) to report each step of the Transactions as qualifying for its Tax-Free Status and (ii) absent a change of Law or an applicable Final Determination otherwise, not take any position on any Tax Return or in any Tax Contest that is inconsistent with such qualification.

Section 4.07 Section 336(e) Election. If EBSI determines, in its sole discretion, that a protective election under Section 336(e) of the Code (a "Section 336(e) Election") shall be made with respect to the Distribution, Aptevo shall join with EBSI in the making of such election and shall take any action reasonably requested by EBSI or that is otherwise necessary to give effect to such election (including making any other related election). If a Section 336(e) Election is made with respect to the Distribution, in the event the Contribution and Distribution fail to have Tax-Free Status and EBSI is not entitled to indemnification for the Distribution Losses arising from such failure, Aptevo shall pay over to EBSI any Tax Benefits realized by any member of the Aptevo Group arising from the step-up in Tax basis resulting from the Section 336(e) Election net of any costs related to realizing such Tax Benefits; provided, however, that Aptevo shall not be required to pay EBSI for any Tax Benefits realized after December 31, 2036.

ARTICLE V

PROCEDURAL MATTERS

Section 5.01 Cooperation. Each Party shall cooperate with reasonable requests from the other Party in matters covered by this Agreement, including in connection with the preparation and filing of Tax Returns, the calculation of Taxes, the determination of the proper financial accounting treatment of Tax Items and the conduct and settlement of Tax Contests. Such cooperation shall include:

(a) retaining until the expiration of the relevant statute of limitations (including extensions) records, documents, accounting data, computer data and other information ("Records") necessary for the preparation, filing, review, audit or defense of all Tax Returns relevant to an obligation, right or liability of either Party under this Agreement;

(b) providing the other Party reasonable access to Records and to its personnel (ensuring their cooperation) and premises during normal business hours to the extent relevant to an obligation, right or liability of the other Party under this Agreement or otherwise reasonably required by the other Party to complete Tax Returns or to compute the amount of any payment contemplated by this Agreement; and

(c) notifying the other Party prior to disposing of any relevant Records and affording the other Party the opportunity to take possession or make copies of such Records at its discretion.

Section 5.02 Interest. Any payments required pursuant to this Agreement that are not made within the time period specified in this Agreement shall bear interest from the end of that period. Interest required to be paid pursuant to this Agreement shall, unless otherwise specified, accrue interest at a rate per annum equal to the Prime Rate plus 5% (or, if lower, the maximum rate permitted by applicable Law).

Section 5.03 Indemnification Claims and Payments.

(a) An Indemnitee shall be entitled to make a claim for payment with respect to damages, including Taxes, under this Agreement when the Indemnitee determines that it is entitled to such payment and is able to calculate with reasonably accuracy the amount of such payment. Except as otherwise provided in Section 3.03(b), the Indemnitee shall provide to the Indemnifying Party notice of such claim within 60 business days of the first date on which it so becomes entitled to make such claim. Such notice shall include a description of such claim and a detailed calculation of the amount claimed.

(b) Except as otherwise provided in Section 3.03(b) or otherwise in this Agreement, the Indemnifying Party shall make the claimed payment to the Indemnitee within 30 business days after receiving such notice, unless the Indemnifying Party reasonably disputes its liability for, or the amount of, such payment.

(c) A failure by an Indemnitee to give notice as provided in Section 3.03(b) or 5.03(a) shall not relieve the Indemnifying Party's indemnification obligations under this Agreement, except to the extent that the Indemnifying Party shall have been actually prejudiced by such failure.

(d) Nothing in this Section 5.03 shall prejudice a Party's right to receive payments pursuant to Section 3.03(b).

(e) Any Indemnity Payment under this Agreement shall be determined taking into account any Tax Benefits resulting from the payment of such damages by the Indemnitee (for example, the deductibility of state taxes) in the Tax Period the Indemnity Payment is made or any prior Tax Period.

Section 5.04 Treatment of Indemnity Payments. In the absence of any change in Tax treatment under the Code or other applicable Tax Law and except as provided in Section 5.02, any payments made by a Party under this Agreement shall be reported for Tax purposes by the payor and the recipient as distributions or capital contributions, as appropriate, occurring immediately before the Distribution (but only to the extent that the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the Treasury Regulations thereunder or Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)) or as payments of an assumed or retained liability.

Section 5.05 Tax Gross-Up. If (i) notwithstanding the manner in which any payment under this Agreement is reported, there is a Final Determination with respect to the Tax liability of a Party as a result of its receipt of a payment pursuant to this Agreement or (ii) any deduction or withholding is required by Law to be made from any payment (other than an interest payment) under this Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof or the amount of all deduction or withholding required by Law with respect to such payment, as applicable (in each case, taking into account all correlative Tax Benefits resulting from the payment, or deduction or withholding, of such Income Taxes), shall equal the amount of the payment which the Party receiving such payment would otherwise be entitled to receive pursuant to this Agreement.

Section 5.06 Dispute Resolution. Subject to Section 6.06, Section 6.07, and Section 6.16, any and all disputes between EBSI and Aptevo arising out of any provision of this Agreement shall be resolved through the procedures provided in Article VIII of the Distribution Agreement; provided, however, that any disputes between EBSI and Aptevo relating to Distribution Losses shall be settled in a court of law or as otherwise agreed to by the Parties.

ARTICLE VI

MISCELLANEOUS

Section 6.01 Termination. This Agreement will terminate without further action at any time before the Distribution upon termination of the Distribution Agreement. If terminated, no Party will have any Liability of any kind to the other Party or any other Person on account of this Agreement, except as provided in the Distribution Agreement.

Section 6.02 Survival. Except as expressly set forth in this Agreement, the covenants and indemnification obligations in this Agreement shall survive the Distribution and shall remain in full force and effect.

Section 6.03 Distribution Agreement. The Parties agree that, in the event of a conflict between the terms of this Agreement and the Distribution Agreement with respect to the subject matter hereof, the terms of this Agreement shall govern.

Section 6.04 Confidentiality. Each Party hereby acknowledges that Confidential Information of such Party or its Affiliates may be exposed to employees and agents of the other Party or its Affiliates as a result of the activities contemplated by this Agreement. Each Party agrees, on behalf of itself and its Affiliates, that such Party's obligations with respect to Confidential Information and data of the other Party or its Affiliates shall be governed by the Distribution Agreement.

Section 6.05 Counterparts; Entire Agreement.

(a) This Agreement may be executed in one or more counterparts, all of which counterparts shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each Party and delivered to the other Party. This Agreement may be executed by facsimile or PDF signature and a facsimile or PDF signature shall constitute an original for all purposes.

(b) This Agreement, the Distribution Agreement, the other Ancillary Agreements and the Appendices, Exhibits and Schedules hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties with respect to the subject matter hereof other than those set forth or referred to herein or therein.

Section 6.06 Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws and principles of the State of Delaware, as to all matters, including matters of validity, construction, effect, enforceability, performance and remedies.

Section 6.07 Waiver of Jury Trial; Choice of Venue. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF THE OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT THE OTHER PARTY WOULD NOT, IN THE EVENT OF ANY LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6.07. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY AGREES THAT JURISDICTION AND VENUE IN ANY SUIT, ACTION OR PROCEEDING BROUGHT BY ANY PARTY ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING ANY SUIT, ACTION OR PROCEEDING SEEKING EQUITABLE RELIEF) SHALL PROPERLY AND EXCLUSIVELY LIE IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE (THE "COURT OF CHANCERY") OR, TO THE EXTENT THE COURT OF CHANCERY DOES NOT HAVE SUBJECT MATTER JURISDICTION, THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE AND THE APPELLATE COURTS HAVING JURISDICTION OF APPEALS IN SUCH COURTS (THE "DELAWARE FEDERAL COURT") OR, TO THE EXTENT NEITHER THE COURT OF CHANCERY NOR THE DELAWARE FEDERAL COURT HAS SUBJECT MATTER JURISDICTION, THE SUPERIOR COURT OF THE STATE OF DELAWARE (COLLECTIVELY, THE "CHOSEN COURTS"). EACH PARTY HERETO FURTHER AGREES NOT TO BRING ANY SUCH SUIT, ACTION OR PROCEEDING IN ANY COURT OTHER THAN THE CHOSEN COURTS, AS APPLICABLE, PURSUANT TO THE FOREGOING SENTENCE (OTHER THAN UPON APPEAL). BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE CHOSEN COURTS, AS APPLICABLE, FOR ITSELF AND IN RESPECT OF ITS PROPERTY WITH RESPECT TO SUCH SUIT, ACTION OR PROCEEDING. THE PARTIES HERETO IRREVOCABLY AGREE THAT VENUE WOULD BE PROPER IN EACH OF THE CHOSEN COURTS, AS APPLICABLE, AND HEREBY WAIVE ANY OBJECTION THAT ANY SUCH CHOSEN COURT, AS APPLICABLE, IS AN IMPROPER OR INCONVENIENT FORUM FOR THE RESOLUTION OF SUCH SUIT, ACTION OR PROCEEDING.

Section 6.08 No Double Recovery. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged Party has been fully compensated under any other provision of this Agreement or under any other agreement or action at Law or equity. Unless expressly required in this Agreement, a Party shall not be required to exhaust all remedies available under other agreements or at Law or equity before recovering under the remedies provided in this Agreement.

Section 6.09 Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as otherwise provided for in this Agreement, this Agreement shall not be assignable, in whole or in part, directly or indirectly, by either Party without the express written consent of the other Party, and any attempt to assign any rights or obligations arising under this Agreement without such consent shall be void. Notwithstanding the foregoing, no such consent shall be required for the assignment of the rights and obligations of EBSI or any EBSI Affiliate under this Agreement (i) in connection with the merger of such Party, or the sale, transfer or other divestiture of all or substantially all of an entire product line, Affiliate, division or other business unit of such Party, or (ii) to any Affiliate of such Party; provided, however, that in connection with any assignment or delegation by EBSI, EBSI provides a guarantee to the non-assigning Party for any liability or obligation assigned or delegated pursuant to this Section 6.09.

Section 6.10 Authority. EBSI represents on behalf of itself and each other member of the EBSI Group, and Aptevo represents on behalf of itself and each other member of the Aptevo Group, as follows: (i) each such Person has the corporate or other requisite power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by such Person have been duly authorized by all necessary corporate or other action, (c) such Person has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against such Person in accordance with its terms.

Section 6.11 Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties hereto and their respective Affiliates and are not intended to confer upon any other Person any rights or remedies hereunder. This Agreement shall not provide any third Person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 6.12 Notices. Any notice required or permitted to be given by a Party under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, or by facsimile (followed by delivery of an original via overnight courier service) or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this section):

If to EBSI:

[•]

with a copy to (which shall not constitute notice):

[•]

If to Aptevo:

[•]

A Party may change the address for receiving notices under this Agreement by providing written notice of the change of address to the other.

Section 6.13 Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 6.14 Headings. The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 6.15 Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 6.16 Specific Performance. In the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, EBSI shall have the right to specific performance and injunctive or other equitable relief of its rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. Aptevo shall not oppose the granting of such relief on the basis that money damages are an adequate remedy. The Parties agree that the remedies at Law for any breach or threatened breach hereof, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived. The Parties acknowledge and agree that the right of specific enforcement is an integral part of this Agreement and without that right, EBSI would not have entered into this Agreement.

Section 6.17 Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by either Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of each Party.

Section 6.18 Compliance by Affiliates. The Parties shall cause their respective Affiliates to comply with this Agreement.

Section 6.19 Aptevo Subsidiaries. If, at any time, Aptevo acquires or creates one or more subsidiaries that are includable in the Aptevo Group, they shall be subject to this Agreement and all references to the Aptevo Group herein shall thereafter include a reference to such subsidiaries.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the day and year first written above.

Emergent BioSolutions Inc.

By: _____
Name: _____
Title: _____

Aptevo Therapeutics Inc.

By: _____
Name: _____
Title: _____

[Signature Page to Tax Matters Agreement]

Schedule I

Requirements of Section 4.05(1)(b) of Rev. Proc. 96-30

(1) there is a sufficient business purpose for the stock purchase;

(2) the stock to be purchased is widely held;

(3) the stock purchases will be made in the open market; and

(4) there is no plan or intention that the aggregate amount of stock purchases will equal or exceed 20% of the outstanding stock of the corporation.

Exhibit 10.6

TRADEMARK LICENSE AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [•], 2016

TRADEMARK LICENSE AGREEMENT

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

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

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

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

ARTICLE I
DEFINITIONS

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

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

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

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

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

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

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

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

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

"Territory" means the world.

ARTICLE II
LICENSE

2.1 Emergent Trademark License Grant and Restrictions.

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

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

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

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

2.2 Trade Dress; Copyright.

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

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

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

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

2.4 Aptevo License Grant and Restrictions.

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

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

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

ARTICLE III
OWNERSHIP OF LICENSED MARKS

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

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

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

ARTICLE IV
TERM AND TERMINATION

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

4.2 Termination.

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

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

4.3 Effects of Expiration or Termination.

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

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

ARTICLE V
LIMITATION OF LIABILITY

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

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

ARTICLE VI
MISCELLANEOUS

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

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

If to Emergent, to:

[•]

with a copy to:

[•]

If to Aptevo to:

[•]

with a copy to:

[•]

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

6.3 Assignability.

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

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

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

[Signature Page Follows]

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

EMERGENT BIOSOLUTIONS INC.

By: _____
Name: _____
Title: _____

APTEVO THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

Exhibit 10.7

PRODUCT LICENSE AGREEMENT

BY AND BETWEEN

EMERGENT BIOSOLUTIONS INC.

AND

APTEVO THERAPEUTICS INC.

DATED AS OF [•], 2016

PRODUCT LICENSE AGREEMENT

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

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

WHEREAS, Emergent desires to license to Aptevo certain intellectual property rights and technology retained by Emergent and currently used by the Aptevo Business to enable Aptevo to conduct the Aptevo Business after the Effective Date on the terms set forth herein; and

WHEREAS, Aptevo desires to license such intellectual property rights and technology from Emergent to conduct the Aptevo Business on the terms set forth herein;

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

ARTICLE I
DEFINITIONS

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

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

"Competing Program" means (a) the research, development, making, having made, manufacturing, using, selling, offering for sale, importing or otherwise exploiting of any product substantially similar to any of the Products, or any activity involving any process or technology that is materially related to the Manufacturing Technology, including: so-called hyperimmune products; products, either marketed or being developed as a therapeutic, comprising polyclonal sera collected from persons or animals that possess antibodies with specificity against a given antigen; and products derived from blood, plasma and blood components, such as clotting factors, and (b) the making, having made or manufacturing of any Product. For clarity,

Competing Program excludes (y) the research, development, making, having made, manufacturing, using, selling, offering for sale, importing or otherwise exploiting of any recombinant protein product that is not a hyperimmune product and (z) the research, development, using, selling, offering for sale, importing or otherwise exploiting (but not making, having made or manufacturing) of any Product.

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

"Licensable" means that, as of immediately after the Effective Time, Emergent or the relevant member of the Emergent Group, as applicable, has the right to grant to Aptevo a license or other rights within the scope of the rights granted to Aptevo under this Agreement.

"Licensed IP" means the Intellectual Property, excluding Trademarks and Internet domain names, that (a) exists and is Licensable as of immediately after the Effective Time, by any Person that is a member of the Emergent Group as of the Effective Time, and (b) is necessary to research, develop, manufacture or commercialize the Products.

"Manufacturing Technology" means the Licensed IP that is necessary to manufacture any of the Products.

"Product" means each of (a) the WinRho SDF® product, (b) the HepaGam B® product and (c) the VARIZIG® product, each in the form in which it exists as of the Effective Time or such improved version thereof developed under the MSA on or before the date on which the Aptevo is permitted to sublicense rights under the Manufacturing Technology to the relevant CMO pursuant to Section 2.1(b).

"Third Party" means any Person, other than Emergent or Aptevo or any member of the Emergent Group or the Aptevo Group.

ARTICLE II
LICENSES

2.1 License to Aptevo.

(a) *Licensed IP*. Subject to the terms and conditions of this Agreement, Emergent hereby grants to Aptevo, effective at the Effective Time, a perpetual (subject to Article IV), royalty-free, worldwide, non-transferable (except for certain assignments as provided in Section 6.3) license, under the Licensed IP, to research, develop, make, have made, use, sell, offer to sell, import and otherwise commercialize the Products, solely within the Field (and, for clarity, Aptevo will have no rights under the Licensed IP for any other purpose).

(b) *Sublicenses; Limitations*. Aptevo may sublicense such rights to members of the Aptevo Group and to Third Parties and may have such rights exercised on behalf of Aptevo, members of the Aptevo Group and Third Parties; provided, however, that Aptevo may sublicense the rights under the Manufacturing Technology only to, and may exercise (and the other members of the Aptevo Group may only exercise) the rights to make and have made the Products only through, a Third Party contract manufacturer who is bound by confidentiality obligations reasonably acceptable to Emergent (a "CMO"), and then only to the extent that (i) Emergent approves of such CMO in Emergent's sole and absolute discretion or (ii) there is a Manufacturing Failure.

(c) *Necessity; Trade Secrets; Confidentiality*. Aptevo acknowledges and agrees that the Licensed IP is Emergent's valuable Intellectual Property, necessary for and critical to research, develop, make, have made, use, sell, offer to sell, import and otherwise commercialize the Products and that without such license, Aptevo would be unable to research, develop, make, have made, use, sell, offer to sell, import and otherwise commercialize the Products without misappropriating, misusing or otherwise violating Emergent's rights in Emergent's Intellectual Property. Aptevo further acknowledges and agrees that the Manufacturing Technology is the proprietary, confidential know-how of Emergent of which some portions are further protected as trade secrets (as such term is defined in the Economic Espionage Act of 1996, 18 U.S.C. § 1839 or other applicable Law). Aptevo shall consider the Manufacturing Technology and all trade secrets within the Manufacturing Technology as Confidential Information under the SDA, shall strictly adhere to its confidentiality obligations under this Agreement, the SDA, and all Ancillary Agreements with respect to such Information, and hereby acknowledges and agrees that the remedy at Law for any breach of this Section 2.1(c) would be inadequate and that Emergent shall be entitled to injunctive relief, without the requirement of posting any bond or other security, in addition to any other remedy it may have upon breach of any provision of this Section 2.1(c), provided that Emergent shall not seek an injunction preventing the delivery of the Products into the stream of commerce unless such Products contain or otherwise transmit (in their packaging, labeling, or otherwise) the Manufacturing Technology or any other Confidential Information of Emergent.

2.2 Licenses to Emergent

(a) *License Back of Intellectual Property*. Aptevo, on behalf of itself and the Aptevo Group, hereby grants to Emergent and the Emergent Group a non-exclusive, royalty-free, worldwide, perpetual, irrevocable, fully paid-up, fully sublicensable, fully transferrable (in accordance with Section 6.3) license under all Aptevo Intellectual Property as of the Effective Time, solely to the extent necessary to research, develop, make, have made, use, sell, offer to sell, import or otherwise commercialize any hyperimmune product, with the exception that such license will not include any Aptevo Intellectual Property specifically related to producing a ß-amyloid disorders hyperimmune product. For clarity, Emergent and the Emergent Group will have no rights under the Aptevo Intellectual Property for any other purpose. This license grant to Emergent and the Emergent Group shall not include any Aptevo Intellectual Property (i) the licensing of which to Emergent and the Emergent Group would result in the breach or violation of any obligation of Aptevo or any member of the Aptevo Group to any Third Party, as of the Effective Time, or (ii) the licensing of which to Emergent and the Emergent Group would result in any financial obligation or other obligation of Aptevo or any other member of the Aptevo Group to any Third Party, as of the Effective Time.

(b) *Aptevo Grant of Data License*. Aptevo, on behalf of itself and the Aptevo Group, hereby grants to Emergent and the Emergent Group a non-exclusive, royalty-free, worldwide, perpetual, irrevocable, fully paid-up, fully sublicensable, fully transferrable license to reproduce, copy, make derivative works of, use and otherwise exploit any and all clinical and pre-clinical data and any data filed with any regulatory authority, in each case that is related to any of the Products, including the safety database related thereto, that are owned or controlled by Aptevo or the Aptevo Group as of the Effective Time or are otherwise considered Aptevo Assets, including any copy thereof in the possession of Emergent or any member of the Emergent Group as of immediately before the Effective Time. For clarity, such right to exploit data related to the Products includes, but is not limited to, a right of reference and foreign counterparts thereof in correspondence and filings with applicable regulatory authorities from time to time. Aptevo and the members of the Aptevo Group shall execute all documents reasonably necessary to effect such right of reference or use. On request from time to time, Aptevo shall, and shall ensure that the all applicable members of the Aptevo Group shall, provide to Emergent all such data.

2.3 No Other Licenses and Rights. Except as expressly provided in this Section 2, no other license or right is granted to any member of the Aptevo Group under this Agreement, whether expressly or by implication, estoppel, statute or otherwise. Neither Aptevo, nor any member of the Aptevo Group, shall have any right to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any of the Licensed IP.

2.4 No Obligation to Obtain or Maintain Intellectual Property. Neither Emergent, nor any member of the Emergent Group, is obligated to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any of the Licensed IP, provided that during the term of this Agreement, Emergent shall use commercially reasonable efforts to maintain the secrecy of its trade secrets within the Manufacturing Technology. Neither Aptevo, nor any member of the Aptevo Group, is obligated to file, prosecute, maintain, enforce or defend any Intellectual Property rights or registrations thereof for any Intellectual Property licensed to Emergent under Section 2.2(a) of this Agreement.

ARTICLE III
DISCLAIMER

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

ARTICLE IV
TERM; TERMINATION

4.1 Term. The term of this Agreement is perpetual, subject to Aptevo's compliance with the terms of Article II and subject to Aptevo's and Emergent's termination rights under this Article IV.

4.2 Termination.

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

(b) Termination by Emergent. Emergent may terminate this Agreement and any licenses granted hereunder if Aptevo breaches any term of this Agreement and (i) fails to cure such breach within ninety (90) days after receipt of written notice of such breach from Emergent or (ii) such breach is incapable of cure, as determined in Emergent's reasonable discretion.

4.3 Bankruptcy. Either Party may terminate this Agreement if the other Party (a) files a voluntary petition in bankruptcy or insolvency, or for reorganization, or for an appointment of a receiver or trustee of such Party or of its assets, (b) proposes a written agreement of composition or extension of its debts, (c) has a bankruptcy proceeding filed against it (and such proceeding is not dismissed within thirty (30) days), (d) goes into voluntary dissolution, (e) has a receiver appointed (and such appointment is not terminated within thirty (30) days), or (f) makes any general assignment for the benefit of creditors. All rights and licenses granted under or pursuant to any Section of this Agreement are rights to "intellectual property" (as defined in Section 101(35A) of Title 11 of the United States Code, as amended (the "Bankruptcy Code")). Each Party shall retains and may fully exercise all of its rights and elections under the Bankruptcy Code with respect to such rights and licenses.

4.4 Effects of Termination.

(a) Inventory Sell-Off & Destruction. Upon any expiration of this Agreement or any termination, in whole or in part, Aptevo shall, with respect to any Product for which it no longer has a license under this Agreement, (i) notify all dealers and other interested parties of the termination, (ii) sell off or destroy all inventory of such Product within one hundred and fifty (150) days of the termination date, and (iii) cease to make any representations to the public that it is an authorized seller of such Product as of the earlier of (x) one hundred and fifty (150) days from the termination date or (y) the depletion or destruction of all inventory of such Product.

(b) Survival. Article I (to the extent necessary to interpret the surviving provisions of this Agreement), Section 2.1(c), Section 2.2, Section 2.3, Section 2.4, Article III, Section 4.4, Article V and Article VI shall survive any termination or expiration of this Agreement or the licenses hereunder.

ARTICLE V
LIMITATION OF LIABILITY

5.1 TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW IN NO EVENT SHALL EMERGENT BE LIABLE UNDER THIS AGREEMENT TO APTEVO OR TO ANY PARTY CLAIMING THROUGH OR UNDER APTEVO, FOR ANY LOST PROFITS, OR FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, WHETHER IN AN ACTION IN CONTRACT, TORT (INCLUDING STRICT LIABILITY), BASED ON A WARRANTY, OR OTHERWISE, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, EVEN IF EMERGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. SUCH LIMITATION SHALL NOT BE INTERPRETED TO SUPERSEDE APTEVO'S RIGHT, IF ANY, TO CLAIM SUCH DAMAGES PURSUANT TO THE SDA OR ANY OTHER ANCILLARY AGREEMENT.

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

ARTICLE VI
MISCELLANEOUS PROVISIONS

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

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

If to Emergent, to:

[•]

with a copy to:

[•]

If to Aptevo to:

[•]

with a copy to:

[•]

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

6.3 Assignability.

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

(b) If Aptevo or a member of the Aptevo Group (in each case, except to the extent otherwise expressly permitted by this Agreement or any other Ancillary Agreement), or any successor or assignee of Aptevo, or an Acquiring Entity operates a Competing Program, (i) such Person and its Affiliates shall establish and enforce internal processes, policies, procedures and systems to strictly segregate information relating to any Competing Program from the Manufacturing Technology; (ii) such Person and its Affiliates shall not use, directly or indirectly, any Manufacturing Technology or any Confidential Information of Emergent in such Competing Program (except that a CMO is permitted to use the Manufacturing Technology solely to manufacture the Products on behalf of Aptevo or its successor or assignee, as applicable, solely in accordance with the terms of this Agreement, including Section 2.1(b), and the MSA); (iii) no personnel who had access to the Manufacturing Technology at any time may conduct any activities under such Competing Program (except that a CMO is permitted to use the Manufacturing Technology solely to manufacture the Products on behalf of Aptevo or its successor or assignee, as applicable, solely in accordance with the terms of this Agreement, including Section 2.1(b), and the MSA); and (iv) Emergent may abstain from sharing with such Person and its Affiliates any Confidential Information related to the Manufacturing Technology, in its sole discretion.

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

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

[Signature Page Follows]

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

EMERGENT BIOSOLUTIONS INC.

By: _____
Name: _____
Title: _____

APTEVO THERAPEUTICS INC.

By: _____
Name: _____
Title: _____

EXHIBIT 10.9

FORM OF INDEMNITY AGREEMENT

This Indemnity Agreement is made this day of 20 , by and between Aptevo Therapeutics Inc., a Delaware corporation (the "Company"), and , (the "Indemnitee").

WITNESSETH:

WHEREAS, the Company and the Indemnitee desire to enter into this Agreement, which is intended to replace any indemnification agreement that may exist between the Indemnitee and the Company.

NOW, THEREFORE, the Company and the Indemnitee for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby agree as follows:

1. Definitions. Capitalized terms used herein shall have the respective meanings as set forth below:

(a) "Claim" shall mean any threatened, pending or completed claim, action, demand, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal.

(b) "Damages" shall mean any losses, liabilities, damages of any nature (including consequential, special and incidental), claims, demands, judgments, amounts paid in settlements, fines, penalties, expenses and costs. Without limiting the generality of the foregoing, Damages shall include any and all Defense Costs. Should any payments by the Company under this agreement be determined to be subject to any federal, state or local income or excise tax, "Damages" shall also include such amounts as are necessary to place the Indemnitee in the same after-tax position (after giving effect to all applicable taxes) Indemnitee should have been in had no such tax been determined to apply to such payments.

(c) "Defense Costs" shall mean any costs, charges, bonds, fees, expenses, including reasonable attorneys' fees and fees of experts, consultants, witnesses and court costs, incurred in the investigation, defense or prosecution of any Claim.

(d) "Final Adjudication" shall mean final judicial decision in a court of competent jurisdiction from which there is no further right to appeal.

(e) "Person" shall mean any individual, partnership, limited partnership, corporation, company association, business trust, employee benefit or retirement plan or trust, limited liability company, unincorporated association, joint venture, enterprise of any nature (whether incorporated or unincorporated) that is capable of suing or being sued or that is recognized or recognizable in a court of law or equity as a "person", or any government entity, authority or agency.

(f) "Third Party" shall mean any trustee, receiver, creditor, contractor, vendor, insurance carrier, service provider to the Company or any other person doing business or otherwise associated with the Company in any capacity.

(g) "Undertaking" shall have the meaning as set forth in Section 3.

2. Right to Indemnification. The Company shall defend, indemnify and hold harmless the Indemnitee from and against any and all Damages asserted against or suffered

or incurred by the Indemnitee in connection with any Claim brought by any Person, including any Third Party, in respect of, relating to, or by reason of the fact that the Indemnitee is or was a director, officer, manager, employee, agent or representative of the Company or is or was serving at the request of the Company as a director, officer, manager, employee or agent of another Person, whether the basis of such Claim is alleged action or inaction in an official capacity as a director, officer, manager, employee, agent or representative or in any other capacity while serving as a director, officer, manager, employee, agent or representative, to the fullest extent permitted by applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than permitted prior thereto), and such indemnification shall continue after the Indemnitee has ceased to be a director, officer, manager, employee, agent or representative and shall inure to the benefit of the Indemnitee's heirs, executors, trustees and administrators; provided, however, that, except as provided in Section 4 hereof with respect to proceedings to enforce rights to indemnification and advancement of Defense Costs, the Company shall indemnify the Indemnitee in connection with any Claim (or part thereof) initiated by the Indemnitee only if such Claim (or part thereof) was authorized by the board of directors of the Company.

3. Right to Advancement of Defense Costs. In addition to the right to indemnification conferred in Section 2 hereof, the Indemnitee shall have the right to be paid by the Company, in advance of Final Adjudication, all Defense Costs as incurred by the Indemnitee in connection with any Claim for which a right to indemnification is applicable under this Agreement. Defense Costs shall be paid by the Company not later than twenty (20) days after receipt by the Company of a statement of expenses from the Indemnitee requesting such payment, which request shall be supported by a statement of costs; provided, however, that, if the Delaware General Corporation Law requires, an advancement of Defense Costs incurred by the Indemnitee in the Indemnitee's capacity as a director or officer (and not in any other capacity in which service was or is rendered by the Indemnitee, including, without limitation, as an employee, manager, agent or for service to an employee benefit plan) shall be made only upon delivery to the Company of an undertaking (hereinafter an "Undertaking"), by or on behalf of the Indemnitee, to repay all amounts so advanced if it shall ultimately be determined by Final Adjudication that the Indemnitee is not entitled to be indemnified for such Defense Costs under this Agreement or otherwise.

4. Right of Indemnitee to Bring Suit.

(a) If a claim by the Indemnitee to the Company for indemnification under Section 2 of this Agreement is not paid in full by the Company within thirty (30) days after a written claim has been received by the Company, or if a claim by the Indemnitee to the Company for an advancement of Defense Costs under Section 3 of this Agreement is not paid in full within twenty (20) days as specified in Section 3, the Indemnitee may at any time thereafter bring suit against the Company to recover the unpaid amount of the claims.

(b) If the Indemnitee is successful in whole or in part in any suit brought under Section 4(a), or in a suit brought by the Company to recover an advancement of Defense Costs pursuant to the terms of an Undertaking, the Indemnitee shall be entitled to be paid also all costs and expenses (including without limitation all reasonable attorneys' fees, court costs, witness fees) of prosecuting or defending such suit.

(c) In any suit brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the Indemnitee to enforce a right under Section 3 to an advancement of Defense Costs) it shall be a defense that it has been determined by Final Adjudication that the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law.

(d) In any suit against the Indemnitee by the Company to recover an advancement of Defense Costs pursuant to the terms of an Undertaking, the Company shall be entitled to recover such Defense Costs only upon a Final Adjudication that the Indemnitee has not met any applicable standard for indemnification set forth in the Delaware General Corporation Law.

(e) Neither the failure of the Company (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its directors who are not parties to such action, a committee of such directors, independent legal counsel, or its stockholders) that the Indemnitee has not met such applicable standard of conduct, shall create a presumption that the Indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of Defense Costs hereunder, or by the Company to recover an advancement of Defense Costs pursuant to the terms of an Undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of Defense Costs, under this Agreement or otherwise, shall be on the Company by clear and convincing evidence.

5. Settlement. The Company shall have no obligation to indemnify the Indemnitee under this Agreement for any amounts paid in full settlement and/or compromise of any Claim that was effected without Company's prior written consent. The Company shall not enter into any full settlement and/or compromise of any Claim in any manner that would impose any Damages on the Indemnitee without the Indemnitee's written consent. Neither the Company nor the Indemnitee shall unreasonably withhold, condition or delay their consent to any proposed settlement or compromise. The exercise of any right of consent or withholding of consent under this Section 5 shall not affect, excuse, modify or relieve the Company of any of its obligations under this Agreement.

6. Maintenance of Insurance.

(a) The Company hereby represents and warrants that policies of directors' and officers' liability insurance ("D&O Insurance") have been purchased by the Company and that such policies are in full force and effect. The Indemnitee acknowledges that he has been informed of, and provided access to, the D&O Policies.

(b) The Company hereby covenants and agrees that, so long as the Indemnitee shall continue to serve as a director or officer of the Company and thereafter so long as the Indemnitee shall be subject to any possible claim or threatened, pending or completed action, suit or proceeding, whether civil, criminal or investigative, by reason of the fact that the Indemnitee was a director or officer of the Company, the Company, subject to Section 6(d), shall maintain in full force and effect D&O Insurance.

(c) In all policies of D&O Insurance, the Indemnitee shall be named as an insured in such a manner as to provide the Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors or officers most favorably insured by such policy.

(d) The Company shall have no obligation to maintain D&O Insurance if the Company determines in good faith that such insurance is not reasonably available, the premium costs for such insurance is disproportionate to the amount of coverage provided, or the coverage provided by such insurance is limited by exclusions so as to provide an insufficient benefit.

7. Rights Not Exclusive. The rights provided hereunder shall not be deemed exclusive of any other rights to which the Indemnitee may be entitled under any statute, provision of Company's certificate of incorporation, bylaw, agreement, vote of stockholders or of disinterested directors or otherwise, both as to action in his official capacity and as to action in any other capacity, and shall continue after the Indemnitee ceases to serve the Company as a director, officer, employee as the case may be.

8. Severability. In the event that any provision of this Agreement is determined by a court to require the Company to do or to fail to do an act that is in violation of applicable law, such provision shall be limited or modified in its application to the minimum extent necessary to avoid a violation of law, and, as so limited or modified, such provision and the balance of this Agreement shall be enforceable in accordance with their terms.

9. Choice of Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware**,** excluding any conflicts or choice of law rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

10. Consent to Jurisdiction. The Company and the Indemnitee each hereby irrevocably consent to the jurisdiction of the courts of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the state courts of the State of Delaware.

11. Successor and Assigns. This Agreement shall be (i) binding upon all successors and assigns of the Company (including any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law) and (ii) binding on and inure to the benefit of the heirs, personal representatives and estate of the Indemnitee.

12. Amendment or Waiver. No amendment, modification, termination or cancellation of this Agreement shall be effective unless made in a writing signed by each of the parties hereto, and no waiver of any provision hereunder shall be effective unless in writing.

13. Counterparts. This Agreement may be executed in two (2) counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signatures and such signatures shall be deemed to bind each party hereto as if they were original signatures.

IN WITNESS WHEREOF, the Company and the Indemnitee have executed this Agreement as of the day and year first above written.

Aptevo Therapeutics Inc.

By: _____
Name:
Title:

Indemnitee

_____
Name:

Exhibit 10.12

FOURTH AND BATTERY
OFFICE LEASE

THIS LEASE, made the 28th day of April, 2003 (the "Execution Date"), by and between SELIG REAL ESTATE HOLDINGS EIGHT, a Washington limited liability company, whose address is 1000 Second Avenue, Suite 1800, Seattle, Washington, 98104-1046, hereinafter referred to as "Lessor" and GENECRAFT, INC., a Delaware corporation, whose address is 601 Union Street, Suite 4200, Seattle, Washington 98101, hereinafter referred to as "Lessee".

1. DESCRIPTION, Lessor in consideration of the agreements contained in this lease, does hereby lease to Lessee, upon the terms and conditions hereinafter set forth, that certain space consisting of the agreed upon square footage* of 24,090 (hereinafter referred to as "Premises"), 8,198 square feet of which is situated on the Tenth (10th) floor level and 15,892 square feet of which is situated on the Twelfth (12th) floor level of the Fourth & Battery Building, 2401 Fourth Avenue, City of Seattle, State of Washington 98121 (the "Building"), the legal description of which is:

Lots 3, 4, 5, 6, 7 and 8, Block 35, Bell and Denny's Second
Addition to City of Seattle.

Suites 1050 and 1200

* Rentable square footage stated above is an estimate of the rentable square footage and is deemed to be the correct square footage of the Premises and is based on the Building Owners and Managers Association Standard Method for Measuring Area in Office Buildings (ANSI/BOMA Z65.1-1996).

2. TERM, Lessor represents that it has entered into and given Lessee a true, correct and complete copy of a lease termination agreement with LifeSpan BioSciences, Inc., a Washington corporation ("LifeSpan"), the current tenant in the Premises, which provides that LifeSpan's lease of the Premises (the "Current Lease") shall terminate and LifeSpan shall vacate the Premises as follows: (i) LifeSpan will vacate and the Current Lease shall terminate as to the portion of the tenth (10th) floor included in the Premises on May 15, 2003, (ii) LifeSpan will vacate and the Current Lease shall terminate as to the south half of the twelfth (12th) floor of the Premises by June 1, 2003 and (iii) LifeSpan will vacate and the Current Lease shall terminate as to the north half of the twelfth (12th) floor of the Premises by August 15, 2003 (each of May 15, 2003, June 1, 2003 and August 15, 2003 being a "Delivery Date" as to the applicable portion of the Premises). Lessor shall deliver possession of the applicable portion of the Premises to Lessee on each Delivery Date in good, vacant, broom clean condition, with all building systems in good working order and in compliance with all laws, with all systems and equipment operated therein properly decontaminated and decommissioned and with the roof water tight and otherwise in the condition as of the date of this Lease. Tenant's acceptance of the Premises shall not be deemed a waiver of Tenant's right to have defects in the Premises repaired at no cost to Tenant. Tenant shall give notice to Landlord whenever any such defect becomes reasonably apparent, and Landlord shall repair such defect as soon as practicable. Landlord shall use commercially reasonable efforts to enforce the provisions of such lease termination agreement against LifeSpan and to deliver the Premises to Lessee on the dates and in the condition set forth above, including, without limitation, commencing appropriate unlawful detainer and/or eviction proceedings against LifeSpan.

The term of this lease shall be for a period of eighty-four (84) months, commencing on October 1, 2003 (the "Commencement Date"); provided, however, that the Commencement Date shall be delayed by one (1) calendar day for each calendar day that (i) delivery of the applicable portion of the Premises in the required condition is delayed beyond the applicable Delivery Date as set forth above and (ii) substantial completion of the Tenant Improvements is delayed due to Lessor's delay, force majeure,

the presence of Hazardous Materials in the Building or any work required to bring the Building into compliance with laws except for compliance with laws exclusive to Lessee's Tenant Improvements other than general laboratory improvements. Notwithstanding anything to the contrary herein, if the Commencement Date is delayed for any of the foregoing reasons for more than thirty (30) calendar days, then in addition to Lessee's other rights or remedies, Lessee may terminate this Lease by written notice to Lessor, whereupon any monies previously paid by Lessee to Lessor shall be reimbursed to Lessee, or, at Lessee's election, the date Lessee is otherwise obliged to commence payment of rent shall be delayed by one additional calendar day for each calendar day that the Commencement Date is delayed beyond such date.

Upon each Delivery Date, Lessee shall have the right to occupy the applicable portion of the Premises for purposes of the construction of the initial Tenant Improvements or otherwise. Such occupancy shall be subject to all of the terms of this Lease except the obligation to pay Rent and shall not advance the Commencement Date.

In the event the Premises are not ready for occupancy on the date set forth above, whether occasioned by Lessor or Lessee, the lease term shall be extended in such a manner as to reflect the delay occasioned by the failure of the Premises to be ready for occupancy. In no event shall Lessor or Lessee be liable for any further damages.

3. RENT, Lessee covenants and agrees to pay Lessor rent each month in advance on the first day of each calendar month during the Lease Term in the amount of $63,270 per month. Rent for any fractional calendar month, at the beginning or end of the term, shall be the pro rated portion of the rent computed on an annual basis. Lessor and Lessee agree that Lessee has designated portions of the Premises identified on Exhibit A attached hereto consisting in the aggregate of 3,000 rentable square feet as "space pockets" (the "Space Pockets"). The Space Pockets may be occupied by Lessee without the payment of Rent for the purpose of constructing the Tenant Improvements and thereafter for the purpose of storing furniture, equipment and other personal property; however, in the event that Lessee's employees occupy all or any portion of the Space Pockets for the purpose of conducting Lessee's business therein, then Lessee shall commence payment of Rent for the portions of such Space Pockets so occupied at the rate of thirty-six dollars ($36.00) per square foot per year. Notwithstanding the foregoing, (i) on the first day of the thirteenth (13th) month of the Lease term, Lessee shall commence the payment of Rent at the rate of thirty-six dollars ($36.00) per square foot per year as to fifteen hundred rentable square feet of the Space Pockets, less any portion of the Space Pockets that Lessee has previously occupied and commenced the payment of Rent as of such date and (ii) on the first day of the twenty-fifth (25th) month of the Lease term, Lessee shall commence the payment of Rent at the rate of thirty-six dollars ($36.00) per square foot per year as to the remaining fifty percent (50%) of the rentable square footage of the Space Pockets, and thereafter there shall be no further Space Pockets in the Premises.

4. CONSIDERATION, Lessee has this date paid to Lessor the sum of $126,540 (as prepayment for the first and second month's rent), receipt of which is hereby acknowledged. So long as Lessee is not in default of its obligations under the terms and conditions of this lease as of the first day of each of the first and second months of the Lease Term, an amount equal to $63,270 (fifty percent of such sum) shall be credited to the first and second month's rental due under this lease.

5. USES, Lessee agrees that Lessee will use and occupy said Premises for general offices, laboratory, research and development uses and a rodent research laboratory and related purposes only and for no other purposes, without Lessor's prior written consent (the "Permitted Use").

6. RULES AND REGULATIONS, Lessee and their agents, employees, servants or those claiming under Lessee will at all times observe, perform and abide by all of the Rules and Regulations printed on this instrument, or which may be hereafter promulgated by Lessor, all of which it is covenanted and agreed by the parties hereto shall be and are hereby made a part of this lease. Notwithstanding anything to the contrary herein, Lessee shall not be required to comply with any new rule or regulation unless the same applies non-discriminatorily to all occupants of the Building, does not unreasonably interfere with Lessee's use of the Premises or Lessee's parking rights and does not materially increase the obligations or decrease the rights of Lessee under this Lease.

7. CARE AND SURRENDER OF PREMISES, Lessee shall take good care of the Premises and shall promptly make all necessary repairs except those required herein to be made by Lessor. At the expiration or sooner termination of this lease, Lessee, without notice, will immediately and peacefully quit and surrender the Premises in good order, condition and repair (damage by reasonable wear, the elements, fire, casualties, condemnation, Hazardous Materials (other than those released or emitted by Lessee), and alterations or other interior improvements which it is permitted to surrender at the termination of the Lease, excepted). Lessee shall be responsible for removal of all personal property from the Premises, (excepting fixtures being that which is attached to the Premises, and property of the Lessor) including, but not limited to, the removal of Lessee's communication cabling, telephone equipment and signage. Lessee shall be responsible for repairing any damage to the Premises caused by such removal. If Lessee fails to remove and restore the Premises at lease expiration, then Lessor shall have the right to remove said property and restore the Premises and Lessee shall be responsible for all costs associated therewith. Lessee shall also be responsible for those costs incurred by Lessor for removing debris Lessee may discard in the process of preparing to vacate the Premises and for a final cleaning of the Premises, including, but not limited to, the cleaning, or replacement of carpets if damage is not caused by reasonable wear, and removal and disposal of Lessee's personal property remaining in the Premises.

8. ALTERATIONS, Lessee shall not make any alterations or improvements in, or additions to said Premises ("Alterations") without first obtaining the written consent of Lessor, whose consent shall not be unreasonably withheld; provided however, that if Lessor has not granted or denied its consent to any such proposed Alterations within five (5) business days after its receipt of Lessee's written request for such approval, then Lessor shall be deemed to have approved such Alterations. All such alterations, additions and improvements shall be at the sole cost and expense of Lessee and shall become the property of Lessor and shall remain in and be surrendered with the Premises as a part thereof at the termination of this lease, without disturbance, molestation or injury. Notwithstanding anything to the contrary herein, (a) Alterations and Lessee's trade fixtures, furniture, equipment and other personal property installed in the Premises (except for any of the foregoing paid for with the proceeds of the Allowance) ("Lessee's Property") shall at all times be and remain Lessee's property, (b) except for Alterations which cannot be removed without structural injury to the Premises, at any time Lessee may remove Lessee's Property from the Premises, provided that Lessee repairs all damage caused by such removal, (c) Lessor shall have no lien or other interest in any item of Lessee's Property and (d) Lessor shall have no right to require Lessee to remove any alterations unless it notifies Lessee at the time it consents (or is deemed to have consented) to such alteration that it shall require such alteration to be removed.

9. RESTRICTIONS, Lessee will not use or permit to be used in said Premises anything that will increase the rate of insurance on said building or any part thereof (except for the Permitted Use), nor anything that may be dangerous to life or limb; nor in any manner deface or injure said building or any part thereof; nor overload any floor or part thereof; nor permit any objectionable noise or odor to escape or to be emitted from said Premises, or do anything or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenant or occupant of any part of said building. Lessee, at Lessee's expense, will comply with all health, fire and police regulations respecting said Premises. The Premises shall not be used for lodging or sleeping, and no animals or birds will be allowed in the building (except as permitted under the Permitted Use). Notwithstanding anything to the contrary herein, Lessee shall not be required to comply with or cause the Premises to comply with any laws, rules or regulations requiring the construction of alterations unless such compliance is necessitated solely due to Lessee's particular use of the Premises.

10. WEIGHT RESTRICTIONS, Safes, furniture or bulky articles may be moved in or out of said Premises only at such hours and in such manner as will least inconvenience other tenants, which hours and manner shall be at the discretion of Lessor. No safe or other article of over 2,000 pounds shall be moved into said Premises without the consent of Lessor, whose consent shall not be unreasonably withheld, and Lessor shall have the right to locate the position of any article of weight in said Premises if Lessor so desires.

11. SIGN RESTRICTION, No sign, picture, advertisement or notice shall be displayed, inscribed, painted or affixed to any of the glass or woodwork of the building without the prior approval of Lessor. Notwithstanding the foregoing, Lessor shall install, at Lessor's cost and expense, appropriate building standard signage identifying Lessee's name at all entry level building directories, and on the suite door(s) or entryway(s).

12. LOCKS, No additional locks shall be placed upon any doors of the Premises. Keys will be furnished to each door lock. At the termination of the lease, Lessee shall surrender all keys to the Premises whether paid for or not.

13. KEY, Lessor, his janitor, engineer or other agents may retain a pass key to said Premises to enable him to examine the Premises from time to time with reference to any emergency or to the general maintenance of said Premises. Notwithstanding anything to the contrary herein, Lessor and Lessor's agents, except in the case of emergency, shall provide Lessee with one (1) business day notice prior to entry of the Premises. Any entry by Lessor and Lessor's agents shall not impair Lessee's operations more than reasonably necessary, and shall comply with Lessee's reasonable security measures, all applicable laws and regulations and all of Lessee's policies and procedures, including, without limitation, all posted notices and instructions.

14. TELEPHONE SERVICE, If Lessee desires telephonic or any other electric connection, Lessor will direct the electricians as to where and how the wires are to be introduced, and without such directions no boring or cutting for wires in installation thereof will be permitted.

15. SERVICES, Lessor shall maintain Premises and the public and common areas of building, such as lobbies, stairs, corridor and restrooms, in reasonably good order and condition except for damage occasioned by the act of Lessee. Notwithstanding anything to the contrary herein, Lessor shall perform and construct, and Lessee shall have no responsibility to perform or construct, any repair, maintenance or improvements (a) necessitated by the acts or omissions of Lessor or any other occupant of the Building, or their respective agents, employees or contractors, (b) for which Lessor has a right of reimbursement from others, (c) to the structural portions of the Premises, (d) which could be treated as a "capital expenditure" under generally accepted accounting principles, (e) to the heating, ventilating, air conditioning, electrical, water, sewer, and plumbing systems serving the Premises and the Building; provided, however, that Lessee shall obtain a one (1) year warranty on any Tenant Improvements made to such systems, and (f) to any portion of the Building outside of the demising walls of the Premises. Notwithstanding the foregoing, Lessee shall pay for its share of the repairs described in subsections (d) – (f) to the extent such costs are properly included in Operating Services.

Lessor shall furnish Premises with electricity for lighting and operation of low power usage office machines, laboratory machines up to a maximum amount of 4.5 watts per square foot per year, heat, normal office and laboratory air-conditioning, and elevator services, during the ordinary business hours of the building. Air-conditioning units and electricity therefore for special air-conditioning requirements, such as for computer centers, shall be at Lessee's expense. Lessor shall also provide lighting replacement for Lessor furnished lighting, toilet room supplies, window washing with reasonable frequency, and customary janitor service. Lessor shall provide all services, which are normally provided in similar office buildings in the general area in a first class and a cost efficient manner. Lighting and HVAC shall be provided without additional charge between the hours of 7 a.m. to 7 p.m., Monday through Friday and between 7 a.m. to 1 p.m., Saturdays throughout the year except Christmas Day, Thanksgiving, New Year's Day, Memorial Day, Independence Day and Labor Day. Any after hour services, which Lessee requires, will be provided upon request at Lessee's cost. There shall be no Lessor profit or mark up on such after-hours services, although Lessor may have a right to pass through actual electricity costs due to Lessee's excessive use of the electricity, water or HVAC.

Lessor shall not be liable to Lessee for any loss or damage caused by or resulting from any variation, interruption or any failure of said services due to any cause whatsoever. No temporary interruption or failure of such services incident to the making of repairs, alterations, or improvements, or due to accident or strike or conditions or events not under Lessor's control shall be deemed as an eviction of Lessee or relieve Lessee from any of Lessee's obligations hereunder. Notwithstanding anything to the contrary herein, if the Premises should become not reasonably suitable for Lessee's use as a consequence of cessation of utilities or other services, interference with access to the Premises, legal restrictions or the presence of any Hazardous Material which does not result from Lessee's release or emission of such Hazardous Material, and in any of the foregoing cases the interference with Lessee's use of the Premises persists for fifteen (15) calendar days, then Lessee shall be entitled to an equitable abatement of rent to the extent of the interference with Lessee's use of the Premises occasioned thereby. If the interference persists for more than ninety (90) calendar days, Lessee shall have the right to terminate this Lease; provided that Lessee has given Lessor at least thirty (30) calendar days prior written notice of such termination, which notice may be delivered within such ninety (90) day period.

In the event of any lack of attention on the part of Lessor and any dissatisfaction with the service of the building, or any unreasonable annoyance of any kind, Lessee is requested to make complaints at Lessor's building office and not to Lessor's employees or agents seen within the building. Lessee is further requested to remember that Lessor is as anxious as Lessee that a high grade service be maintained, and that the Premises be kept in a state to enable Lessee to transact business with the greatest possible ease and comfort. The rules and regulations are not made to unnecessarily restrict Lessee, but to enable Lessor to operate the building to the best advantage of both parties hereto. To this end Lessor shall have the right to waive from time to time such part or parts of these rules and regulations as in his judgment may not be necessary for the proper maintenance or operation of the building or consistent with good service, and may from time to time make such further reasonable rules and regulations as in his judgment may be needed for the safety, care and cleanliness of the Premises and the building and for the preservation of order therein.

16. SOLICITORS, Lessor will make an effort to keep solicitors out of the building, and Lessee will not oppose Lessor in his attempt to accomplish this end.

17. FLOOR PLAN, The floor plan and specifications for Lessee's occupancy shall be attached hereto and marked Exhibit "A" which shall be approved by both Lessor and Lessee, both of whose approval shall not be unreasonably withheld.

18. ASSIGNMENT, Lessee will not assign this lease, or any interest hereunder without Lessor's prior written consent, which shall not be unreasonably withheld or delayed, and this lease, or any interest hereunder, shall not be assigned by operation of law without Lessor's prior written consent, which shall not be unreasonably withheld or delayed. Lessee will not sublet said Premises or any part thereof and will not permit the use of said Premises by others other than Lessee and the agents of Lessee without first obtaining the written consent of Lessor, whose consent shall not be unreasonably withheld. In the event such written consent shall be given, no other or subsequent assignment or subletting shall be made without the previous written consent of Lessor, whose consent shall not be unreasonably withheld. Notwithstanding anything to the contrary herein, Lessee may, without Lessor's prior written consent and without constituting an assignment or sublease hereunder, sublet the Premises or assign this Lease to (a) an entity controlling, controlled by or under common control with Lessee, (b) a successor entity related to Lessee by merger, consolidation, nonbankruptcy reorganization, or government action, or (c) a purchaser of substantially all of Lessee's assets located in the Premises. A sale or transfer of Lessee's capital stock shall not be deemed an assignment, subletting or any other transfer of this Lease or the Premises.

19. OPERATING SERVICES AND REAL ESTATE TAXES, The annual base rental rate per rentable square foot in Paragraph 3 includes Lessee's proportionate share of Operating Services and Real Estate Taxes for the first twelve months of the lease term, "Base Year Costs". Only actual increases from these Base Year Costs, if any, will be passed on to Lessee on a proportionate basis.

Base Year

For computing the Base Year Costs, the base year shall be the calendar year stated herein or if a specific calendar year is not stated herein then the base year shall be the calendar year in which the lease term commences. The base year shall be the calendar year 2004.

Comparison Year

The Comparison Year(s) shall be the calendar year(s) subsequent to the base year.

Operating Services

“Operating Services” include, but are not limited to, the charges incurred by Lessor for: building operation salaries, benefits, management fee (not to exceed 5% of gross income for the building), insurance, electricity, janitorial, supplies, telephone, HVAC, repair and maintenance, window washing, water and sewer, security, landscaping, disposal, elevator, and any other service or supplies reasonably necessary to the use and operation of the premises. Operating Services shall also include the amortization cost of capital investment items and of the installation thereof, which are primarily for the purpose of safety, saving energy or reducing operating costs, or which may be required by governmental authority, (all such costs shall be amortized over the reasonable life of the capital investment item, with the reasonable life and amortization schedule being determined in accordance with generally accepted accounting principles). Notwithstanding anything to the contrary contained herein, Operating Services shall not include and Lessee shall in no event have any obligation to perform or to pay directly, or to reimburse Lessor for, all or any portion of the following repairs, maintenance, improvements, replacements, premiums, claims, losses, fees, charges, costs and expenses (collectively, “costs”):

(i) real estate taxes

(ii) legal fees, auditing fees, brokerage commissions, advertising costs, or other related expenses incurred by Lessor in an effort to generate rental income;

(iii) repairs, alterations, additions, improvements, or replacements made to rectify or correct any defect in the original design, materials or workmanship of the building or common areas (but not including repairs, alterations, additions, improvements or replacements made as a result of ordinary wear and tear);

(iv) damage and repairs and other costs attributable to fire or other casualty or condemnation;

(v) damage and repairs necessitated by the negligence or willful misconduct of Lessor, Lessor’s employees, contractors or agents;

(vi) executive salaries and the salaries of other employees of Lessor to the extent that such services are not in connection with the management, operation, repair or maintenance of the Building;

(vii) Lessor’s general overhead expenses not related to the building;

(viii) legal fees, accountant’s fees and other expenses incurred in connection with disputes with tenants or other occupants of the building or associated with the enforcement of the terms of any leases with tenants or the defense of Lessor’s title to or interest in the building or any part thereof unless the outcome is to the financial benefit of all tenants;

(ix) costs (including permit, license and inspection fees) incurred in renovating or otherwise improving, decorating, painting or altering (1) vacant space (excluding common areas) in the building or (2) space for tenants or other occupants in the building and costs incurred in supplying any item or service to less than all of the tenants in the building;

(x) costs incurred due to a violation by Lessor or any other tenant of the building of the terms and conditions of a lease or other agreement;

(xi) cost of any specific service provided to Lessee or other occupants of the building for which Lessor is reimbursed (but not including Operating Services and Real Estate Tax increases above Base Year Costs to the extent reimbursed Lessor) or any other expense for which Lessor is or will be reimbursed by another source (i.e., expenses covered by insurance or warranties);

(xii) costs and expenses which could be capitalized under generally accepted accounting principles, with the exception of the capital investment items specified hereinabove;

(xiii) building management fees in excess of the management fees specified hereinabove;

(xiv) cost incurred with owning and/or operating the parking lot(s) serving the building by independent parking operator(s).

(xv) fees paid to Lessor or any affiliate of Lessor for goods or services in excess of the fees that would typically be charged by unrelated, independent persons or entities for similar goods and services;

(xvi) rent called for under any ground lease or master lease;

(xvii) principal and/or interest payments and other charges called for under any debt secured by a mortgage or deed of trust on the building;

(xviii) costs occasioned by the act, omission or violation of any law by Lessor, any other occupant of the Building, or their respective agents, employees or contractors;

(xix) costs to comply with any covenant, condition, restriction, underwriter's requirement or law applicable to the Building on the Commencement Date;

(xx) insurance Costs for coverage not customarily paid by tenants of similar projects in the vicinity of the Premises, earthquake insurance premiums (unless required by Lessor's lender), increases in insurance Costs caused by the activities of another occupant of the Building, insurance deductibles, and co-insurance payments;

(xxi) costs incurred in connection with the presence of any Hazardous Material, except to the extent caused by the release or emission of the Hazardous Material in question by Lessee;

(xxii) expense reserves; and

(xxiii) costs of structural repairs to the Building.

Operating Services that vary with occupancy shall be adjusted for the Base Year and all Comparison Year(s) to reflect the greater of actual occupancy or 95% occupancy.

Real Estate Taxes

Real Estate Taxes shall be the taxes paid by Lessor in the base year and each respective Comparison Year. Real Estate Taxes shall be a separate category and shall be treated as such. "Real Estate Taxes" shall not include and Lessee shall not be required to pay any portion of any tax or assessment expense or any increase therein (a) in excess of the amount which would be payable if such tax or assessment expense were paid in

installments over the longest permitted term; (b) imposed on land and improvements other than the Building; (c) attributable to Lessor's net income, inheritance, gift, transfer, estate or state taxes; or (d) resulting from a change of ownership or transfer of any or all of the Building or the improvement of any of the Building for the sole use of other occupants.

Proportionate Basis

Lessee's share of Base Year and Comparison Year(s) Costs shall be a fraction, the numerator of which shall be the number of rentable square feet contained in the leased Premises (see Paragraph 1) and the denominator of which shall be the number of rentable square feet in the building in which the leased Premises are located (196,342/RSF).

Computation of Adjustments to Comparison Year Costs

Any adjustment to Comparison Year Costs will commence to occur in Month 13 of the lease term with subsequent adjustments commencing every twelve months of the lease term or in Months 25, 37, 49, etc. as appropriate under the lease term. Lessee shall be responsible for any increase between Lessee's proportionate share of Base Year Costs and Lessee's proportionate share of each respective Comparison Year(s) Costs. These costs shall be initially calculated based on estimated (projected) costs with reconciliation to actual costs when annual audited numbers are completed. For the purpose of calculating projected increases over Comparison Year Costs, Lessor shall review historical data to predict if any estimated increases would be anticipated in a Comparison Year(s). If they are, then commencing in Month 13 and/or every twelve month period thereafter, Lessor will assess a monthly charge to be paid together with monthly base rent. Once actual cost data for Comparison Year(s) Real Estate Taxes and Operating Services for the entire building is formulated in accordance with generally accepted accounting principles and adjusted (to the extent such costs vary with occupancy) to the greater of actual occupancy or 95% occupancy, then Lessee's estimated pass-through costs shall be corrected with Lessee or Lessor, as appropriate, reimbursing the other for the difference between the estimated and actual costs, at that time in a lump sum payment. Lessee or its authorized representative shall have the right to inspect the books of Lessor in Lessor's own office and with reasonable prior written notice to Lessor, for the purpose of verifying Lessor's determination of Operating Services and Real Estate Taxes.

Upon termination of this lease, the amount of any corrected amount between estimated and actual costs with respect to the final comparison year shall survive the termination of the lease and shall be paid to Lessee or Lessor as appropriate within thirty (30) calendar days after final reconciliation.

Computation of or adjustment to Operating Services and/or Real Estate Taxes pursuant to this paragraph or to rent pursuant to Paragraph 3 shall be computed based on a three hundred sixty-five (365) day year.

Lessee shall have no obligation to pay the cost of any Real Estate Taxes or Operating Services of a type not also included in the 2004 actual Real Estate Taxes or the 2004 actual Operating Services. If the 2004 actual Real Estate Taxes or the 2004 actual Operating Services are not based on a fully leased Building, then such amounts shall be increased to reflect a 95% leased Building.

For an example, see Exhibit B attached hereto.

20. ADDITIONAL TAXES OR ASSESSMENTS, Should there presently be in effect or should there be enacted during the term of this Lease, any law, statute or ordinance levying any assessments or any tax upon the leased premises other than federal or state income taxes that are included in "Real Property Taxes", Lessee shall reimburse Lessor for Lessee's proportionate share of said expenses at the same time as rental payments.

21. LATE PAYMENTS, Any payment, required to be made pursuant to this Lease, not made on the date the same is due shall bear interest at a rate equal to three percent (3%) above the prime rate of interest charged from time to time by Bank of America, or its successor.

In addition to any interest charged herein, a late charge of five percent (5%) of the payment amount shall be incurred for payments received more than five (5) calendar days late.

22. RISK, All personal property of any kind or description whatsoever in the demised Premises shall be at Lessee's sole risk. Lessor shall not be liable for any damage done to or loss of such personal property or damage or loss suffered by the business or occupation of the Lessee arising from any acts or neglect of co-tenants or other occupants of the building, or of Lessor or the employees of Lessor, or of any other persons, or from bursting, overflowing or leaking of water, sewer or steam pipes, or from the heating or plumbing or sprinklering fixtures, or from electric wires, or from gas, or odors, or caused in any other manner whatsoever except in the case of negligence on the part of Lessor. Lessee shall keep in force throughout the term of this lease such casualty, general liability and business interruption insurance as a prudent tenant occupying and using the Premises would keep in force. Lessor shall maintain all-risk property insurance during the Lease term in an amount equal to the full replacement value of the Building.

23. INDEMNIFICATION, Lessee will defend, indemnify and hold harmless Lessor from any claim, liability or suit including attorney's fees on behalf of any person, persons, corporations and/or firm for any injuries or damages occurring in or about the said Premises or on or about the sidewalk, stairs, or thoroughfares adjacent thereto to the extent such damages or injury was caused or partially caused by the ordinary or gross negligence or intentional act of Lessee and/or by Lessee's agents, employees, servants, customers or clients. Notwithstanding anything to the contrary herein, Lessor shall not be released or indemnified from, and shall indemnify, defend, protect and hold harmless Lessee from, all losses, damages, liabilities, claims, attorneys' fees, costs and expenses arising from the negligence or willful misconduct of Lessor or its agents, contractors, licensees or invitees, Lessor's violation of any law, order or regulation, or a breach of Lessor's obligations or representations under this Lease.

24. WAIVER OF SUBROGATION, Notwithstanding anything to the contrary herein, Lessee and Lessor do hereby release and relieve each other and their respective agents, employees, successors, assignees and sublessees from all liability for injury to any person or damage to any property that is caused by or results from a risk which is actually insured against, which is required to be insured against under this Lease, or which would normally be covered by all risk property insurance. All of Lessor's and Lessee's repair and indemnity obligations under this Lease shall be subject to the waiver contained in this paragraph.

25. SUBORDINATION, This lease and all interest and estate of Lessee hereunder is subject to and is hereby subordinated to all present and future mortgages and deeds of trust affecting the Premises or the property of which said Premises are a part. Lessee agrees to execute at no expense to the Lessor, any reasonable instrument which may be deemed necessary or desirable by the Lessor to further effect the subordination of this lease to any such mortgage or deed of trust. In the event of a sale or assignment of Lessor's interest in the Premises, or in the event of any proceedings brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage or deed of trust made by Lessor covering the Premises, Lessee shall attorn to the purchaser and recognize such purchaser as Lessor. Lessee agrees to execute, at no expense to Lessor, any estoppel certificate deemed necessary or desirable by Lessor to further effect the provisions of this paragraph. Notwithstanding anything to the contrary herein, prior to the Commencement Date, Lessor shall obtain from any lenders or ground lessors of the Premises a written agreement in form reasonably satisfactory to Lessee providing for recognition of Lessee's interests under this Lease in the event of a foreclosure of the lender's security interest or termination of the ground lease. Further, the subordination of this Lease to a ground lease or instrument of security shall be conditioned upon Lessee's receipt from any such ground lessors or lenders such a recognition agreement.

26. CASUALTY, In the event the leased Premises or the said building is destroyed or injured by fire, earthquake or other casualty, then Lessor may, at Lessor's option, proceed with reasonable diligence to rebuild and restore the said Premises or such part thereof as may be injured as aforesaid, provided that within sixty (60) calendar days after such destruction or injury Lessor will notify Lessee of Lessor's intention to do so, and during the period of such rebuilding and restoration the rent shall be abated on the portion of the Premises that is unfit for occupancy. During any period of abatement of rent due to casualty or destruction of the Premises, Lessor shall use its best efforts to locate comparable space for Lessee at the fair market rate not to exceed Lessee's rental rate hereunder. Lessor shall not be liable for any consequential damages by reason of inability, after use of its best efforts, to locate alternative space comparable to the premises leased hereunder. Notwithstanding the foregoing, if the Premises are damaged by any peril and Lessor does not terminate this Lease, then Lessee shall have the option to terminate this Lease if the Premises cannot be, or are not in fact, fully restored by Lessor to their prior condition within ninety (90) calendar days after the damage. Lessor shall not have the right to terminate this Lease if the damage to the Building does not affect the Premises or is (a) due to a risk required to be insured against under Section 22 of this Lease or (b) relatively minor (e.g., repair or restoration would cost less than ten percent (10%) of the replacement cost of the Building). Whenever Rent is to be abated under this Lease, all Rent and additional rent shall be equitably abated based upon the extent to which Lessee's use of the Premises is diminished.

27. INSOLVENCY, If Lessee becomes insolvent, or makes a general assignment for the benefit of creditors, or a receiver is appointed for the business or property of Lessee, or a petition is filed in a court of competent jurisdiction to have Lessee adjudged bankrupt, then Lessor may at Lessor's option terminate this lease. Said termination shall reserve unto Lessor all of the rights and remedies available under Paragraph 28 ("Default") hereof, and Lessor may accept rents from such assignee or receiver without waiving or forfeiting said right of termination.

28. DEFAULT, If this lease is terminated in accordance with any of the terms herein (with the exception of Paragraphs 2, 15, 26 or 27), or if Lessee vacates or abandons the Premises or if Lessee shall fail at any time to keep or perform any of the covenants or conditions of this lease, i.e. specifically the covenant for the payment of monthly rent, then, and in any of such events Lessor may with or without notice or demand, at Lessor's option, and without being deemed guilty of trespass and/or without prejudicing any remedy or remedies which might otherwise be used by Lessor for arrearages or preceding breach of covenant or condition of this lease, enter into and repossess said Premises and expel the Lessee and all those claiming under Lessee. In such event Lessor may eject and remove from said Premises all goods and effects (forcibly if necessary). This lease if not otherwise terminated may immediately be declared by Lessor as terminated. The termination of this lease pursuant to this Article shall not relieve Lessee of its obligations to make the payments required herein. In the event this lease is terminated pursuant to this Article, or if Lessor enters the Premises without terminating this lease and Lessor relets all or a portion of the Premises, Lessee shall be liable to Lessor for all the costs of reletting, including necessary renovation and alteration of the leased Premises. Lessee shall remain liable for all unpaid rental which has been earned plus late payment charges pursuant to Paragraph 21 and for the remainder of the term of this lease for any deficiency between the net amounts received following reletting and the gross amounts due from Lessee, or if Lessor elects, Lessee shall be immediately liable for all rent and additional rent (Paragraph 19) that would be owing to the end of the term, less any rental loss Lessee proves could be reasonably avoided, which amount shall be discounted by the discount rate of the Federal Reserve Bank, situated nearest to the Premises, plus one percent (1%). Waiver by the Lessor of any default, monetary or non-monetary, under this Lease shall not be deemed a waiver of any future default under the Lease. Acceptance of rent by Lessor after a default shall not be deemed a waiver of any defaults (except the default pertaining to the particular payment accepted) and shall not act as a waiver of the right of Lessor to terminate this Lease as a result of such defaults by an unlawful detainer action or otherwise. Notwithstanding anything to the contrary herein, Lessee shall not be deemed to be in default, nor shall any late charge be imposed, on account of Lessee's failure to (a) pay money to Lessor, unless such failure to pay continues for five (5) calendar days after Lessee's actual receipt of written notice of the delinquency or (b) perform any other

covenant of this Lease, unless such failure continues after Lessee's actual receipt of written notice for a period of thirty (30) calendar days or such longer time as may reasonably be required to cure the default. Notwithstanding anything to the contrary herein, Lessee shall not be in default of this Lease solely because it abandons or vacates the Premises, or as a consequence of the filing of an involuntary bankruptcy petition, the appointment of a receiver, the attachment of any interest in this Lease or of Lessee's other assets or the exercise by any third party of any other remedy with respect to Lessee, Lessee's interest in this Lease or Lessee's other assets, unless the petition, receiver, attachment or other remedy is not discharged within sixty (60) calendar days. Notwithstanding anything to the contrary herein, (a) Lessor shall use its best efforts to mitigate any damages resulting from any default by Lessee, and Lessee shall not in any event be liable for any damages reasonably mitigable by Lessor and (b) Lessor waives any right of distraint, distress for rent or Lessor's lien that may arise at law.

29. BINDING EFFECT, The parties hereto further agree with each other that each of the provisions of this lease shall extend to and shall, as the case may require, bind and inure to the benefit, not only of Lessor and Lessee, but also of their respective heirs, legal representatives, successors and assigns, subject, however, to the provisions of Paragraph 18 of this lease.

It is also understood and agreed that the terms "Lessor" and "Lessee" and verbs and pronouns in the singular number are uniformly used throughout this lease regardless of gender, number or fact of incorporation of the parties hereto. The typewritten riders or supplemental provisions, if any, attached or added hereto are made a part of this lease by reference. It is further mutually agreed that no waiver by Lessor of a breach by Lessee of any covenant or condition of this lease shall be construed to be a waiver of any subsequent breach of the same or any other covenant or condition.

30. HOLDING OVER, If Lessee holds possession of the Premises after term of this lease, Lessee shall be deemed to be a month-to-month tenant upon the same terms and conditions as contained herein, except monthly base rent which shall be one hundred twenty-five percent (125%) of the monthly base rent hereunder. During month-to-month tenancy, Lessee acknowledges Lessor will be attempting to relet the Premises. Lessee agrees to cooperate with Lessor and Lessee further acknowledges Lessor's statutory right to terminate the lease with proper notice.

31. ATTORNEY'S FEES, If any legal action is commenced to enforce any provision of this lease, the prevailing party shall be entitled to an award of reasonable attorney's fees and disbursements.

32. NO REPRESENTATIONS, The Lessor has made no representations or promises except as contained herein or in some future writings signed by Lessor.

33. QUIET ENJOYMENT, So long as Lessee pays the rent and performs the covenants contained in this lease, Lessee shall hold and enjoy the Premises peaceably and quietly, subject to the provisions of this lease.

34. RECORDATION, Lessee shall not record this lease without the prior written consent of Lessor. However, at the request of Lessor, both parties shall execute a memorandum or "short form" of this lease for the purpose of recordation in a form customarily used for such purpose. Said memorandum or short form of this lease shall describe the parties, the Premises and the lease term, and shall incorporate this lease by reference.

35. MUTUAL PREPARATION OF LEASE, It is acknowledged and agreed that this lease was prepared mutually by both parties. In the event of ambiguity, it is agreed by both parties that it shall not be construed against either party as the drafter of this lease.

36. GOVERNING LAW, This lease shall be governed by, construed and enforced in accordance with the laws of the State of Washington.

37. NOTICES, Unless at least five (5) calendar days' prior written notice is given in the manner set forth in this paragraph, the address of each party shall be that address set forth below their signatures at the end of this Lease. All notices, demands or communications in connection with this Lease shall be personally delivered or properly addressed and deposited in the mail (certified, return receipt requested, and postage prepaid). Notices shall be deemed delivered (a) upon receipt, if personally delivered, or (b) three (3) business days after mailing, if mailed as set forth above.

38. ENVIRONMENTAL, To the best knowledge of Lessor, (a) no Hazardous Material is present in the Building or the soil, surface water or groundwater thereof, (b) no underground storage tanks are present on the Building, and (c) no action, proceeding or claim is pending or threatened regarding the Building concerning any Hazardous Material or pursuant to any environmental law. Under no circumstance shall Lessee be liable for, and Lessor shall indemnify, defend, protect and hold harmless Lessee, its agents, contractors, stockholders, directors, successors, representatives, and assigns from and against, all losses, costs, claims, liabilities and damages (including attorneys' and consultants' fees) of every type and nature, directly or indirectly arising out of or in connection with any Hazardous Material present at any time in or about the Building, or the soil, air, improvements, groundwater or surface water thereof, or the violation of any laws, orders or regulations, relating to any such Hazardous Material, except to the extent that any of the foregoing actually results from the release or emission of Hazardous Material by Lessee or its agents or employees in violation of applicable environmental laws. "Hazardous Material" shall mean any material which is now or hereafter regulated by any governmental authority which poses a hazard to the environment or human health. This section constitutes the entire agreement of Lessor and Lessee regarding Hazardous Materials. No other provision of this Lease shall be deemed to apply thereto.

39. APPROVALS, Whenever this Lease requires an approval, consent, determination, selection or judgment by either Lessor or Lessee, unless another standard is expressly set forth, such approval, consent, determination, selection or judgment and any conditions imposed thereby shall be reasonable and shall not be unreasonably withheld or delayed and, in exercising any right or remedy hereunder, each party shall at all times act reasonably and in good faith.

40. REASONABLE EXPENDITURES, Any expenditure by a party permitted or required under this Lease, for which such party demands reimbursement from the other party, shall be limited to the fair market value of the goods and services involved, shall be reasonably incurred, and shall be substantiated by documentary evidence available for inspection and review by the other party.

41. LESSOR'S DEFAULT, In the event Lessor fails to perform any of its obligations under this Lease and (except in case of emergency posing an immediate threat to persons or property, in which case no prior notice shall be required) fails to cure such default within thirty (30) calendar days after written notice from Lessee specifying the nature of such default where such default could reasonably be cured within said thirty (30) day period, or fails to commence such cure within said thirty (30) day period and thereafter continuously with due diligence prosecute such cure to completion where such default could not reasonably be cured within said thirty (30) day period, then Lessee may, in addition to its other remedies, cure any default of Lessor at Lessor's cost and deduct the reasonable cost of such cure from rent.

42. EXTENSION OPTION, Lessor hereby grants to Lessee two (2) option(s) (the "Extension Option(s)") to extend the term of this Lease, each for an additional term of five (5) years, commencing when the then-existing term expires, upon the terms and conditions set forth in this Paragraph. Lessee may exercise such option by giving Lessor written notice of its intention not less than six (6) months prior to the expiration of the then-existing term of this Lease. If the Extension Options are exercised, the basic rent for the Premises shall become the then current fair market monthly rent ("Market Rate") for the Premises as of the commencement date of the applicable extended term taking into account that there will be no free rent, no real estate fees paid by Lessor and no tenant improvement allowances or other concessions and excluding any value that may be attributable to the improvements installed in the Premises at Lessee's cost, as determined by the agreement of the parties or, if the parties cannot

agree within sixty (60) calendar days prior to the commencement of such extended term, then by an appraisal. All other terms and conditions contained in this Lease, as the same may be amended from time to time by the parties in accordance with the provisions of this Lease, shall remain in full force and effect and shall apply during the Extension Option term. If it becomes necessary to determine the Market Rate by appraisal, real estate appraiser(s), all of whom shall be Members of the Appraisal Institute and who have at least five (5) years experience appraising research, development and office space located in the vicinity of the Premises shall be appointed and shall act in accordance with the following procedures:

(i) If the parties are unable to agree on the Market Rate within the allowed time, either party may demand an appraisal by giving written notice to the other party, which demand to be effective must state the name, address and qualifications of an appraiser selected by the party demanding an appraisal (the "Notifying Party"). Within ten (10) calendar days following the Notifying Party's appraisal demand, the other party (the "Non-Notifying Party") shall either approve the appraiser selected by the Notifying Party or select a second properly qualified appraiser by giving written notice of the name, address and qualification of such appraiser to the Notifying Party. If the Non-Notifying Party fails to select an appraiser within the ten (10) day period, the appraiser selected by the Notifying Party shall be deemed selected by both parties and no other appraiser shall be selected. If two appraisers are selected, they shall select a third appropriately qualified appraiser. If the two appraisers fail to select a third qualified appraiser, the third appraiser shall be appointed by the then presiding judge of the county where the Premises are located upon application by either party.

(ii) If only one appraiser is selected, that appraiser shall notify the parties in simple letter form of its determination of the Market Rate within fifteen (15) calendar days following his selection, which appraisal shall be conclusively determinative and binding on the parties as the appraised Market Rate. If multiple appraisers are selected, the appraisers shall meet not later than ten (10) calendar days following the selection of the last appraiser. At such meeting the appraisers shall attempt to determine the Market Rate as of the commencement date of the extended term by the agreement of at least two (2) of the appraisers. If two (2) or more of the appraisers agree on the Market Rate at the initial meeting, such agreement shall be determinative and binding upon the parties hereto and the agreeing appraisers shall, in simple letter form executed by the agreeing appraisers, forthwith notify both Lessor and Lessee of the amount set by such agreement. If multiple appraisers are selected and two (2) appraisers are unable to agree on the Market Rate, all appraisers shall submit to Lessor and Lessee an independent appraisal of the Market Rate in simple letter form within twenty (20) calendar days following appointment of the final appraiser. The parties shall then determine the Market Rate by averaging the appraisals; provided that any high or low appraisal, differing from the middle appraisal by more than ten percent (10%) of the middle appraisal, shall be disregarded in calculating the average.

(iii) If only one appraiser is selected, then each party shall pay one-half of the fees and expenses of that appraiser. If three appraisers are selected, each party shall bear the fees and expenses of the appraiser it selects and one-half of the fees and expenses of the third appraiser.

(iv) Notwithstanding anything to the contrary contained in this section, if the rent during any extended term is determined by appraisal and if Lessee does not, in its sole discretion, approve the rental amount established by such appraisal, Lessee may rescind its exercise of the Extension Option by giving Lessor written notice of such election to rescind within ten (10) calendar days after receipt of all appraisals. If Lessee rescinds its exercise of the Extension Option, then (a) the Lease shall terminate on the thirtieth (30th) calendar day after Lessee's notice of rescission or on the date the Lease would have otherwise terminated absent Lessee's exercise of the Extension Option, whichever date is later; and (b) Lessee shall pay all costs and expenses of the appraisal.

43. PARKING, Lessor shall provide Lessee the right to use up to seventeen (17) parking spaces (11 spaces inside the parking garage and 6 spaces outside the parking garage) at the market rate for the duration of the Lease term in the parking facility adjacent to the Building. Lessor represents that the current charge for parking is $170 per space inside the parking garage and $160 per space outside the parking garage. Lessor shall not oversubscribe parking for the Building.

44. SECURITY, The Building is accessible between the hours of 7:00 a.m. and 6:00 p.m., Monday through Friday, excepting holidays. At all other times, the Building is locked, but can be accessed with Lessee card keys.

45. BROKERS, Lessor shall execute a separate agreement with Colliers International ("Tenant's Broker"), providing for a commission based on a percentage "market fee." This commission shall be paid by Lessor to Tenant's Broker together with any other commissions due and payable in connection with the execution of this Lease.

46. LESSEE'S RIGHT OF FIRST OFFER, If any space in floors two (2), ten (10) and eleven (11) of the Building becomes available (the "Expansion Space"), then Lessor shall notify Lessee of the terms on which Lessor is willing to lease the Expansion Space (the "Right of First Offer"). If Lessee, within five (5) business days after receipt of Lessor's written notice indicates in writing its agreement to lease the Expansion Space on the terms stated in Lessor's notice, then Lessor shall lease to Lessee and Lessee shall lease from Lessor the Expansion Space on the terms stated in Lessor's notice. If Lessee does not indicate in writing its agreement to lease the Expansion Space on the terms contained in Lessor's notice within said five (5) business day period, the Lessor thereafter shall have the right to lease the Expansion Space to a third party on the same terms stated in Lessor's notice. If Lessor does not lease the Expansion Space within ninety (90) calendar days after the expiration of said five (5) business day period, any further transaction shall be deemed a new determination by Lessor to lease the Expansion Space and the provisions of this paragraph shall again be applicable. Lessee's Right of First Offer shall be continuous during the term of this Lease and any extension thereof. Lessee's rejection of any particular offer shall not relieve Lessor of its obligation to again offer any Expansion Space to Lessee at any time that the Expansion Space subsequently becomes available. This Right of First Offer is subordinate to the following existing rights: None.

47. TENANT IMPROVEMENTS, Notwithstanding anything to the contrary herein, Lessee may construct the tenant improvements (the "Tenant Improvements") described on Exhibit C attached hereto (the "Work Letter"); provided, however, that Lessor shall pay Lessee One Million Dollars ($1,000,000) (the "Allowance") for all hard and soft costs of such Tenant Improvements, including, without limitation, interior improvements, infrastructure, permits, contractor fees, architects', engineers' and consultants' fees, furniture moving and voice and cabling costs, subject to the terms and provisions of the Work Letter. Notwithstanding anything to the contrary herein, Lessee shall be entitled to surrender the Tenant Improvements upon the termination of the Lease.

48. RIGHT TO INVEST, On or about the date hereof, Lessor or its affiliate and Lessee have entered into a separate written agreement with respect to Lessor's or its affiliate's right to invest in Lessee.

IN WITNESS WHEREOF, the parties hereof have executed this lease the day and year first above written.

SELIG REAL ESTATE HOLDINGS EIGHT,
a Washington limited liability company

/s/ Martin Selig
By: Martin Selig
Its: Managing Member

"Lessor"

Address

1000 Second Ave.
#1800
Seattle WA 98104
Attn: Martin Selig

GENECRAFT, INC.,
a Delaware corporation

/s/ Johannes van Houte
By: Johannes van Houte
Its: VP, Finance & Admin

"Lessee"

Address

Prior to the Commencement Date:

GeneCraft, Inc.
601 Union Street
Suite 4200
Seattle, WA 98101
Attn: Vice President, Finance & Administration

After the Commencement Date:

GeneCraft, Inc.
2401 Fourth Avenue
Seattle, WA 98121
Attn: Vice President Finance & Administration

Attachment

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 28th day of April, 2003, before me, a Notary Public in and for the State of Washington, personally appeared MARTIN SELIG, to me known to be the Managing Member respectively, of SELIG REAL ESTATE HOLDINGS EIGHT, LLC the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument on behalf of the entity.

/s/ Jill H. Brandt
Notary Public in and for the State of Washington
Residing at: Sammamish
My commission expires: 11.8.04

STATE OF Washington)
) ss.
COUNTY OF King)

On this 29th day of April, 2003, before me, a Notary Public in and for the State of Washington, personally appeared Johannes van Houte, to me known to be the Vice President, respectively, of GENECRAFT, INC., a Delaware corporation, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument and that the seal affixed is the corporate seal of said corporation.

/s/ Crisse R. Baldwin
Notary Public in and for the State of Washington
Residing at: Bothell
My commission expires: 5/03

EXHIBIT B

EXAMPLE

The intent is to include Lessee's proportionate share of all Base Year Costs in Lessee's Annual Base Rental Rate. It is further the intent to limit adjustments to Lessee's Base Year Costs to actual increases in cost. The Operating Services that vary with occupancy are adjusted to the greater of actual occupancy or 95% occupancy for the base year to fairly establish the Base Year Costs at an equitable standard for comparison purposes. Comparison Years are similarly adjusted for purposes of fairness and equality. To prevent any confusion regarding computation of Base Year Costs, Comparison Year Costs and the adjustment of those costs to 95% occupancy, if necessary, we have set forth the following example. It is important to note that if adjustment to 95% occupancy is necessary, not all Operating Services are adjusted.

Expenses requiring adjustment are those which are 100% dependent upon the change in footage and adjust with the change in occupied footage. This category includes electricity, water/sewer, superintendent, disposal, management, janitorial supplies, window washing, repair and maintenance, HVAC maintenance, and janitorial labor.

Other expenses do not require adjustment nor are they dependent upon occupied footage change. These categories are the same whether the building is empty or full. They are, insurance, security, elevator, landscaping and telephone.

Real Estate Taxes are dependent upon independent assessment. Real Estate Taxes are not adjusted to 95%, but are established for each respective year based on the actual tax paid whether for the respective Base Year or each subsequent Comparison Year(s).

Please note the expenses noted below which are and are not adjusted and the adjustment to each expense to achieve 95% occupancy, if necessary. The method of adjusting expenses depicted in the example will be followed when adjusting actual Operating Service Expenses for both the Base Year and Comparison Year(s).

HYPOTHETICAL FACTS

Building Occupancy:	80%
Actual Base Year Costs:	$375,000
Grossed Base Year Costs to 95%:	$440,000
Actual Comparison Year Costs: (see below)	$405,440
Grossed Comparison Year Costs to 95%: (see below)	$463,080
Tenant Premises:	10,000 RSF
Building RSF:	125,000 RSF
Tenant Proportionate Basis:	10,000 ÷ 125,000 = 8%

EXAMPLE

Description	Actual Expenses	Grossed Expenses	
Percent Occupied	80.00%	95.00%	Methodology
Real Estate Taxes	$ 54,854	$ 54,854	Actual Cost
Operating Expenses			
Insurance	$ 26,595	$ 26,595	Actual Cost
Electricity	$ 69,358	$ 82,363	Adjusts with occupancy
Water & Sewer	$ 4,945	$ 5,872	Adjusts with occupancy
Security	$ 5,000	$ 5,000	Actual Cost
Elevator	$ 7,526	$ 7,526	Actual Cost
Superintendent	$ 82,869	$ 98,407	Adjusts with occupancy
Landscaping	$ 2,912	$ 2,912	Actual Cost
Disposal	$ 15,502	$ 18,409	Adjusts with occupancy
Management	$ 41,680	$ 49,495	Adjusts with occupancy
Supplies	$ 4,339	$ 5,153	Adjusts with occupancy
Window Washing	$ 1,527	$ 1,813	Adjusts with occupancy
Repairs & Maintenance	$ 24,333	$ 28,895	Adjusts with occupancy
Telephone	$ 1,144	$ 1,144	Actual Cost
HVAC Maintenance	$ 6,208	$ 7,372	Adjusts with occupancy
Janitorial	$ 56,648	$ 67,270	Adjusts with occupancy
TOTALS:	$405,440	$463,080	

EXHIBIT C

WORK LETTER

1. Lessee consents to Lessee's construction of the initial Tenant Improvements in the Premises as generally described on Schedule 1 attached hereto (the "Tenant Improvements") and in accordance with the terms of this Work Letter.

2. Lessee may select its own general contractor and subcontractors at its discretion. Before commencing construction, Lessee shall cause to be prepared final plans, specifications and working drawings of the Tenant Improvements (the "Final Plans") as well as an estimate of the total cost for the Tenant Improvements (the "Cost Estimate"). The Final Plans and Cost Estimate shall be delivered to Lessor upon completion. Lessor shall have the right to reasonably approve the Final Plans as soon as reasonably possible after its receipt of such Final Plans but in no event later than ten (10) calendar days after receipt thereof; provided, however, that Lessor shall not withhold its consent to the extent the Final Plans are consistent with the design of the initial Tenant Improvements as described in Schedule 1 attached hereto. If Lessor fails to approve or disapprove such Final Plans with such ten (10) day period, then Lessor shall be deemed to have approved such Final Plans. Notwithstanding anything to the contrary herein, Lessee may terminate the lease if Lessor unreasonably withholds its consent to the Final Plans (or any change to the Final Plans). Lessee shall be allowed to make changes in the Final Plans and Cost Estimate in its sole discretion; provided, however, that Lessor shall have the right to consent to any such change that materially affects the Building systems or the structural portions of the Building; provided, that if Lessor fails to approve or disapprove any such change within five (5) calendar days after receipt of notice from Lessee describing such change, then Lessor shall be deemed to have approved such change.

3. Lessor, within ten (10) calendar days after presentation of invoices and conditional lien waivers by Lessee on a monthly basis, shall reimburse Lessee for Lessor's Percentage of the amounts shown on such invoices. Upon the completion of the initial Tenant Improvements, Lessor shall fund any remaining unused portion of the Allowance. As used herein, the term "Lessor's Percentage" shall mean a fraction, the numerator of which is the original amount of the Allowance and the denominator of which is the Cost Estimate.

4. Lessor shall be solely responsible for the cost of and in no event shall the Allowance be used for the following: (a) costs related to the presence of Hazardous Materials in the Premises or the surrounding area, (b) costs incurred as a consequence of delay caused by Lessor, (c) penalties and late charges attributable to Lessor's failure to fund the Allowance or otherwise pay for any amounts to be required to be paid by Lessor hereunder, and (d) costs to bring the Premises or the Building into compliance with applicable laws and restrictions, including, without limitation, the Americans with Disabilities Act and environmental laws, but except for compliance with laws exclusive to Lessee's Tenant Improvements other than general laboratory improvements.

5. In the event Lessor fails to fund all or any portion of the Allowance, Lessee may offset such amounts against the payment of rent under the Lease.

Schedule 1 to Work Letter

Description of Tenant Improvements

Exhibit 10.13

December 8, 2004

Mr. Hans van Houte
VP Finance and Administration
TRUBION PHARMACEUTICALS, INC.
2401 Fourth Avenue, Suite 1050
Seattle, Washington 98121

Dear Hans:

Please refer to your lease dated April 28, 2003 and all subsequent addenda thereto (the "Lease") for the space you occupy within the Fourth and Battery Building. This letter (this "Amendment") shall constitute an amendment to that Lease. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

The name of the Lessee in the above referenced Lease is hereby changed from Genecraft, Inc. to Trubion Pharmaceuticals, Inc.

PREMISES

Effective as of the Expansion Space Effective Date (defined below), Trubion Pharmaceuticals, Inc. agrees to lease the additional space (the "Expansion Space") of approximately 7,417 rentable square feet on the 10th floor of the Fourth and Battery Building, (location attached as Exhibit "A") so that, from and after the Expansion Space Effective Date, the term "Premises" as defined in Paragraph 1 of your Lease (Description), shall be changed from your existing space of 24,090 rentable square feet to 31,507 rentable square feet, the reference in such Paragraph 1 to the square footage of the Premises located on the tenth (10th) floor of the Building shall be changed from 8,198 rentable square feet to 15,615 rentable square feet and the floor plan attached as Exhibit A to the Lease will be supplemented by the floor plan of the Expansion Space attached hereto as Exhibit A. Lessor shall deliver the Expansion Space to Lessee on the Expansion Space Effective Date in the condition described in Section 2 of the Lease and the parties agreed that the rights and obligations of Lessee and Lessor set forth in Section 2 of the Lease shall apply with respect to the Expansion Space.

1000 SECOND AVENUE
SUITE 1800
SEATTLE, WASHINGTON 98104-1046
(206) 467-7600
FAX (206) 386-5296

LEASE TERM

The term of the Lease with respect to the Expansion Space shall be sixty-nine (69) months commencing January 1, 2005 (the "Expansion Space Effective Date") and expiring September 30, 2010. Lessee and Lessee's agents and employees may access the Expansion Space from time to time prior to the Expansion Space Effective Date to facilitate Lessee's space planning and physical due diligence.

RENT

The Base Rent per rentable square foot for the Expansion Space shall be at the annual rate of $18.00 ($11,125 per month) for months 1 – 24 (the Effective Date through December 31, 2006) and $19.00 ($11,743.58 per month) for months 25 – 69 (January 1, 2007 through September 30, 2010).

The "base year" for calculating Lessee's proportionate share of Comparison Year Costs (if any) with respect to the Expansion Space shall be the calendar year 2005 and Lessee shall have no obligation to pay its proportionate share of Operating Services and Real Estate Taxes with respect to the Expansion Space until January 1, 2006. The provisions of Section 19 of the Lease shall apply with respect to the Expansion Space, provided, however, that references therein to 2004 shall be deemed references to 2005 with respect to the Expansion Space.

TENANT IMPROVEMENT ALLOWANCE

Lessee shall be provided an allowance of $50,000 toward design and tenant improvements for Expansion Space. This amount shall be given to Lessee as a rent credit to be offset against rents due for the Expansion Space from and after the Expansion Space Effective Date. Lessee may apply this allowance to the balance of any previous tenant improvement work that has been mutually agreed upon by Lessee and Lessor.

PARKING

Effective as of the Expansion Space Effective Date, Lessee shall have the right to lease five (5) additional parking spaces outside of the parking garage at the market rate.

REAL ESTATE COMMISSION

Lessor agrees to pay a real estate commission equivalent to $5.00 per rentable square foot to Colliers International, one-half (1/2) upon lease execution and the balance payable upon lease commencement. If not paid by Lessor within sixty (60) days of being due, then the commission amount may be paid directly to Colliers International by Lessee and the amount so paid given to Lessee as a rent credit.

PERMITTED ALTERATIONS

Lessee may construct tenant improvements in the Expansion Space generally consistent with the specifications and objectives described on Exhibit B attached hereto (the "Permitted Improvements") and in accordance with the terms of Section 2 of Exhibit C to the lease. Provided however, the location of Lessee's rooftop air conditioning unit shall be set back a minimum of five (5) feet from the inside wall of the parapet. In addition, the placement of the air conditioning unit, supporting structure and duct work, shall be with Lessor's prior approval of Lessee's drawings. Lessor shall be responsible for the costs described in Section 4 of Exhibit C to the Lease to the extent such costs arise in connection with the construction of the Permitted Improvements.

Paragraph 8 of your Lease, ALTERATIONS, is amended to provide that any equipment, supports, ductwork or fencing installed on the rooftop area of the 10th floor shall be removed by Lessee upon the expiration of the lease term at the request of Lessor. Lessee shall repair any areas of the rooftop damaged due to the installation or removal of such equipment and repair/restore any penetrations into the roof or into the building.

SIGNAGE

Lessor shall install, at Lessor's cost and expense, signage with respect to the Expansion Space consistent with Section 11 of the Lease.

MISCELLANEOUS

This Amendment (together with the Lease) constitutes the entire agreement between Lessor and Lessee regarding the Expansion Space and the subject matter contained herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings. This Amendment shall be binding upon and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns. No subsequent change or addition to this Amendment shall be binding unless in writing and duly executed by both Lessor and Lessee. Except as specifically amended hereby, all of the terms and conditions of the Lease are and shall remain in full force and effect and are hereby ratified and confirmed.

Please consider this document when fully executed, as our agreement for the amendment of your Lease. If you are in agreement with the above, please sign below where indicated and return all three copies to me for Martin Selig's signature. Upon full execution, I shall return one copy to you for your files.

Thank you Hans, for this lease of additional space. We appreciate your tenancy with us and look forward to continuing to satisfy your office and lab space needs.

Very truly yours,

/s/ Mike Brixner
Mike Brixner

TRUBION1117.04

AGREED AND ACCEPTED:

SELIG REAL ESTATE HOLDINGS EIGHT, LLC

/s/ Martin Selig
By: Martin Selig
Its: Managing Member
Dated: 1/7/05

TRUBION PHARMACEUTICALS, INC.

/s/ Hans van Houte
By: Hans van Houte
Its: VP, Finance
Dated: 12/23/04

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 7th day of January, 2005, before me, a Notary Public in and for the State of Washington, personally appeared MARTIN SELIG, to me known to be the Managing Member, respectively, of Selig Real Estate Holding Eight, the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument on behalf of the entity.

/s/ Jill H. Brandt
Notary Public in and for the State of Washington
Residing at: Sammamish
My commission expires: 11.8.08

STATE OF)
) ss.
COUNTY OF)

On this 23rd day of December, 2004, before me, a Notary Public in and for the State of Washington, personally appeared Johannes Van Houte to me known to be the VP of Finance, respectively, of Trubion Pharmacueticals Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first above written.

notary.amendments.version2

/s/ Margaret L. Gudmestad
Notary Public in and for the State of Washington
Residing at: Seattle
My commission expires: 11-20-05

EXHIBIT A

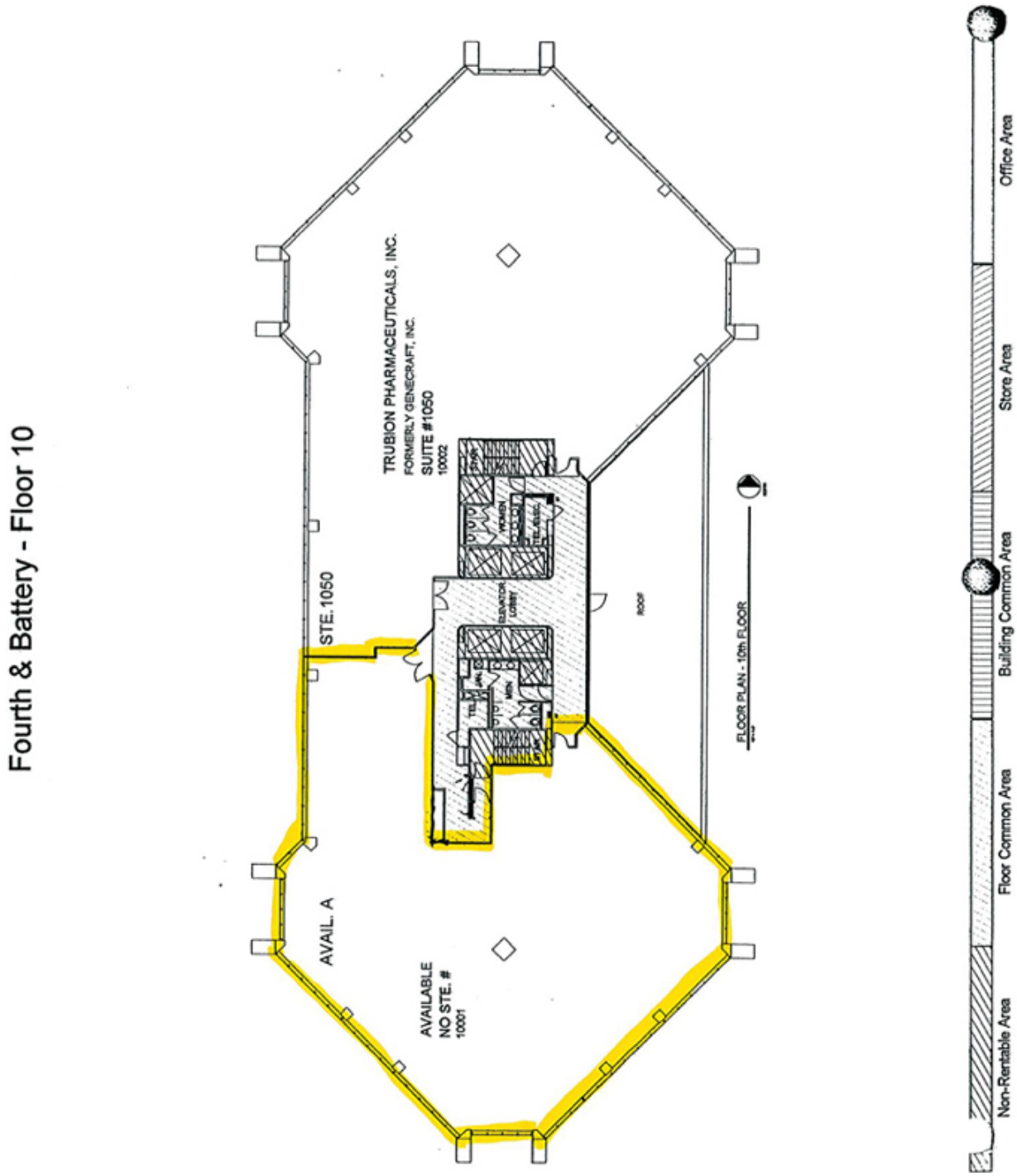

Fourth & Battery - Floor 10
TRUBION PHARMACEUTICALS, INC.
FORMERLY GENSCRAFT, INC.
SUITE #1050
10002
STE. 1050
AVAIL. A
AVAILABLE
NO STE. #
10001
ROOF
ELEVATOR LOBBY
MEN
WOMEN
FLOOR PLAN - 10th FLOOR
Office Area
Store Area
Building Common Area
Floor Common Area
Non-Rentable Area

EXHIBIT B

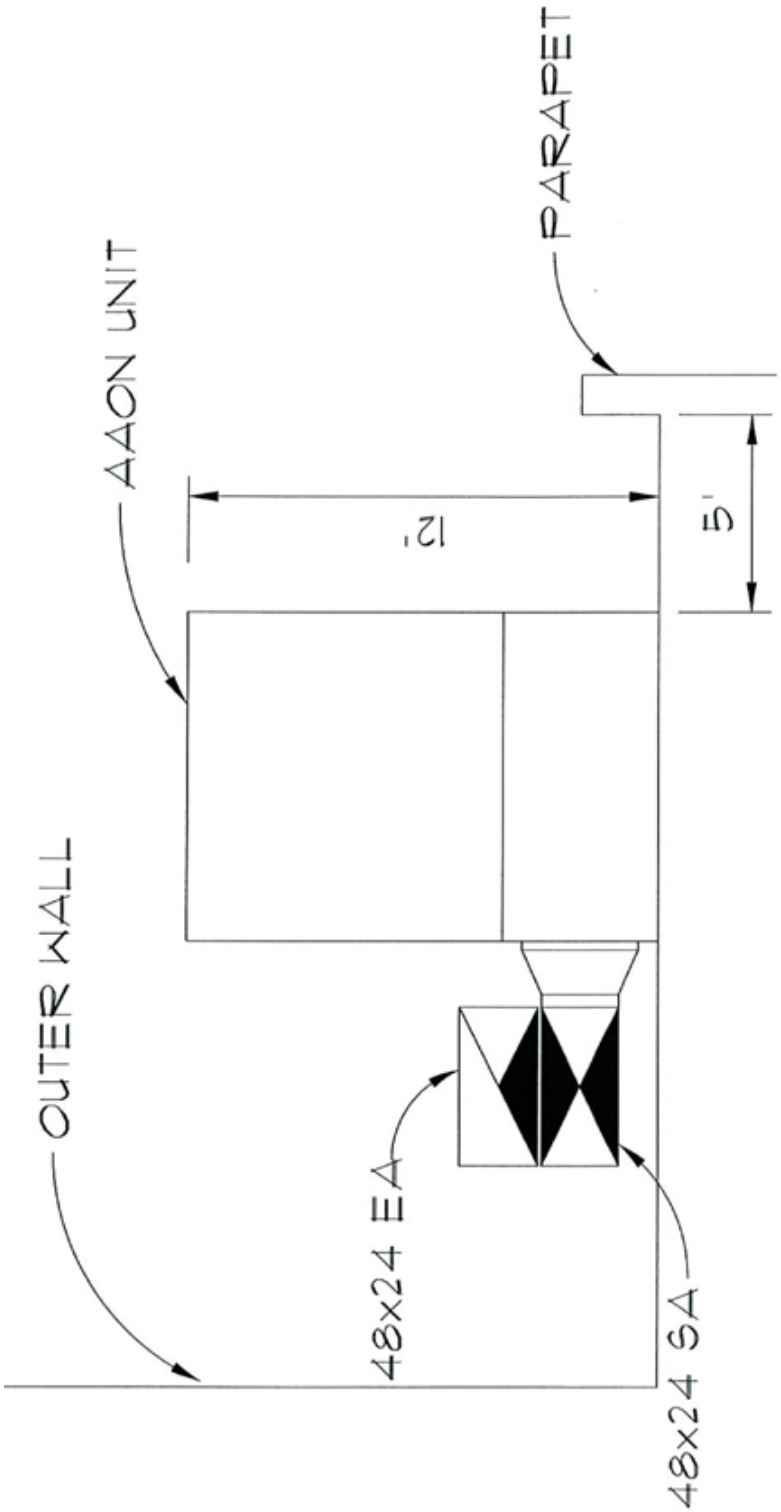
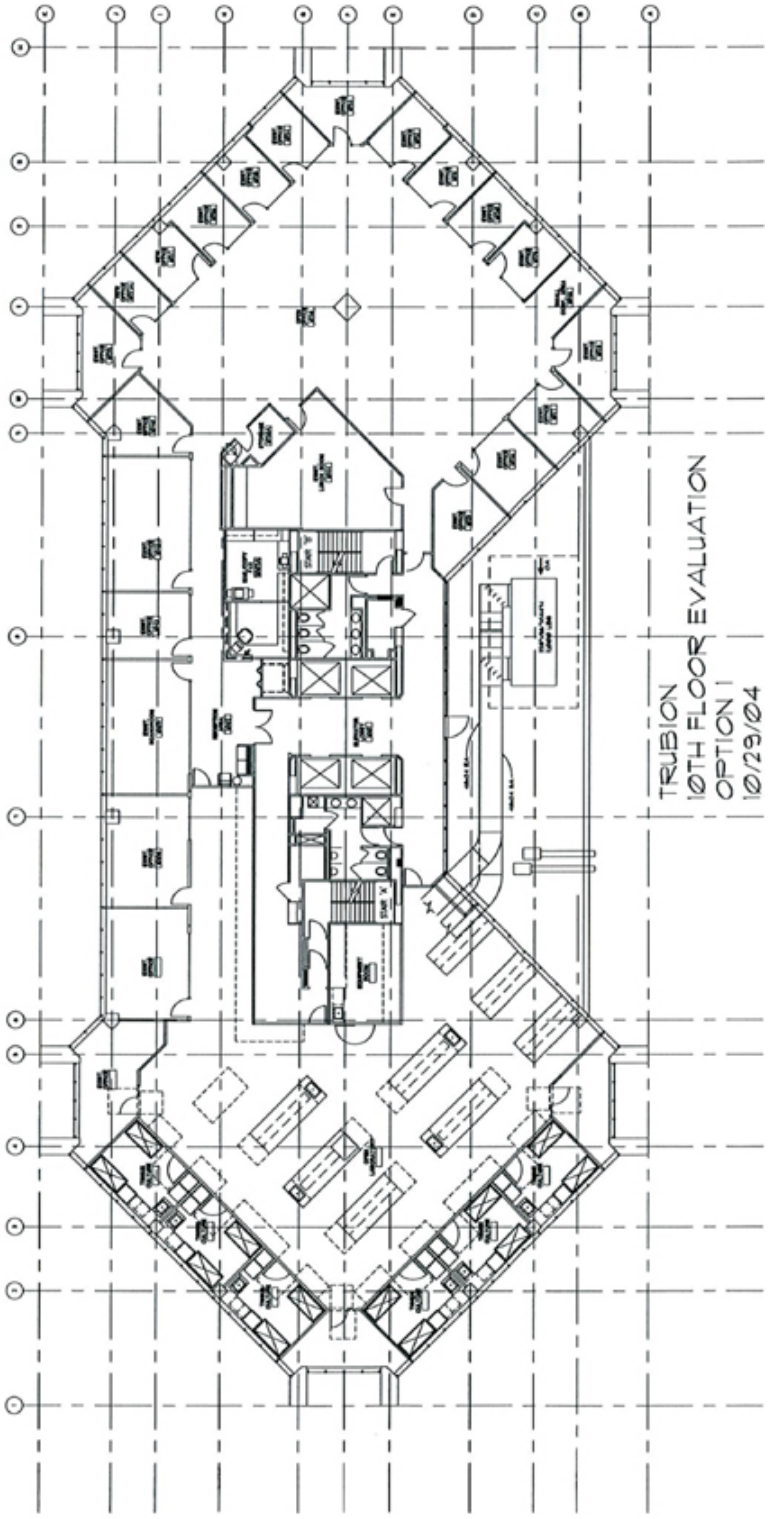


EXHIBIT B



February 1, 2006

Mr. Hans van Houte
TRUBION PHARMACEUTICALS, INC.
2401 Fourth Avenue, Suite 1050
Seattle, Washington 98121

Dear Hans:

Please refer to the Fourth and Battery Office Lease dated April 28, 2003 and all addenda and amendments thereto (the "Office Lease" or "Lease") for the space Trubion Pharmaceuticals (hereinafter referred to as "Trubion" or "Lessee") occupies within the Fourth and Battery building. This letter (this "Amendment") shall constitute an amendment to the Lease. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

PREMISES

Effective as of the Expansion Space Effective Date (defined below), Trubion Pharmaceuticals, Inc. agrees to lease the additional space (the "Expansion Space") of approximately 15,892 rentable square feet which is the entire 11th floor of the Fourth and Battery Building, (location attached as Exhibit "A") so that, from and after the Expansion Space Effective Date, the term "Premises" as defined in Paragraph 1 of your Lease (Description), shall be changed from your existing space (10th and 12th floor Premises) of 31,507 rentable square feet ("Existing Space") to 47,399 rentable square feet. The floor plans attached as Exhibit A to the Lease will be supplemented by the floor plan of the Expansion Space attached hereto as Exhibit A. Lessor shall deliver the Expansion Space to Lessee on the Expansion Space Effective Date in the condition described in Section 2 of the Lease and the parties agreed that the rights and obligations of Lessee and Lessor set forth in Section 2 of the Lease shall apply with respect to the Expansion Space.

1000 SECOND AVENUE
SUITE 1800
SEATTLE, WASHINGTON 98104-1046
(206) 467-7600
FAX (206) 386-5296

LEASE TERM

Lessor shall cause the lease of the current occupant of the Expansion Space to terminate as to the Expansion Space, and shall relocate such occupant from the Expansion Space, on or prior to May 1, 2006. The term of the Lease with respect to the Expansion Space shall be eighty-four (84) months commencing the later of May 1, 2006 and the date Lessor has complied with its obligations in the first sentence of this paragraph and delivers to Lessee possession of the Expansion Space in the required condition (the "Expansion Space Effective Date") and expiring April 30, 2013. The term of the Lease for the Existing Space shall be extended so it is coterminous. Lessee and Lessee's agents and employees may access the Expansion Space from time to time prior to the Expansion Space Effective Date to facilitate Lessee's space planning and physical due diligence. If the Expansion Space Effective Date is delayed for any reason beyond June 1, 2006, then in addition to Lessee's other rights or remedies, Lessee may terminate this Amendment by written notice to Lessor, or, at Lessee's election, the date Lessee is otherwise obliged to commence payment of rent for the Expansion Space shall be delayed by one additional calendar day for each calendar day that the Expansion Space Effective Date is delayed beyond such date.

RENT

The Base Rent per rentable square foot for the Expansion Space shall be at the annual rate of $25.00 ($33,108.33 per month) for months 1 through 84. The rent for the Existing Space shall remain as is directed in the Office Lease and earlier amendment for the full eighty-four (84) months.

The "base year" for calculating Lessee's proportionate share of Comparison Year Costs (if any) with respect to the Expansion Space, shall be the calendar year 2006 and Lessee shall have no obligation to pay its proportionate share of Operating Services and Real Estate Taxes with respect to the Expansion Space until 13 months after the Expansion Space Effective Date. The provision of Section 10 of the Lease shall apply with respect to the Expansion Space provided however that references therein to 2004 shall be deemed references to 2006 with respect to the Expansion Space. The base year for the Existing Space shall remain as is directed in the Office Lease and earlier amendment.

AS-IS, WHERE-IS

Lessee acknowledges Lessee has fully inspected the Expansion Space and, subject to the delivery requirement set forth above, accepts the Expansion Space in an as-is, where-is condition. Lessee shall not call upon Lessor to provide any modifications or improvements to the Expansion Space.

PARKING

Effective as of the Expansion Space Effective Date, Lessee shall have the right to lease eleven (11) additional parking spaces inside the building garage at the market rate.

PERMITTED ALTERATIONS

Lessee may construct tenant improvements in the Expansion Space generally consistent with the specifications and objectives described in Exhibit "B" attached hereto (the "Permitted Improvements") and consistent with the terms of Exhibit C to the Office Lease. Lessor acknowledges and agrees that Lessee intends to use the North half of the tenth floor and Expansion Space for scientific laboratory space and that Lessee shall have the right to install certain of the Permitted Improvements on the adjacent roof of the 9th floor of the building. The last sentence of Section 47 of the Lease shall apply to the Permitted Improvements, and the references therein to "Tenant Improvements" shall also include the Permitted Improvements. Lessor shall be responsible for the costs described in Section 4 of Exhibit C to the Lease to the extent such costs arise in connection with the construction of the Permitted Improvements.

RIGHT OF FIRST OFFER

Subordinate to existing rights of first offer and first refusal, Lessee shall have a right of first offer on all space that may become available in the Building on the terms set forth in Section 46 of the Lease, and references therein to "Expansion Space" hereinafter shall refer to any space in the Building that becomes available.

MISCELLANEOUS

This Amendment (together with the Lease) constitutes the entire agreement between Lessor and Lessee regarding the Expansion Space and the subject matter contained herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings. This Amendment shall be binding upon and inure to the benefit of Lessor and Lessee and their respective heirs, legal

representatives, successors and assigns. No subsequent change or addition to this Amendment shall be binding unless in writing and duly executed by both Lessor and Lessee. Except as specifically amended hereby, all of the terms and conditions of the Lease are and shall remain in full force and effect and are hereby ratified and confirmed.

Please consider this document, when fully executed, as our agreement for the amendment of your Office Lease. If you are in agreement with the above, please sign below where indicated and return all four copies to me for Martin Selig's signature. Upon Full execution, I will return two copies for your own files.

Thank you Hans, for this lease of additional space. We appreciate your tenancy with us and look forward to continuing to satisfy your office and lab space needs.

Very truly yours,

/s/ Theresa Howard
Theresa Howard

TRUBION0131.06

AGREED AND ACCEPTED:

SELIG REAL ESTATE HOLDINGS EIGHT, LLC	TRUBION PHARMACEUTICALS, INC.
/s/ Martin Selig	/s/ Hans van Houte
By: Martin Selig	By: Hans van Houte
Its: Managing Member	Its: VP, Finance
Dated: 2.10.06	Dated: 2/06/2006

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 10th day of February, 2006, before me, a Notary Public in and for the State of Washington, personally appeared MARTIN SELIG, to me known to be the Managing Member, respectively, of Selig Real Estate Holdings Eight, LLC, the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument on behalf of the entity.

/s/ Jill M. Hayes
Notary Public in and for the State of Washington
Residing at: Fall City
My commission expires: 6.1.06

STATE OF)
) ss.
COUNTY OF)

On this 10th day of February, 2006, before me, a Notary Public in and for the State of Washington, personally appeared Hans van Houte, to me known to be the VP, Finance; Administration, respectively, of Trubion Pharmaceuticals, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first above written.

notary.amendments.version2

/s/ Trish A. Westermann
Notary Public in and for the State of Washington
Residing at: 2622 35th Ave W Seattle
My commission expires: 12/07/08

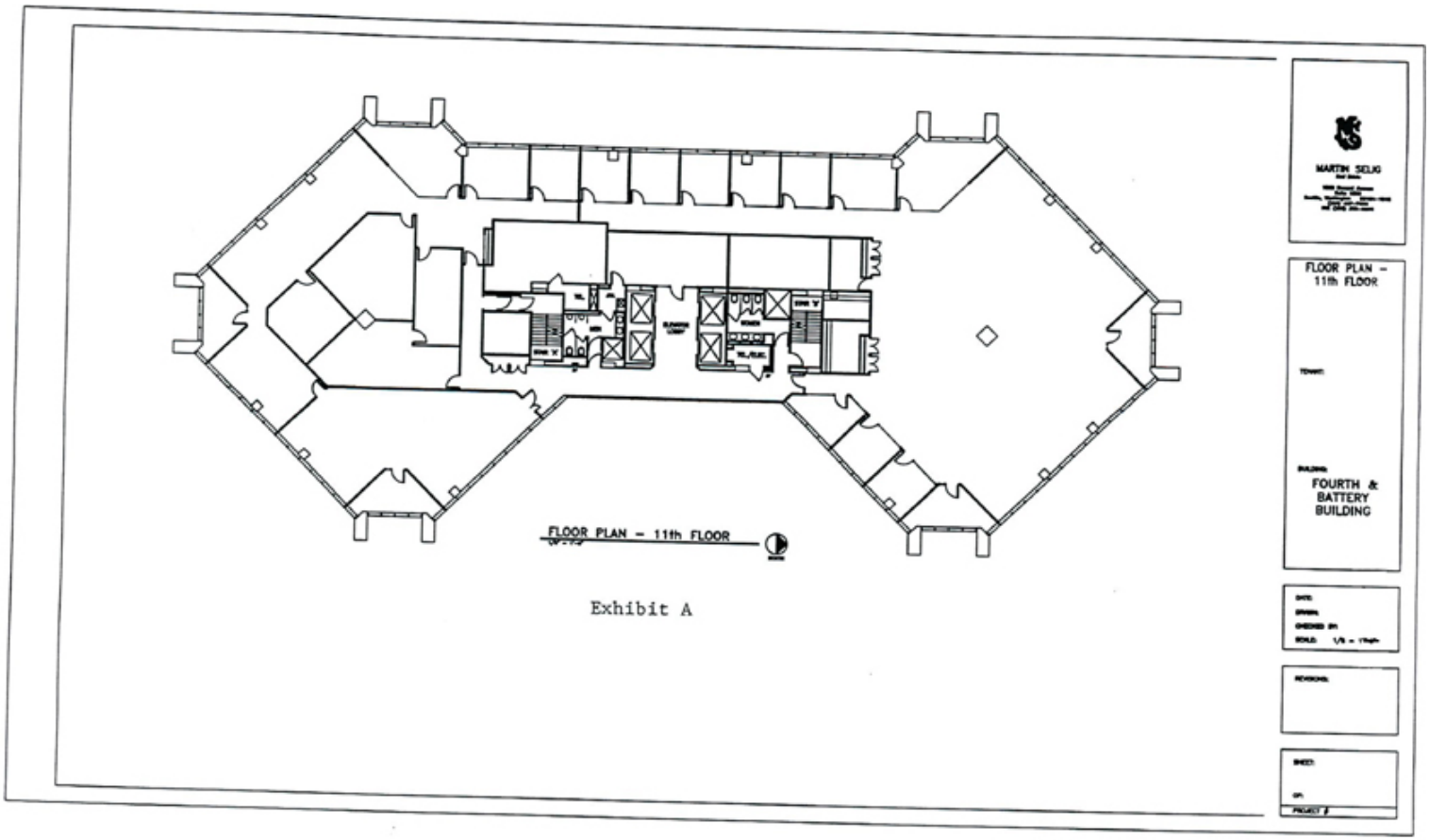

MARTIN SELIG
FLOOR PLAN – 11th FLOOR
FOURTH & BATTERY BUILDING
FLOOR PLAN – 11th FLOOR

Exhibit A

EXHIBIT B

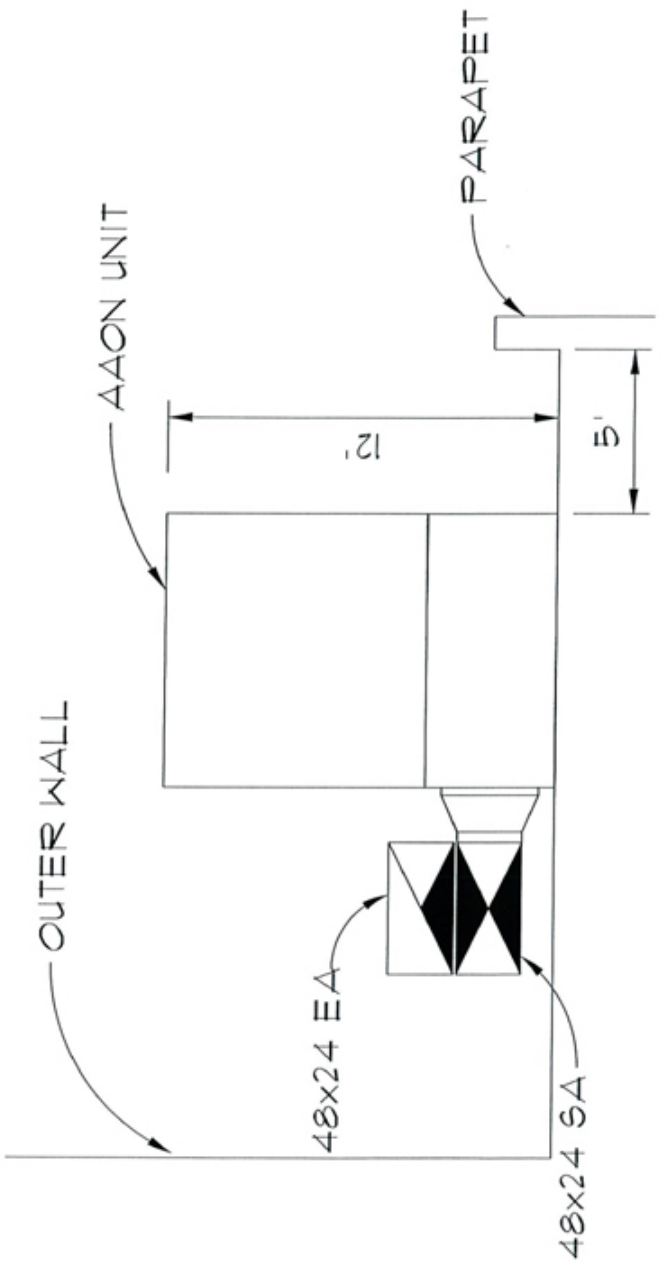
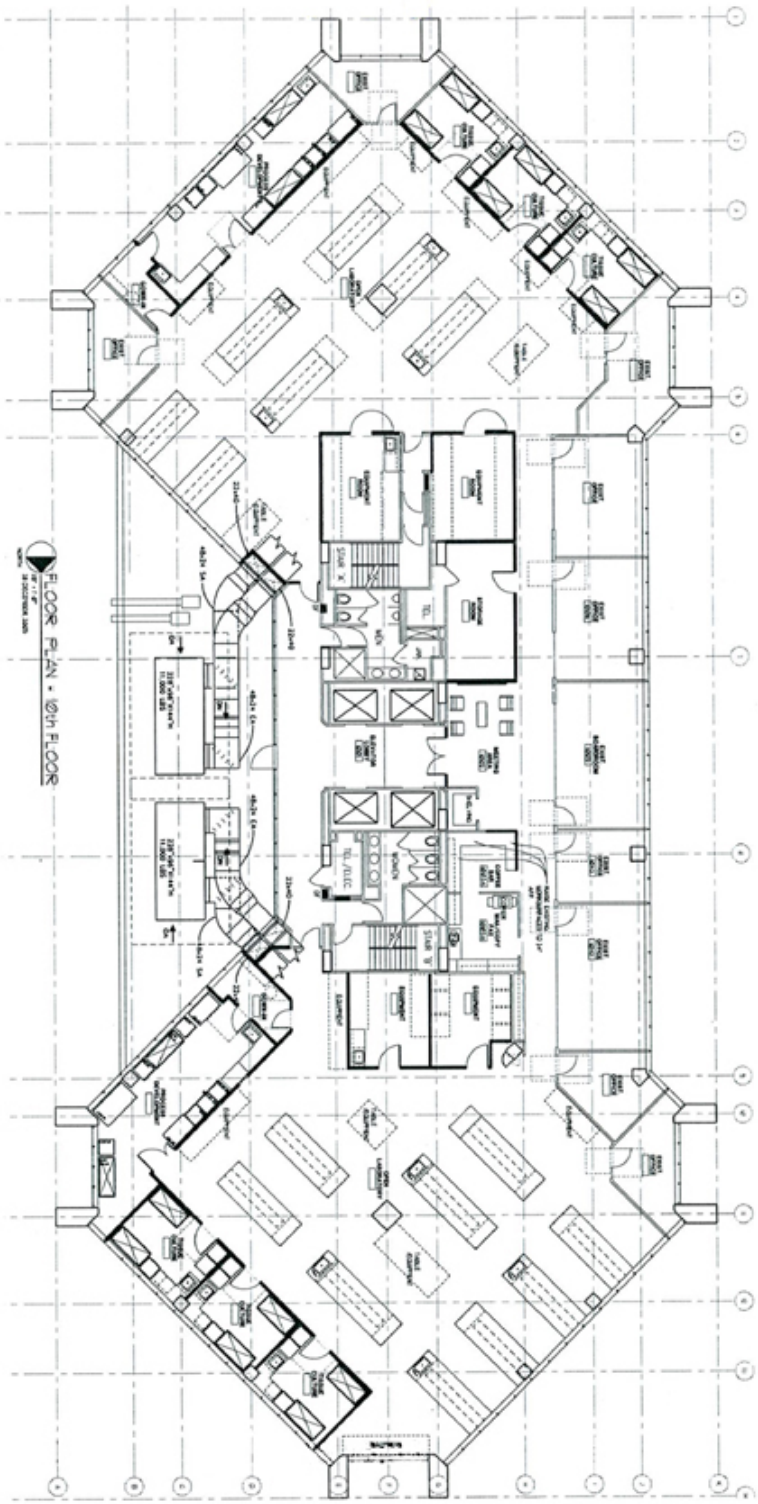


EXHIBIT B



February 2, 2007

Mr. Hans van Houte
TRUBION PHARMACEUTICALS, INC.
2401 Fourth Avenue, Suite 1050
Seattle, Washington 98121

Dear Hans:

Please refer to the Fourth and Battery Office Lease dated April 28, 2003 and all addenda and amendments thereto (the "Office Lease" or "Lease") for the space Trubion Pharmaceuticals (hereinafter referred to as "Trubion" or "Lessee") occupies within the Fourth and Battery building. This letter (this "Amendment") shall constitute an amendment to the Lease. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

PREMISES

Effective as of the Expansion Space Effective Date (defined below), Trubion Pharmaceuticals, Inc. agrees to lease the additional space (the "Expansion Space") of approximately 3,067 rentable square feet located on the 1st floor of the Fourth and Battery Building (location attached as Exhibit "A") so that, from and after the Expansion Space Effective Date, the term "Premises" as defined in Paragraph 1 of your Lease (Description), shall be changed from your existing space (10th, 11th and 12th floor Premises) of 47,399 rentable square feet ("Existing Space") to 50,466 rentable square feet. The floor plans attached as Exhibit A to the Lease will be supplemented by the floor plan of the Expansion Space attached hereto as Exhibit A. Lessor shall deliver the Expansion Space to Lessee on the Expansion Space Effective Date in the condition described in Section 2 of the Lease and the parties agreed that the rights and obligations of Lessee and Lessor set forth in Section 2 of the Lease shall apply with respect to the Expansion Space.

LEASE TERM

Lessor shall cause the lease of the current occupant of the Expansion Space to terminate as to the Expansion Space, on or prior to February 1, 2007. The term of the Lease with respect to the Expansion Space shall be seventy-five (75) months commencing February 1, 2007 (the "Expansion Space Effective Date") and expiring April 30, 2013.

1000 SECOND AVENUE
SUITE 1800
SEATTLE, WASHINGTON 98104-1046
(206) 467-7600
FAX (206) 386-5296

RENT

The Base Rent per rentable square foot for the Expansion Space of 3,067 rentable square feet shall be at the annual rate of $19.00 for months 1 through 7; $20.00 per rentable square foot for months 8-19; $21.00 per rentable square foot for months 20-31; $22.00 per rentable square foot for months 32-43 and $23.00 per rentable square foot for months 44-75. The rent for the Existing Space shall remain as is directed in the Office Lease and earlier amendment for the full seventy-five (75) months.

The “base year” for calculating Lessee’s proportionate share of Comparison Year Costs (if any) with respect to the Expansion Space shall be the calendar year 2007 and Lessee shall have no obligation to pay its proportionate share of Operating Services and Real Estate Taxes with respect to the Expansion Space until 13 months after the Expansion Space Effective Date. The provision of Section 10 of the Lease shall apply with respect to the Expansion Space provided however that references therein to 2004 shall be deemed references to 2007 with respect to the Expansion Space. The base year for the Existing Space shall remain as is directed in the Office Lease and earlier amendment.

AS-IS, WHERE-IS

Lessee acknowledges Lessee has fully inspected the Expansion Space and, subject to the delivery requirement set forth above, accepts the Expansion Space as-is. Lessee shall not call upon Lessor to provide any modifications or improvements to the Expansion Space.

PARKING

Effective as of the Expansion Space Effective Date, Lessee shall have the right to lease three (3) additional parking spaces inside the building garage at the market rate.

PERMITTED ALTERATIONS

Lessee may construct tenant improvements in the Expansion Space generally consistent with Lessee’s other space and with Lessor’s prior approval of drawings and Lessee’s contractor.

TERMINATION OPTION

In the event Lessee leases additional space above the 1st floor of the Fourth and Battery Building of a square footage and rental rate greater than that of the 1st floor Expansion Space then Lessee may cancel its lease only of the 1st floor Expansion Space with 30 days prior notice to Lessor.

MISCELLANEOUS

This Amendment (together with the Lease) constitutes the entire agreement between Lessor and Lessee regarding the Expansion Space and the subject matter contained herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings. This Amendment shall be binding upon and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns. No subsequent change or addition to this Amendment shall be binding unless in writing and duly executed by both Lessor and Lessee. Except as specifically amended hereby, all of the terms and conditions of the Lease are and shall remain in full force and effect and are hereby ratified and confirmed.

Please consider this document, when fully executed, as our agreement for the amendment of your Office Lease. If you are in agreement with the above, please sign below where indicated and return all four copies to me for Martin Selig's signature. Upon full execution, I will return two copies for your own files.

Thank you Hans, for this lease of additional space. We appreciate your tenancy with us and look forward to continuing to satisfy your office and lab space needs.

Very truly yours,

/s/ Mike Brixner
Mike Brixner

TRUBION0122.07

AGREED AND ACCEPTED:

SELIG REAL ESTATE HOLDINGS EIGHT, L.L.C.

/s/ Martin Selig
By: Martin Selig
Its: Managing Member
Dated: 2-21-07

TRUBION PHARMACEUTICALS, INC.

/s/ Michelle Burris
By: Michelle Burris
Its: CFO
Dated: 2/16/07

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 21st day of February, 2007, before me, a Notary Public in and for the State of Washington, personally appeared MARTIN SELIG, to me known to be the Managing Member, respectively, of SELIG REAL ESTATE HOLDINGS EIGHT, L.L.C., the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument on behalf of the entity.

/s/ Heather E. Bell
Notary Public in and for the State of Washington
Residing at: Seattle
My commission expires: 03-17-10

STATE OF Washington)
) ss.
COUNTY OF King)

On this 16th day of February, 2007, before me, a Notary Public in and for the State of Washington, personally appeared Michelle Burris to me known to be the CFO, respectively, of Trubion Pharmaceuticals Inc, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first above written.

notary.amendments.version2

/s/ Ronald W. Silvers
Notary Public in and for the State of Washington
Residing at: Seattle, WA
My commission expires: 11-03-09

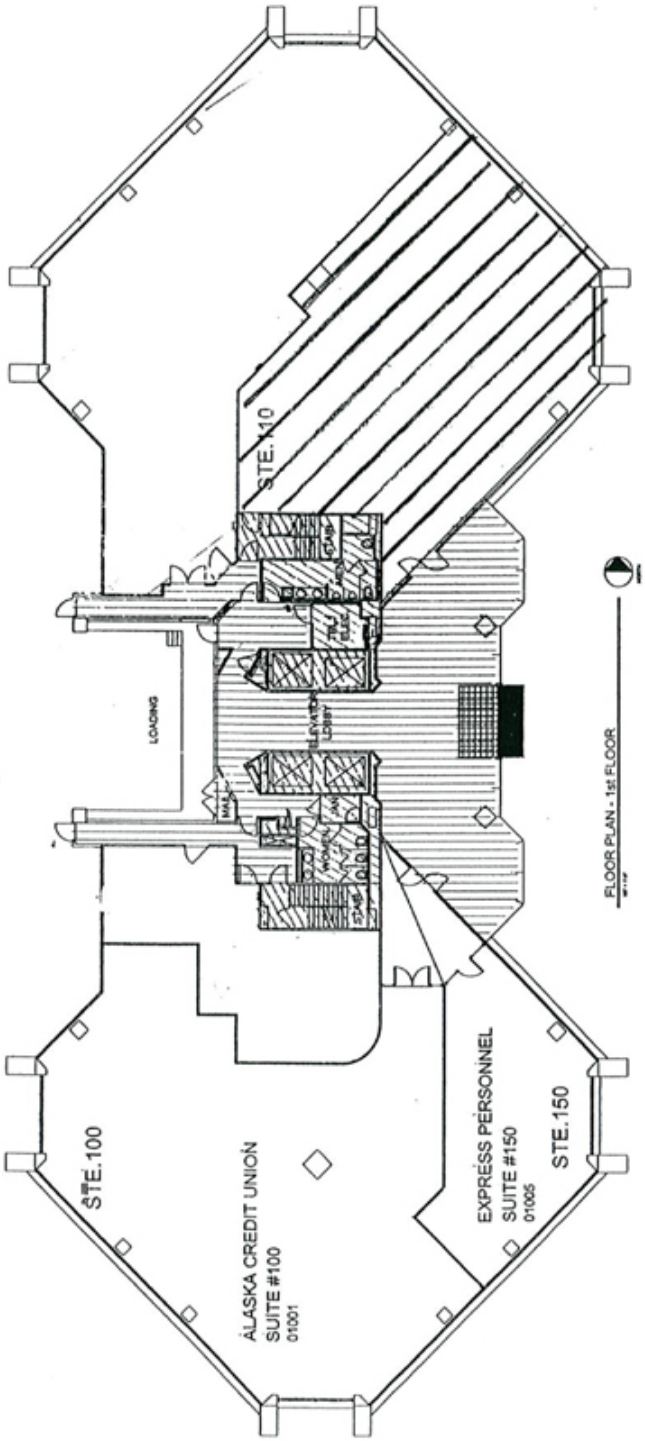

STE.110
LOADING
ELEVATOR LOBBY
MEN
WOMEN
JAN
STAIR
FLOOR PLAN - 1st FLOOR
STE.100
ALASKA CREDIT UNION
SUITE #100
01001
EXPRESS PERSONNEL
SUITE #150
01005
STE.150

Exhibit "A"

Exhibit 10.16

June 7, 2010

Ms. Michelle Burris
TRUBION PHARMACEUTICALS, INC.
2401 Fourth Avenue, Suite 1050
Seattle, Washington 98121

Dear Michelle:

Please refer to the Fourth and Battery Office Lease dated April 28, 2003 and all addenda and amendments thereto (the "Office Lease" or "Lease") for the space Trubion Pharmaceuticals (hereinafter referred to as "Trubion" or "Lessee") occupies within the Fourth and Battery building. This letter (this "Amendment") shall constitute an amendment to the Lease. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

PARKING

Effective July 1, 2010 Lessee shall have the right but not the obligation to lease seven (7) additional parking spaces at the surface lot adjacent to the Fourth and Battery Building to the west. The cost of such parking shall be consistent with market rates for comparable parking at the market rate.

MISCELLANEOUS

This Amendment (together with the Lease) constitutes the entire agreement between Lessor and Lessee regarding the Expansion Space and the subject matter contained herein and supersedes any and all prior and/or contemporaneous oral or written negotiations, agreements or understandings. This Amendment shall be binding upon and inure to the benefit of Lessor and Lessee and their respective heirs, legal representatives, successors and assigns. No subsequent change or addition to this Amendment shall be binding unless in writing and duly executed by both Lessor and Lessee. Except as specifically amended hereby, all of the terms and conditions of the Lease are and shall remain in full force and effect and are hereby ratified and confirmed.

Please consider this document, when fully executed, as our agreement for the amendment of your Office Lease. If you are in agreement with the above, please sign below where indicated and return all four copies to me for Martin Selig's signature. Upon full execution, I will return two copies for your own files.

1000 SECOND AVENUE
SUITE 1800
SEATTLE, WASHINGTON 98104-1046
(206) 467-7600
FAX (206) 386-5296

Thank you Michelle, for this lease of additional space. We appreciate your tenancy with us and look forward to continuing to satisfy your office and lab space needs.

Very truly yours,

/s/ Theresa Howard
Theresa Howard

TRUBION0528.10

AGREED AND ACCEPTED:

SELIG REAL ESTATE HOLDINGS EIGHT, L.L.C.		TRUBION PHARMACEUTICALS, INC.	
	/s/ Martin Selig		/s/ Michelle Burris
By:	Martin Selig	By:	Michelle Burris
Its:	Managing Member	Its:	COO
Dated:	June 15, 2010	Dated:	14 June 2010

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 15th day of June, 2010, before me, a Notary Public in and for the State of Washington, personally appeared MARTIN SELIG, to me known to be the Managing Member, respectively, of Selig Real Estate Holdings Eight, LLC the entity that executed the foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument on behalf of the entity.

/s/ Jill H. Brandt
Notary Public in and for the State of Washington
Residing at: Sammamish
My commission expires: 11.8.12

STATE OF)
) ss.
COUNTY OF)

On this 14th day of June, 2010, before me, a Notary Public in and for the State of Washington, personally appeared Michelle Burris, to me known to be the Chief Operating Officer, respectively, of Trubion Pharmaceuticals, Inc., the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first above written.

notary.amendments.version2

/s/ Linda M. Povinelli
Notary Public in and for the State of Washington
Residing at: Seattle
My commission expires: April 19, 2013

Exhibit 10.17

MARTIN SELIG
REAL ESTATE

December 21, 2010

W. James Jackson, Ph.D.
Vice President
Emergent Product Development Seattle, LLC
2401 4th Avenue, Suite 1050
Seattle, WA 98121

Dear Dr. Jackson:

Please refer to the lease dated April 28, 2003 and all subsequent addenda and amendments thereto (the "Lease") for the space Emergent Product Development Seattle, LLC (successor in interest to Trubion Pharmaceuticals, Inc.) occupies within the Fourth and Battery Building. This letter shall constitute an amendment to that Lease. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

The name of the Lessee in the above referenced Lease is Emergent Product Development Seattle, LLC. All references to Trubion Pharmaceuticals, Inc. or Trubion shall mean and refer to Emergent Product Development Seattle, LLC.

Except as provided in this amendment, all other terms and conditions of the Lease remain unchanged and in full force and effect.

If you are in agreement with the above, please sign below where indicated and return all three copies to me for Martin Selig's signature. Upon full execution, I shall return one copy to you for your files.

Very truly yours,

/s/ Theresa Howard
Theresa Howard

ACCEPTED AND AGREED:

Selig Real Estate Holdings Eight, LLC

/s/ Martin Selig
By: Martin Selig
Its: Managing Member
Dated: January 5, 2011

Emergent Product Development Seattle, LLC

/s/ W. James Jackson
By: W. James Jackson
Its: Vice President
Dated: January 4th, 2011

APPROVED AS TO LEGAL FORM 12/23/10 EB EMERGENT

1000 SECOND AVENUE
SUITE 1800
SEATTLE, WASHINGTON 98104-1046
(206) 467-7600
FAX (206) 386-5296

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 5th day of January, 2011, before me, a Notary Public in and for the State of Washington, personally appeared MARTIN SELIG, to me known to be the Managing Member of Selig Real Estate Holdings Eight, LLC, the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument on behalf of the entity.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first written above.

/s/ Jill H. Brandt
Notary Public in and for the State of Washington
Residing at: Sammamish
My commission expires: 11.8.12

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 4th day of January, 2011, before me, a Notary Public in and for the State of Washington, personally appeared W. JAMES JACKSON, to me known to be the Vice President of Emergent Product Development Seattle, LLC, the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument on behalf of the entity.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first written above.

/s/ Linda M. Povinelli
Notary Public in and for the State of Washington
Residing at: Seattle
My commission expires: April 19, 2013

Exhibit 10.18

July 17, 2012

W. James Jackson, Ph.D.
Vice President
EMERGENT PRODUCT DEVELOPMENT SEATTLE, LLC
2273 Research Boulevard, Suite 400
Rockville, MD 20850

Dear Dr. Jackson:

Please refer to the Office Lease dated April 28, 2003 and all subsequent addenda and amendments thereto (the "Lease") for the space Emergent Product Development Seattle, LLC (successor in interest to Trubion Pharmaceuticals, Inc.) occupies within the Fourth and Battery Building. This letter shall constitute an amendment to that Lease. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Lease.

It is agreed the lease term is being extended by two (2) years, bringing forth a new lease expiration date of April 30, 2015. The rental rate during the extended term shall be $30.00 per square foot per year. Additionally, August, 2012 rent for the office space, $123,000.03, shall be forgiven.

In consideration of the foregoing, when the lease expires and Emergent vacates the building, Emergent has no obligation to restore the building's roof as is currently detailed in the Lease paragraph 8. ALTERATIONS.

Lease paragraph 42. EXTENSION OPTION, shall be deleted in its' entirety and replaced with the following:

> 42. SHORT TERM EXTENSION OPTION, Lessor hereby grants to Lessee the right to extend the lease term by five (5) years. In such event, Lessee will provide Lessor with nine (9) months prior written notice. Rent during the five (5) year extended term shall be the same that is in effect at that time increasing by $1.00 each year thereafter. Additionally, Lessee shall receive from Lessor a tenant improvement allowance of $15.00 per square foot.

1000 SECOND AVENUE
SUITE 1800
SEATTLE, WASHINGTON 98104 1046
(206) 467-7600
FAX (206) 386 5296

Upon full execution of this amendment, Lessee gains the right to terminate the lease early for the sole purpose of expanding into Lessor's proposed Third and Battery building or any other building in Lessor's portfolio.

Except as provided in this amendment, all other terms and conditions of the Lease remain unchanged and in full force and effect.

If you are in agreement with the above, please sign below where indicated and return all three copies to me for Martin Selig's signature. Upon full execution, I shall return one copy to you for your files.

Sincerely,

/s/ Theresa Howard
Theresa Howard

EMERGENT0710.12

AGREED AND ACCEPTED:

SELIG REAL ESTATE HOLDINGS EIGHT, LLC

/s/ Martin Selig
By: Martin Selig
Its: Managing Member

Dated: July 26, 2012

EMERGENT PRODUCT DEVELOPMENT SEATTLE, LLC

/s/ W. James Jackson, Ph.D.
By: W. James Jackson, Ph.D.
Its: Vice President

Dated: 07/19/12

STATE OF WASHINGTON
COUNTY OF KING

I certify that I know or have satisfactory evidence that Martin Selig signed this instrument and acknowledged it to be his free and voluntary act for the uses and purposes mentioned in the instrument.

DATED this 26th day of July, 2012.

/s/ Jill M. Hayes
Jill M. Hayes (Print or Type Name)
NOTARY PUBLIC in and for the State
of Washington, residing at Issaquah
My commission expires 6.1.14

Exhibit 10.19

SEVENTH AMENDMENT TO OFFICE LEASE

This Seventh Amendment to Office Lease is made and entered into on this 5th day of December 2014 by and between SELIG REAL ESTATE HOLDINGS EIGHT L.L.C., a Washington Limited Liability Company, whose address is 1000 Second Avenue, Suite 1800, Seattle, Washington (hereinafter, the "Lessor") and EMERGENT PRODUCT DEVELOPMENT SEATTLE, LLC (successor in interest to Trubion Pharmaceuticals, Inc.) whose address is 2401 Fourth Avenue, Suite 1050, Seattle, Washington (hereinafter, the "Lessee").

A. Recitals

1. Lessor is the owner of the Fourth and Battery Building, located at 2401 Fourth Avenue, Seattle, Washington, 98121 (hereinafter, referred to as the "Building").

2. Lessor and Lessee entered into a lease on the 28th day of April, 2003 which was subsequently amended on December 8, 2004 (First Amendment), February 1, 2006 (Second Amendment), February 2, 2007 (Third Amendment) and June 7, 2010 (Fourth Amendment), December 21, 2010 (Fifth Amendment), and July 17, 2012 (Sixth Amendment).

3. Lessee and Lessor wished to extend the term of the Lease and modify certain terms and conditions as set forth herein. Lessor and Lessee hereby agree to amend the Lease on the terms and conditions set forth below.

LEASE TERM

It is agreed the lease term is being extended by five (5) years and eight (8) months ("Extended Term"). The new term commenced on September 1, 2014 and has a new lease expiration date of April 30, 2020.

BASE RENTAL RATE

The base rental rate during the Extended Term shall be $29.75 per square foot per year and shall increase annually by $0.50.

OPERATING EXPENSES

Upon commencement of the Extended Term, the base year calculation for pass through of operating expenses and real estate taxes shall be reset to 2015. The first adjustment to expenses, if any, shall occur on January 1, 2016.

TENANT IMPROVEMENTS

Lessor agrees to provide Lessee with a tenant improvement allowance equal to $28.00 per rentable square foot which may be used for physical improvements to the Premises as well as soft costs (including permitting, architectural/design fees, construction management, phone/computer cabling and moving costs). Any unused portion of the allowance as of March 31, 2015 may be applied toward rent. Lessee to provide invoice back-up upon request for payment from Lessor.

ELECTRICAL/MECHANICAL

Lessor shall provide mechanical and electrical capacity to the Premises which is sufficient to support Lessee’s current and future operations in the Premises.

RENEWAL OPTION

Lessee has the right to one (1) two (2) year renewal option following the Extended Term at one-hundred percent (100%) of the then “Fair Market Rent”. Lessee shall give Lessor not less than nine (9) months notice. Fair Market Rent is defined as being the rate that is consistent with prevailing market rates for comparable office/lab space in the Denny Regrade.

TERMINATION OPTION

Lessee shall have the right to terminate this lease following month thirty-four (34) of the Extended Term by giving Lessor not less than nine (9) months prior written notice and paying a penalty equal to the unamortized tenant improvement allowance, the unamortized real estate fee and the market value of free parking (“Penalty Payment”).

ROOF ACCESS

Lessee requires the ability to place a satellite dish, cooling equipment and/or other equipment which supports Lessee's operations on the Building's roof top during the extended lease term and any option period.

COMMON AREA UPGRADES

Lessor shall upgrade the restrooms on all floors occupied by Lessee no later than January 31, 2015. Such upgrades will include new tile floor, faucets, new soap dispensers, new toilets, new granite counter tops with new under mount sinks, new paint on the walls and toilet partitions, and new lighting. In the event that upgrades are not complete by February 28, 2015, Lessee shall receive a $1500/month rent credit until such time that upgrades are complete. In the event that such upgrades are not completed by April 30, 2015 then Lessee shall have the right to engage a construction manager and general contractor to upgrade the bathrooms on floors occupied by Lessee, in which case, Lessee shall provide receipts for such work to Lessor and Lessee shall receive a rent credit equal to the amount of the cost for such upgrades.

BUILDING REPAIRS

Lessor agrees to provide 24/7 building management services throughout the Extended Term and immediate response for maintenance and repairs. Lessor shall respond immediately to any and all emergency issues in the Building. Emergency issues shall include interruption of services to the Premises or Building which could materially impact Lessee's ability to operate in the Premises or which present a security breach (including but not limited to mechanical, elevators, electrical service, plumbing and fire/life safety systems). For all non-emergency issues Lessor shall respond diligently pursue remedies to Lessee request within 24 hours of Lessee notification Additionally, Lessor agrees that it will use its best efforts to remedy repairs and maintenance which require extended lead time.

In the event of any interruption of services that continues for a period of more than 48 hours as a result of Lessor's negligence, Lessee shall have the right to complete necessary repairs, if it jeopardizes the safety of Lessee's employees and/or Lessee's ability to perform work. The repairs will be completed and Lessor will reimburse for any reasonable expense incurred. In such case Lessee shall provide Lessor with copies of paid invoices.

ASSIGNMENT/SUBLEASING

Lessee has the right to assign or sublease all or a portion of the Premises to a related company, subsidiary or affiliate without the prior consent of the Lessor. Additionally, Lessee requires the ability to assign or sublease all or a portion of the Premises to an unrelated third party with Lessor's prior written consent, which shall not be unreasonably withheld, conditioned or delayed.

PARKING

Lessee shall have the right to rent up to twenty-five (25) parking stalls inside the Building garage and up to twenty (20) surface stalls in the adjacent lot to the west of the Building ("3rd and Battery Lot") and up to five (5) surface stalls within two (2) blocks of the Building during the Extended Term. Parking cost shall be at the current parking rate for the Building garage (currently $205/month plus tax) and surface parking (currently $190/month plus tax) and shall not increase by more than six-percent (6%) exclusive of any taxes in any single year during the Extended Term.

It is Lessor's intent to construct a new office building on the 3rd and Battery Lot during the term of the Extended Term ("Third and Battery Building"). In the event that Lessor commences construction on the 3rd and Battery Building, Lessor shall notify Lessee not less than ninety (90) days written notice prior to the commencement of construction. Such notice shall identify the location of substitute parking within 2 blocks of the Premises and the parking cost shall not exceed the cost of the rate currently being paid by Lessee for surface parking.

In the event that the 3rd and Battery Building has surplus parking stalls which are not leased by tenants in that building, Lessee shall have the right to lease up to ten (10) stalls in the 3rd and Battery Building.

Additionally, Five (5) of the twenty-five (25) stalls in the Building garage and five (5) of the twenty-five (25) stalls that are or will be located in the surface lot at Third and Battery shall be at no charge for a period of twelve (12) months following commencement of the Extended Term.

CONTRACTION OPTION

Lessee shall have the right to give back the first floor Premises (3,067 rentable square feet), without penalty, by providing Lessor not less than six (6) months prior written notice.

AFTER HOURS SECURITY

Lessor shall provide after hours security on nights and weekends with periodic roving floor inspections in the Building during the Extended Term. Additionally, Lessee shall have the right, at Lessee's expense, to engage private security for its Premises during the Extended lease term.

REAL ESTATE FEE

Pursuant to a separate agreement, Lessor shall compensate Lessee's real estate representative, Kidder Mathews, a fee consistent with market.

ENTIRE AGREEMENT:

This is the entire agreement between the parties relative to the subject matter of this Amendment. It cannot be modified or added without a writing signed by both parties. All other provisions of the Lease remain in full force and effect.

SIGNATURE BLOCK ONLY ON LAST PAGE

AGREED AND ACCEPTED:

SELIG REAL ESTATE
HOLDINGS EIGHT, LLC

/s/ Martin Selig

By: Martin Selig
Its: Managing Member

Dated: December 11, 2014

EMERGENT PRODUCT
DEVELOPMENT SEATTLE, LLC

/s/ W. James Jackson, Ph.D.

By: W. James Jackson, Ph.D.
Its: Vice President

Dated: 12/9/14

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 11th day of December, 2014, before me, a Notary Public in and for the State of Washington, personally appeared MARTIN SELIG, to me known to be the Managing Member, respectively, of SELIG REAL ESTATE HOLDINGS EIGHT, LLC the entity that executed the foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument on behalf of the entity.

/s/ Melanie Joloe
Notary Public in and for the State of Washington
Residing at: Renton
My commission expires: 09.30.17

STATE OF)
) ss.
COUNTY OF)

On this day of , 20 , before me, a Notary Public in and for the State of , personally appeared , to me known to be the , respectively, of , the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she/they is/are authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed by official seal, the day and year first above written.

Notary Public in and for the State of _____
Residing at: _____
My commission expires: _____

Exhibit 10.20

EXECUTION VERSION CONFIDENTIAL

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

LICENSE AND CO-DEVELOPMENT AGREEMENT

DATED AS OF AUGUST 19, 2014

BY AND BETWEEN

EMERGENT PRODUCT DEVELOPMENT SEATTLE, LLC

AND MORPHOSYS AG

TABLE OF CONTENTS

List of Schedules

LICENSE AND CO-DEVELOPMENT AGREEMENT

This License and Co-Development Agreement (this "**Agreement**"), dated as of August 19, 2014 (the "**Effective Date**"), is made by and between **Emergent Product Development Seattle**, **LLC**, a Delaware limited liability corporation with offices at 2401 4th Ave. Suite 1050, Seattle, Washington 98121, USA ("**Emergent**"), and **MorphoSys AG**, a German stock corporation with offices at Lena-Christ-Str. 48, 82152 Martinsried/Planegg, Germany ("**MorphoSys**"). Emergent and MorphoSys are sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**."

RECITALS

WHEREAS, Emergent has developed and is currently further developing the novel compound ES414 (as defined below) for the treatment and/or control of cancer;

WHEREAS, MorphoSys has significant experience in the development of pharmaceutical products;

WHEREAS, MorphoSys and Emergent desire to establish a global collaboration for the further joint development and worldwide commercialization of ES414; and

WHEREAS, Emergent will have the exclusive commercialization rights in the United States and Canada and MorphoSys will have the exclusive commercialization rights in the rest of the world.

NOW THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Agreement, the Parties agree as follows:

ARTICLE 1
Definitions

As used in this Agreement, the following initially capitalized terms shall have the meanings set forth in this Article 1 or as otherwise defined elsewhere in this Agreement:

1.1 "**Affiliate**" means any Person directly or indirectly controlled by, controlling or under common control with, a Party, but only for so long as such control shall continue. For purposes of this definition, "control" (including, with correlative meanings, "controlled by", "controlling" and "under common control with") shall be presumed to exist with respect to a Person in the event of the possession, direct or indirect, of (i) the power to direct or cause the direction of the management and policies of such Person (whether through ownership of securities, by contract or otherwise), or (ii) at least fifty percent (50%) of the voting securities or other comparable equity interests. The Parties acknowledge that in the case of certain entities organized under the laws of certain countries outside of the United States, the maximum percentage ownership permitted by law for a foreign investor may be less than fifty percent (50%), and that in such case, such lower percentage shall be substituted in the preceding sentence; *provided*, that such foreign investor has the power to direct or cause the direction of the management and policies of such Person. For the avoidance of doubt, neither of the Parties shall be deemed to be an "Affiliate" of the other.

1.2 "**Business Day**" means a day (other than Saturday or Sunday) on which banks are open for business in Munich, Germany, and in Seattle, Washington, United States.

1.3 "**Binding Domain**" means the portion of a pharmaceutical or diagnostic product that binds an antigen or a cell surface molecule, including a variable domain thereof.

1.4 "**Calendar Quarter**" means the respective periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 and December 31.

1.5 "**Calendar Year**" shall mean a period of twelve consecutive calendar months beginning on and including January 1 and ending on December 31.

1.6 "**CD3 Antigen**" means the T cell receptor (TCR) complex or any one or more of the CD3 group of cell surface molecules found on T-cells, including TCRa, TCRb, CD3g, CD3d, and CD3e.

1.7 "**CD3 Binding Domain**" means a Binding Domain that binds the CD3 Antigen and which has greater binding selectivity for the CD3 Antigen versus other antigens (and, for purposes of this definition, disregarding any residual binding activity).

1.8 "**Change of Control**" means with respect to a Party: (1) the sale of all or substantially all of such Party's assets or business relating to this Agreement; (2) a merger, reorganization or consolidation involving such Party in which the holders of voting securities of such Party outstanding immediately prior thereto cease to hold voting securities that represent at least fifty percent (50%) of the combined voting power of the surviving entity immediately after such merger, reorganization or consolidation; or (3) a person or entity, or group of persons or entities, acting in concert acquire more than fifty percent (50%) of the voting equity securities or management control of such Party.

1.9 "**Clinical Trial**" means human clinical studies in which the Product is administered or otherwise evaluated in humans, including any Phase IV clinical studies sponsored by either Party or co-sponsored by both Parties or investigator initiated human clinical studies funded or otherwise supported by either Party or both Parties.

1.10 "**CMC Information**" means information or data related to, or contained in, the DMFs or the CMC section (or equivalent thereof) of any MAA or other Regulatory Approval for the Product, or IND or CTA, or any other similar data or information.

1.11 "**Commercialize**", "**Commercializing**" or "**Commercialization**" means all activities covering the marketing, promotion, selling or offering for sale of a Product for an indication, including planning, market research, Pre-Marketing, advertising, educating, marketing, promoting, importing, exporting, distributing and post-marketing safety surveillance and reporting and Medical Affairs Activities. For clarity, "Commercialization" shall not include any activities covering Manufacturing or Development of the Product.

1.12 "**Commercially Reasonable Efforts**" means, with respect to a Party's obligations under this Agreement, including to Develop, Commercialize or Manufacture the Product, those efforts and resources consistent with the average of the usual practices of similarly situated companies in the pharmaceutical, biopharmaceutical and biotechnology industry, in each case in pursuing the development, commercialization or manufacture of its own pharmaceutical products that are of similar market potential as such Product, taking into account all relevant factors including product labeling or anticipated labeling, present and future market potential, past performance of such Product, financial return, medical and clinical considerations, present and future regulatory environment and competitive market conditions, all as measured by the facts and circumstances at the time such efforts are due. Commercially Reasonable Efforts shall be determined on a market-by-market basis for a particular Product, and it is anticipated that the level of effort will be different for different markets.

1.13 "**Competitor**" means a Third Party that is developing, commercializing or marketing an Alternative PSMA Product that is, with respect to the most advanced Clinical Trial of each of such Alternative PSMA Product and the Product, in a phase of development not more than one (1) full phase earlier than the Product considering the status of completion of the categories of activities common to both phases of development in terms of planning of, regulatory approval for, patient enrollment in and completion of the respective Clinical Trial (e.g., if the Product (1) has commenced a Phase III Clinical Trial, then such Alternative PSMA Product of a Third Party must have commenced a Phase II Clinical Trial or be in later development, or (2) is in the early or middle stage of enrollment of a Phase III Clinical Trial, then such Alternative PSMA Product of a Third Party must be in the middle or late stage of enrollment of a Phase II Clinical Trial, or such Third Party is not a Competitor).

1.14 "**Compound**" means ES414, a bispecific polypeptide containing a PSMA Binding Domain [**] and a CD3 Binding Domain [**] ("**ES414**"), and any back-up or follow-on compound comprised of a PSMA Binding Domain with or without other Binding Domains, including: (i) both a PSMA Binding Domain and a CD3 Binding Domain or (ii) both a PSMA Binding Domain and a Binding Domain other than CD3 Binding Domain; and any modification or derivative of the foregoing (including conjugated or mono/multi-specific forms thereof); *provided*, that such modification or derivative comprises in any case a PSMA Binding Domain.

1.15 "**Control**" means, when used in reference to intellectual property (including Patents, Inventions and Know-How), Confidential Information, other intangible property, or materials, that a Party owns or has a license or sublicense to such intellectual property (including Patents, Inventions and Know-How), Confidential Information, other intangible property or materials, and has the ability to grant access, a license or sublicense or other right to use such intellectual property (including Patents, Inventions and Know-How), Confidential Information, other intangible property or materials, as applicable, as provided for herein; *provided*, *however*, that, in the case of intellectual property not currently envisioned to be necessary for Development of the Product under the Initial Development Plan (i.e., intellectual property other than (x) Emergent Patents listed on Schedule 1.30, Emergent Platform Patents listed on Schedule 1.34 or Emergent Manufacturing Patents listed on Schedule 1.28, and (y) Emergent Know-How, Emergent Platform Know-How or Emergent Manufacturing Know-How existing as of the Effective Date and currently envisioned to be necessary for Development of the Product under the Initial Development Plan), such ability to grant such access, license, sublicense or other right is included only to the extent not (i) requiring the consent of a Third Party or (ii) violating the terms of any agreement or other arrangement with any Third Party.

1.16 "**Cover**(**ed**)" means, with respect to any Patent and the subject matter at issue, that, but for a license granted under a Valid Claim of such Patent, the manufacture, development, use, sale, offer for sale or importation of the subject matter at issue would infringe such Valid Claim, or in the case of a Patent that is a patent application, would infringe a Valid Claim in such patent application if it were to issue as a patent.

1.17 "**Develop**", "**Developing**" or "**Development**" means all activities covering research, non-clinical, preclinical and clinical trials, toxicology testing, manufacturing development, formulation development, statistical analysis and reporting, preparation and submission of applications (including CMC Information) for Regulatory Approvals (including Pricing Approval) of the Product in the Territories, necessary or reasonably useful or requested or required by a Regulatory Authority as a condition or in support of obtaining or maintaining all Regulatory Approvals (including Pricing Approval) for the Product in the Territories. For clarity, "Development" shall include all Clinical Trials as well as other post Product Approval studies (including non-interventional studies) conducted for the aforementioned purposes, but shall not include any activities covering Commercialization or Manufacture.

1.18 "**Development Activities**" means (i) General Development Activities, (ii) Manufacturing Development Activities, (iii) those MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities or Emergent Territory Required Development Activities, Emergent Territory Discretionary Development Activities jointly funded by the Parties in accordance with Section 4.7 or 4.8, in each case undertaken by or on behalf of a Party or its Affiliates with respect to the Product consistent with the applicable Development Plan.

1.19 "**Development Costs**" means the costs and expenses incurred by a Party or its Affiliates directly attributable to, or reasonably allocable to, the Development of the Product (including the costs incurred to MorphoSys or credited to Emergent in accordance with Section 7.2.2 for Product supplied for the Development Activities at the Development Supply Price) and the performance of the Manufacturing Development Activities, Packaging and Labeling of the Product for Development Activities (as far as not included in the Development Supply Price), Release of the Product for Development Activities subject to Section 7.2.4 (as far as not included in the Development Supply Price) and Joint Regulatory Costs and that are consistent with the applicable Development Plan. "Development Costs" shall include (i) Out-of-Pocket Costs and (ii) internal costs (*e.g.*, staff or administrative) that are directly attributable or reasonably allocable to the Development of the Product and the performance of the Manufacturing Development Activities, in each case in accordance with the Development Plan. For clarity, (x) Out-of-Pocket Costs included in Development Costs shall include costs for liability insurance for the conduct of Clinical Trials under the Development Plan obtained and maintained in accordance with Section 11.5, and (y) Development Costs shall exclude Regulatory Costs. For the avoidance of doubt, to the extent costs are partly directly attributable to the Development Activities and partly attributable to other activities of Emergent or MorphoSys, such costs shall constitute "Development Cost" on a *pro rata* basis.

1.20 "**Development Data**" means all non-clinical, clinical, technical, chemical, safety, and scientific data and information and other results, including relevant laboratory notebook information, screening data, Regulatory Data and synthesis schemes, including descriptions in any form, data and other information, generated by or resulting from or in connection with the conduct of Development Activities ("**Jointly Funded Development Data**") or in connection with the conduct of Sole-Funded Activities ("**Sole-Funded Development Data**").

1.21 "**Discretionary Development Activities**" means Emergent Territory Discretionary Development Activities and MorphoSys Territory Discretionary Activities.

1.22 "**Dollar**" means a U.S. dollar, and "$" shall be interpreted accordingly.

1.23 "**Drug Substance**" means the purified bulk Compound in its final formulation, stored in its bulk container, and suitable to be filled and finished into Vialed Product.

1.24 "**EMA**" means the European Medicines Agency or its successor.

1.25 "**Emergent Know-How**" means all Know-How that is Controlled by Emergent (or its Affiliates) as of the Effective Date or at any time during the Term (including an Emergent Sole-Funded Invention), which is necessary or reasonably useful for the Development or Commercialization of the Product in the MorphoSys Territory; *provided, however,* that Emergent Know-How shall not include any Emergent Platform Know-How or Emergent Manufacturing Know-How.

1.26 "**Emergent Manufacturing Invention**" means an Invention, made by or on behalf of either Party or jointly by the Parties, that relates to the general manufacturing of products and that is severable from the Product; *provided, however,* that Emergent Manufacturing Inventions shall not include Product Inventions.

1.27 "**Emergent Manufacturing Know-How**" means all Know-How, Controlled by Emergent (or its Affiliates) as of the Effective Date or at any time during the Term (including an Emergent Sole-Funded Invention), that relates to the general manufacturing of products and that is severable from the Product, which is necessary or reasonably useful for Manufacture of the Product in the Territories for Commercialization in the Territories, including any CMC Information; *provided, however,* that Emergent Manufacturing Know-How shall not include Product Know-How.

1.28 "**Emergent Manufacturing Patent**" means any Patent, Controlled by Emergent (or its Affiliates) (i) as of the Effective Date, including the Patents listed in Schedule 1.28, or (ii) at any time during the Term Covering Emergent Manufacturing Inventions (including an Emergent Sole-Funded Patent) that relates to the general manufacturing of products and that is severable from the Product, in each case of (i) or (ii) which is necessary or reasonably useful for the Manufacture of the Product; *provided, however,* that Emergent Manufacturing Patents shall not include Product Patents.

1.29 "**Emergent Manufacturing Technology**" means the Emergent Manufacturing Patents and the Emergent Manufacturing Know-How.

1.30 "**Emergent Patent**" means any Patent in the Territories that is (i) Controlled by Emergent (or its Affiliates) as of the Effective Date, including the Patents listed in Schedule 1.30, or (ii) that comes under the Control of Emergent (or its Affiliates) during the Term (including an Emergent Sole-Funded Patent), in each case of (i) or (ii) which is necessary or reasonably useful for the Development or Commercialization of the Product in the Territories; *provided, however,* that Emergent Patent shall not include any Emergent Platform Patent or Emergent Manufacturing Patent.

1.31 "**Emergent Platform**" means technologies relating to (i) single chain polypeptides capable of dimerizing, wherein the dimerized molecule contains two or more antibody derived Binding Domains separated by an CH2 and CH3 immunoglobulin constant domain, (ii) single chain polypeptides comprising, from the amino-terminus to the carboxy-terminus, a first antibody derived variable chain region, an immunoglobulin hinge region, immunoglobulin CH2 and CH3 constant region a linker and a second anti body derived variable domain region, (iii) polypeptides containing (a) at least one antibody derived Binding Domain capable of binding a tumor antigen (other than PSMA) or pathogen and (b) at least one antibody derived CD3 Binding Domain, or (iv) bispecific or multispecific fusion proteins or polypeptides containing a CD3 Binding Domain [**]; *provided, however,* that Emergent Platform shall not include the Compound, a Product or any other individual molecules. The technology within clause (iii) above is also referred to herein as the "**Emergent RTCC Platform**".

1.32 "**Emergent Platform Invention**" means an Invention, made by or on behalf of either Party or jointly by the Parties, that relates to the Emergent Platform and that is severable from the Product, including an Invention relating to an improvement of a CD3 Binding Domain; *provided, however,* that Emergent Platform Inventions shall not include Product Inventions.

1.33 "**Emergent Platform Know-How**" means all Know-How that is related to the Emergent Platform and that is severable from the Product that (i) is Controlled by Emergent (or its Affiliates) as of the Effective Date or (ii) comes under the Control of Emergent (or its Affiliates) at any time during the Term (including an Emergent Sole-Funded Invention), in each case of (i) or (ii) which is necessary or reasonably useful for the Development or Commercialization of the Product in the Territory; *provided, however,* that Emergent Platform Know-How includes any Emergent Platform Invention but shall not include any Product Know-How.

1.34 "**Emergent Platform Patent**" means any Patent that Covers Emergent Platform Inventions that (i) is Controlled by Emergent (or its Affiliates) as of the Effective Date, including the Patents listed in Schedule 1.34, or (ii) comes under the Control of Emergent (or its Affiliates) during the Term (including an Emergent Sole-Funded Patent), in each case of (i) or (ii) which is necessary or reasonably useful for the Development or Commercialization of the Product in the Territories, but excluding the Patents listed in Schedule 1.30; *provided, however,* that Emergent Platform Patent shall not include any Product Patent.

1.35 "**Emergent Platform Technology**" means the Emergent Platform Patents and Emergent Platform Know-How.

1.36 "**Emergent Sole-Funded Patent**" means any Patent that claims an Emergent Sole-Funded Invention.

1.37 "**Emergent Sole-Funded Invention**" means any Invention arising solely from a Sole-Funded Activity by Emergent Invented by either Party or its Affiliates, or a Person under an obligation of assignment to Emergent or its Affiliates.

1.38 "**Emergent Technology**" means the Emergent Patents and Emergent Know-How.

1.39 "**Emergent Territory**" means the United States and Canada and their respective territories, districts, commonwealths and possessions.

1.40 "**Emergent Territory Discretionary Development Activities**" means the Development activities for the Product for the Emergent Territory, other than Emergent Territory Required Development Activities or General Development Activities or Manufacturing Development Activities, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.41 "**Emergent Territory Required Development Activities**" means the Development activities for the Product that are necessary solely for obtaining or maintaining Regulatory Approvals for the Product in Canada, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.42 "**European Union**" or "**EU**" means the countries of the European Union, as it is constituted as of the Effective Date, which consists of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom or such other countries included in the MorphoSys Territory as of the Effective Date that after the Effective Date become members of the EU.

1.43 "**Expert**" means a disinterested, conflict-of-interest-free individual not affiliated with either Party or any of its Affiliates who, with respect to a dispute concerning a financial, scientific, medical, technical, commercial or regulatory matter as referred to such Expert in accordance with Section 3.6, who is an expert in the particular area at issue and who shall act as an expert and not as an arbitrator.

1.44 "**Facility**" means, as applicable, a Party's manufacturing facility and such other facilities used by such Party (or those of its Affiliates or Third Party contractors) in the Manufacture, packaging, labeling or storage of (a) Product or (b) materials utilized in the Manufacture, packaging or labeling of Product, in each case with respect to the Product for Development or Commercialization in the Territories.

1.45 "**FDA**" means the U.S. Food and Drug Administration or its successor.

1.46 "**FD&C Act**" means the U.S. Federal Food, Drug and Cosmetic Act, as amended, and the regulations promulgated thereunder.

1.47 "**Field**" means all fields of use, including therapeutic, palliative, prophylactic, diagnostic and research use, in human and animals.

1.48 "**Finished Product**" means the Product in its full packaging and final presentation form ready for Release to end users.

1.49 "**First Commercial Sale**" means, with respect to a Product, on a country by country basis, the first sale of such Product in a given country or other regulatory jurisdiction in the Territories after receipt of Regulatory Approval (including Pricing Approval, to the extent required for sale of a Product in a given country or regulatory jurisdiction) for such Product in such country or regulatory jurisdiction.

1.50 "**FTE**" means the equivalent of scientific, medical or technical, but for the avoidance of doubt not including managerial, financial, legal, marketing or business development, unless otherwise decided by the JSC, work of one (1) person, directly and specifically related to the Development of Products, full time for one (1) year, which equates to a total of forty (40) hours per week for forty-seven (47) weeks per year.

1.51 "**General Development Activities**" means all Development activities that either have applicability for the Development of the Product in a country of the MorphoSys Territory and a country of the Emergent Territory or are necessary for the Development of Product in any of the Major Markets. General Development Activities do not include MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities, activities under Development Proposals or Sole-Funded Activities unless they become jointly funded by the Parties in accordance with Sections 4.7 or 4.8 (in which case they shall be considered General Development Activities) or Development activities for an RFN Product unless the Parties have decided not to develop such RFN Product under the Development Plan as a Product under this Agreement pursuant to Section 2.7.

1.52 "**Good Clinical Practices**" or "**GCP**" means all applicable Good Clinical Practice standards for the design, conduct, performance, monitoring, auditing, recording, analyses and reporting of clinical trials, including, as applicable, (i) as set forth in European Commission Directive 2001/20/EC relating to the implementation of good clinical practice in the conduct of clinical trials on medicinal products for human use, and brought into law by European Commission Directive 2005/28/EC laying down the principles and detailed guidelines for good clinical practice for investigational medicinal products, (ii) regulation 536/2014 of the European Parliament and of the council of 16 April 2014 on clinical trials on medicinal products for human use, (iii) the International Conference on Harmonisation of Technical Requirements for Registration of Pharmaceuticals for Human Use ("**ICH**") Harmonised Tripartite Guideline for Good Clinical Practice (CPMP/ICH/135/95) and any other guidelines for good clinical practice for trials on medicinal products in the EU, (iv) the Declaration of Helsinki (2004) as last amended at the 64th World Medical Association in October 2013 and any further amendments or clarifications thereto, (v) U.S. Code of Federal Regulations Title 21, Parts 50 (Protection of Human Subjects), 56 (Institutional Review Boards) and 312 (Investigational New Drug Application), as may be amended from time to time, and (vi) the equivalent Laws in any relevant country, each as may be amended and applicable from time to time and in each case that provide for, among other things, assurance that the clinical data and reported results are credible and accurate and protect the rights, integrity, and confidentiality of trial subjects.

1.53 "**Good Laboratory Practices**" or "**GLP**" means all applicable Good Laboratory Practice standards, including, as applicable, (i) as set forth in European Commission Directive 2004/10/EC relating to the application of the principles of good laboratory practices, as may be amended from time to time, as well as the OECD Series on Principles of Good Laboratory Practice, (ii) the then-current good laboratory practice standards promulgated or endorsed by the FDA as defined in 21 C.F.R. Part 58, and (iii) the equivalent Laws in any relevant country, each as may be amended and applicable from time to time.

1.54 "**Good Manufacturing Practices**" or "**GMP**" means all applicable Good Manufacturing Practices including (i) the applicable part of quality assurance to ensure that products are consistently produced and controlled in accordance with the quality standards appropriate for their intended use, as defined in European Commission Directive 2003/94/EC laying down the principles and guidelines of good manufacturing practice, (ii) the principles detailed in the U.S. Current Good Manufacturing Practices, 21 C.F.R. Sections 210, 211, 601 and 610, (iii) the Rules Governing Medicinal Products in the European Community, Volume IV Good Manufacturing Practice for Medicinal Products, (iv) the principles detailed in the ICH Q7A guidelines, and (v) the equivalent Laws in any relevant country, each as may be amended and applicable from time to time.

1.55 "**Governmental Authority**" means any multinational, federal, state, local, municipal or other governmental authority of any nature (including any governmental association, division, prefecture, subdivision, department, agency, bureau, branch, office, commission, committee, council, court or other tribunal, such as statutory health insurance funds and their associations), in each case having jurisdiction over the applicable subject matter.

1.56 "**Indication**" means any use of a Product for the treatment, prevention, cure or delay of progression of a human disease or condition. For clarity, the broadening of use of a Product for a particular disease (such as the extension of the use of a Product from treating a particular disease or condition for use as an adjuvant treatment for such disease or condition or the use of a Product as a front-line therapy after receiving Regulatory Approval as a second line therapy for treatment of the same disease or condition) shall not be deemed to be separate Indications. For example, prostate cancer is one Indication, and any different treatment lines, different patient populations etc. of prostate cancer are not considered different indications, whereas lung cancer is considered a different Indication.

1.57 "**IND**" means the equivalent application of an Investigational New Drug Application to the equivalent agency of the FDA in the Territories, such as a clinical trial application ("**CTA**") or a clinical trial exemption ("**CTX**"), the filing of which is necessary to commence or conduct clinical testing of a pharmaceutical product in humans in such jurisdiction.

1.58 "**Invented**" means the acts of (an) inventor(s), as determined in accordance with applicable patent Laws relating to inventorship set forth in the patent Laws of the U.S. (Title 35, United States Code) in discovering, conceiving or completing an Invention.

1.59 "**Invention**" means any writing, invention, discovery, improvement, technology or other Know-How (in each case, whether patentable or not) that is not existing as of the Effective Date and is Invented or generated under this Agreement (whether in the performance of Development Activities or in the performance of MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities), during the Term.

1.60 "**JMAA**" means an application that is filed with the MHLW to obtain Product Approval for the Product in the Japan.

1.61 "**Joint Invention**" means any Invention that is not an Emergent Sole-Funded Invention, not a MorphoSys Sole-Funded Invention, not an Emergent Platform Invention and not an Emergent Manufacturing Invention.

1.62 "**Joint Know-How**" means (i) any Know-How, other than Emergent Platform Know-How and Emergent Manufacturing Know-How, resulting from Development Activities, whether generated by or on behalf of either Party or their respective Affiliates on the course of the Development Activities, including Joint Inventions, or (ii) an Invention, other than an Emergent Platform Invention or a Emergent Manufacturing Invention, that is generated jointly by an employee of Emergent or its Affiliates or a Person under an obligation of assignment to Emergent or its Affiliates and an employee of MorphoSys or its Affiliates or a Person under an obligation of assignment to Emergent or its Affiliates.

1.63 "**Joint Patent**" means any Patent claiming Joint Inventions.

1.64 "**Joint Regulatory Costs**" means the costs and expenses incurred by a Party or its Affiliates attributable to, or reasonably allocable to, the preparation and obtaining of Regulatory Materials for the Product in the Major Markets and that are consistent with Development Activities performed under the applicable Development Plan, but shall exclude the costs of any filing fees associated with submissions for Regulatory Approvals.

1.65 "**Joint Steering Committee**" or "**JSC**" means the joint steering committee formed by the Parties as described in Section 3.1.

1.66 "**Joint Technology**" means the Joint Know-How and the Joint Patents.

1.67 "**Know-How**" means any proprietary data, results, material(s), technology, and nonpublic information of any type whatsoever, in any tangible or intangible form, including know-how, trade secrets, practices, techniques, methods, processes, inventions, developments, specifications, formulations, formulae, materials or compositions of matter of any type or kind (patentable or otherwise), software, algorithms, marketing reports and plans, market research, expertise, technology, test data (including pharmacological, biological, chemical, biochemical, toxicological, preclinical and clinical test data), analytical and quality control data, stability data, other study data and procedures, including Development Data.

1.68 "**Laws**" means all laws, statutes, rules, regulations, directives, decisions, ordinances, guidelines and other pronouncements of any Governmental Authority.

1.69 "**Major Markets**" means the United States, EU, Japan and China.

1.70 "**Manufacture**" or "**Manufacturing**" means all activities related to the manufacturing of Drug Substance, Vialed Product, Finished Product or a Placebo thereof, or any ingredient thereof, including manufacturing for clinical use or commercial sale, in-process and lot release testing, release of Drug Substance or Vialed Product or Finished Product or Placebo, quality assurance activities related to manufacturing of Drug Substance, Vialed Product, Finished Product or a Placebo thereof, handling and storage of Drug Substance, Vialed Product, Finished Product or a Placebo thereof; *provided, however,* that for purposes of clarity "Manufacture" shall include fill and any compounding or lyophilization required of Drug Substance or Placebo into Vialed Product, Finished Product or Placebo thereof and shall, unless otherwise agreed by the Parties, include Packaging and Labeling (whether in commercial or clinical packaging presentation).

1.71 "**Manufacturing Development Activities**" means development of test methods, stability testing, formulation development, process development, quality assurance activities, quality control activities, qualification and validation activities, analytic process development, manufacturing process validation, scale-up, and all other activities, including CMC-related activities, necessary for or related to the development of Manufacture of the Product and Placebo.

1.72 "**Manufacturing License Occurrence**" means the occurrence of the circumstances set forth in Section 7.11 which shall be included also in the Supply Agreement, whereby MorphoSys receives a license to Manufacture the Product in accordance with Section 2.1.2.

1.73 "**Marketing Authorization Application**" or "**MAA**" means an application to the appropriate Regulatory Authority for approval to market the Product (but excluding Pricing Approval) in any particular country or regulatory jurisdiction, including such application filed with the FDA, with the EMA pursuant to the centralized procedure, with the MHLW or with the applicable Regulatory Authority of a country in the Territories.

1.74 "**Medical Affairs Activities**" means activities, compliant with applicable Laws, designed to ensure or improve appropriate medical use of, conduct medical education of, or further research regarding, a Product sold in the Territories, including by way of example: (i) activities of Medical Science Liaisons; (ii) the provision of grants to support continuing medical education, symposia, or Third Party research related to a Product; (iii) the development, publication and dissemination of publications relating to a Product and/or related disease or therapeutic indication; (iv) medical information services provided in response to inquiries communicated via Medical Representatives or received by letter, phone call, email or other means of communication; and (v) the conduct of advisory board meetings, meetings with prescribing doctors and other professionals or other programs, in each case the purpose of which is to obtain advice and feedback related to the Commercialization of, or medical activities concerning, a Product.

1.75 "**Medical Representative**" means an individual sales representative who is responsible for promoting and detailing Product in the Territories.

1.76 "**Medical Science Liaison**" means an individual who is employed by or on behalf of either Party or its Affiliates and who provides educational services and other educational efforts directed towards the medical and/or scientific community.

1.77 "**MHLW**" means Japan's Ministry of Health, Labor and Welfare and any of its subsidiary agencies or local governments responsible for pharmaceutical matters, or any successor agency having substantially the same function.

1.78 "**MorphoSys Applied Know-How**" means all Know-How that is (a)(i) Controlled by MorphoSys (or its Affiliates) as of the Effective Date or comes under the Control of MorphoSys (or its Affiliates) during the Term (other than as a result of the licenses granted by Emergent to MorphoSys under this Agreement) and (ii) incorporated by a decision of MorphoSys in any Product prior to any termination of this Agreement (provided, however, that such Know-How is necessary or reasonably useful for the Development, Manufacture or Commercialization of any Product) or (b) a MorphoSys Sole-Funded Invention.

1.79 "**MorphoSys Applied Patent**" means any Patent that (a)(i) is Controlled by MorphoSys (or its Affiliates) as of the Effective Date or comes under the Control of MorphoSys (or its Affiliates) during the Term (other than as a result of the licenses granted by Emergent to MorphoSys under this Agreement) and (ii) that claims any MorphoSys Applied Know-How or (b) is a MorphoSys Sole-Funded Patent.

1.80 "**MorphoSys Applied Technology**" means the MorphoSys Applied Know-How and the MorphoSys Applied Patents.

1.81 "**MorphoSys Sole-Funded Patent**" means any Patent that claims a MorphoSys Sole-Funded Invention.

1.82 "**MorphoSys Sole-Funded Invention**" means any Invention arising solely from a Sole-Funded Activity by MorphoSys Invented by either Party or its Affiliates, or a Person under an obligation of assignment to MorphoSys or its Affiliates.

1.83 "**MorphoSys Territory**" means the entire world except for countries of the Emergent Territory.

1.84 "**MorphoSys Territory Discretionary Development Activities**" means Development activities for the Product for the MorphoSys Territory, other than MorphoSys Territory Required Development Activities or General Development Activities or Manufacturing Development Activities, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.85 "**MorphoSys Territory Required Development Activities**" means the Development activities that are necessary solely for obtaining or maintaining Regulatory Approvals for the Product in those parts of the MorphoSys Territory that are not Major Markets, and that are not jointly funded by the Parties in accordance with Section 4.7 or 4.8.

1.86 "**Net Sales**" means the gross amount invoiced by or on behalf of either Party as the selling Party in accordance with this Agreement (the "**Selling Party**") or any of its respective Affiliates or sublicensees (or any permitted distributors) to independent Third Parties on account of sales of the Product, less the following deductions specifically and solely related to the Product and actually allowed:

(a) customary trade, cash or quantity discounts actually paid, granted or accrued, to the extent not already reflected in the amount invoiced;

(b) value added tax, excise and sales taxes and customs duties to the extent included in the price and separately itemized on the invoice price (but specifically excluding, for clarity, any income taxes assessed against the income arising from such sale);

(c) outbound freight, shipment and insurance costs to the extent included in the price and separately itemized;

(d) amounts actually paid, granted or accrued on returns in accordance with a Selling Party's returned goods policy provided to the other Party; and

(e) compulsory payments and rebates directly related to the sale of the Product paid to a Governmental Authority pursuant to governmental regulations by reason of any national or local health insurance program or similar program.

For clarity, the amount of any discounts, rebates or allowances granted or taken with respect to the total sales to a customer for multiple products of the Selling Party (or its Affiliate, sublicensee, permitted distributors, agent, distributee, or designee thereof) shall not be deducted in calculating Net Sales. Any of the items set forth above that would otherwise be deducted from the invoice price in the calculation of Net Sales but which are separately charged to, and paid by, Third Parties shall not be deducted from the invoice price in the calculation of Net Sales. In the case of any sale of the Product for value other than in an arm's length transaction exclusively for cash, such as barter or counter-trade, Net Sales shall be determined by referencing Net Sales at which substantially similar quantities of the Product are sold in an arm's length transaction for cash.

Notwithstanding the foregoing, amounts billed by a Selling Party, its Affiliates, its sublicensees or any permitted distributors for the sale of Product among a Selling Party, its Affiliates, its sublicensees or any permitted distributor for resale shall not be included in the computation of Net Sales hereunder. Net Sales shall be accounted for in accordance with generally accepted accounting principles (**"GAAP**"), consistently applied. If a Selling Party, its Affiliates, its sublicensees or any permitted distributor sells the Product as part of a bundle with other products or offers package deals to customers that include the Product, the Product shall not be offered as a loss leader and any discounts shall be applied proportionally among the Product and the other products bundled together with the Product.

If a Product is sold as part of a product containing an additional clinically active component, Net Sales of Product, for the purpose of determining royalty payments, shall be determined by multiplying Net Sales (as defined above) of the combination product by the fraction A/(A+B), where A is the average sales price of the Product containing the Compound alone when sold separately in finished form and B is the average sale price of the additional clinically active component sold separately in finished form, provided that, if the individual components are not sold separately, the Parties will agree in good faith a reasonable apportionment of the sale price between the components of the product in question.

1.87 "**Out-of-Pocket Costs**" means costs and expenses, excluding value added tax, paid to Third Parties (or payable to Third Parties and accrued in accordance with GAAP), other than Affiliates or employees, by either Party.

1.88 "**Patents**" means patents and patent applications and all substitutions, divisions, continuations, continuations-in-part, any patent issued with respect to any such patent applications, any reissue, reexamination, utility models or designs, renewal or extension (including any supplementary protection certificate) of any such patent, and any confirmation patent or registration patent or patent of addition based on any such patent, and all counterparts thereof in any country.

1.89 "**Patent Term Extension**" means any term extensions, supplementary protection certificates and equivalents thereof offering Patent protection beyond the initial term with respect to any issued Patents.

1.90 "**Person**" means any corporation, limited or general partnership, limited liability company, joint venture, trust, unincorporated association, governmental body, authority, bureau or agency, any other entity or body, or an individual.

1.91 "**Phase I Clinical Trial**" means a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(a) or the foreign equivalent thereof.

1.92 "**Phase I/II Clinical Trial**" shall mean the Clinical Trial for the Product conducted under protocol number 401, the synopsis of which is set forth in Schedule 1.92, or further protocol amendments.

1.93 "**Phase II Clinical Trial**" means a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(b) or the foreign equivalent thereof.

1.94 "**Phase III Clinical Trial**" means a human clinical trial in any country that would satisfy the requirements of 21 CFR 312.21(c) or the foreign equivalent thereof.

1.95 "**Phase IV Clinical Trials**" means certain post-marketing studies to delineate additional information about a pharmaceutical product's risks, benefits, and optimal use, commenced after receipt of regulatory approval for a product in the indication for which such trial is being conducted.

1.96 "**Placebo**" means a substance or mixture of substances lacking presence of Compound, manufactured for purposes of control treatment in blinded Clinical Trials. For purposes herein, Placebo refers to finished and packaged form of such substance.

1.97 "**Pre-Marketing**" means all sales and marketing activities undertaken prior to and in preparation for the launch of the Product in a given country or other regulatory jurisdiction in the Territories. Pre-Marketing shall include market research, key opinion leader development, advisory boards, medical education, disease-related public relations, sales force training and other pre-launch activities prior to the First Commercial Sale of the Product in a given country or other regulatory jurisdiction in the Territories.

1.98 "**Pricing Approval**" means the approval, agreement, determination or decision from a Governmental Authority establishing the price and/or reimbursement for the Product for sale in a given country or regulatory jurisdiction, as required by applicable Laws in such country or other regulatory jurisdiction prior to or subsequent to the marketing and sale of the Product in such country or regulatory jurisdiction.

1.99 "**Product**" means any pharmaceutical product containing the Compound (alone or with other active ingredients), in all forms, presentations, formulations, administration, dosages, dosage forms, and packages. For clarity, "Product" shall include a RFN Product unless the Parties have decided to not Develop such RFN Product under the Development Plan pursuant to Section 2.7.

1.100 "**Product Approval**" means the approval by a Governmental Authority necessary for the marketing and sale of the Product in a given country or regulatory jurisdiction, which may include the approval of an MAA (but shall not include any Pricing Approvals).

1.101 "**Product Complaint**" means any written, verbal or electronic expression of dissatisfaction regarding any Product sold by or on behalf of either Party (or any of its Affiliates or sublicensees) in the Territories, including reports of actual or suspected product tampering, contamination, mislabeling or inclusion of improper ingredients.

1.102 "**Product Inventions**" means all Inventions relating to a PSMA Binding Domain, including Inventions relating to composition of matter, method of use and method of manufacture of the Product.

1.103 "**Product Know-How**" means all Know-How relating to a PSMA Binding Domain, including Know-How relating to composition of matter, method of use and method of manufacture of the Product. For clarity, Product Know-How shall be either Emergent Know-How, Joint Know-How or MorphoSys Applied Know-How.

1.104 "**Product Patents**" means all Patents that Cover Product Inventions. For clarity, Product Patents shall be either Emergent Patents, Joint Patents or MorphoSys Applied Patents.

1.105 "**Product Marks**" means the trademarks for use in connection with the Commercialization of the Product, including the trade dress, style of packaging and Internet domain names used in connection with the Commercialization of the Product.

1.106 "**Product Specifications**" means those Manufacturing, performance, quality-control Release, and Packaging and Labeling specifications for the Product in the Territories, which are agreed to by the Parties or initially as set forth in the applicable Product Approval for the Product, as such specifications may be amended from time to time pursuant to the terms of this Agreement.

1.107 "**Promotional Materials**" means all written, printed, video or graphic advertising, promotional, educational and communication materials (other than the Product labels and package inserts) for marketing, advertising and promoting of the Product in the Territories, for use (i) by a Sales Representative or a Medical Science Liaison or (ii) in advertisements, web sites or direct mail pieces.

1.108 "**PSMA Antigen**" means prostate specific membrane antigen (PSMA), also known as the enzyme glutamate carboxypeptidase II (GCPII), N-acetyl-L-aspartyl-L-glutamate peptidase I (NAALADase I), or NAAG peptidase.

1.109 "**PSMA Binding Domain**" means a Binding Domain that binds the PSMA Antigen and which has greater binding selectivity for the PSMA Antigen versus other antigens (and, for purposes of this definition, disregarding any residual binding activity).

1.110 "**Regulatory Approvals**" means all necessary approvals (including INDs, Product Approvals, Pricing Approvals and, in each case any supplements and amendments thereto), licenses, registrations or authorizations of any Governmental Authority, necessary for the manufacture, distribution, use, promotion and sale of the Product in a given country or regulatory jurisdiction.

1.111 "**Regulatory Authority**" means, in a particular country or regulatory jurisdiction, any applicable Governmental Authority involved in granting Regulatory Approvals in such country or regulatory jurisdiction, including (i) in the U.S., the FDA, and (ii) in the European Union, the European Commission and relevant national medicines regulatory authorities.

1.112 "**Regulatory Costs**" means the costs and expenses incurred by a Party or its Affiliates attributable to, or reasonably allocable to, (i) with respect to the Major Markets, the filing fees associated with submissions for Regulatory Approvals for the Product, including the MAA, Product Approval, Pricing Approvals and Manufacturing-related Regulatory Approvals, the preparation, obtaining or maintaining of Regulatory Materials subsequent to receipt of the respective Regulatory Approvals for which such Regulatory Material is necessary and the cost of maintaining such respective Regulatory Approvals after it was received, including expenses for meetings with Regulatory Authorities after filing for the respective Regulatory Approval and (ii) with respect to the Territories outside the Major Markets, the preparation, obtaining or maintaining of those parts of the Regulatory Materials required of the Regulatory Approvals for the Product, including the MAA, Product Approval, Pricing Approvals and Manufacturing-related Regulatory Approvals, including any filing fees and expenses for meetings with Regulatory Authorities, in each of (i) and (ii) that are consistent, if applicable, with the Development Plan. Regulatory Costs shall exclude any Joint Regulatory Costs.

1.113 "**Regulatory Data**" means any and all research data, pharmacology data, chemistry, manufacturing and control data, preclinical data, clinical data and all other documentation submitted, or required to be submitted, to Regulatory Authorities in association with obtaining or maintaining all Regulatory Approvals (including Pricing Approval) for the Product in the Territories (including any applicable Drug Master Files ("**DMFs**"), Chemistry, Manufacturing and Control ("**CMC**") data, or similar documentation).

1.114 "**Regulatory Exclusivity**" means any exclusive marketing rights or data exclusivity rights conferred by any Governmental Authority with respect to the Product in a given country or regulatory jurisdiction other than a Patent right.

1.115 "**Regulatory Materials**" means regulatory applications, submissions, notifications, communications, correspondence, registrations, Regulatory Approvals and/or other filings made to, received from or otherwise conducted with a Regulatory Authority that are necessary in order to Develop, Manufacture, obtain and maintain Regulatory Approvals, market, sell or otherwise Commercialize the Product in a particular country or regulatory jurisdiction. Regulatory Materials include materials relating to pre-IND meetings, INDs, pre-MAA meetings (including the biologics license application filed with the FDA), MAAs, presentations, responses, and applications for other Regulatory Approvals.

1.116 "**Release**" means, as required by the local applicable Laws in the designated country of use of the Finished Product or Placebo, including, as applicable, as defined in European Directive 2001/83EC as may be amended from time to time, release by a quality control unit or by a qualified person for use in a Clinical Trial or for (commercially) placing on the market or any other equivalent release.

1.117 "**Royalty Term**" means, on a country-by-country and Product-by-Product basis in the Emergent Territory or the MorphoSys Territory, as the case may be, the period of time beginning on the date [**].

1.118 "**SAE**" means Serious Adverse Event.

1.119 "**Sales Representative**" means an individual who is employed by or on behalf of either Party (or its Affiliates, sublicensees, authorized distributors or subcontractors) and who performs details and other promotional efforts with respect to the Product.

1.120 "**SUSAR**" means Suspected Unexpected Serious Adverse Reaction.

1.121 "**Territories"** means, collectively, the Emergent Territory and the MorphoSys Territory, and **"Territory"** means the Emergent Territory, with respect to Emergent, or the MorphoSys Territory, with respect to MorphoSys, as applicable.

1.122 "**Third Party**" means any Person other than Emergent or MorphoSys or their respective Affiliates.

1.123 "**Third Party Manufacturing License Agreement**" means that certain License Agreement, dated December 13, 2013, by and between [**] ("**Existing Manufacturing Licensor**") and Emergent, as amended.

1.124 "**Third Party Manufacturing Payments**" means any royalties or milestone payments or other fees due to Existing Manufacturing Licensor under the Third Party Manufacturing License Agreement on account of the license of intellectual property, or the manufacture or the subsequent sale of the Product by or on behalf of a Party, its Affiliates, sublicensees or subcontractors, as applicable.

1.125 "**United States**" or "**U.S.**" means the United States of America and its possessions and territories (which includes the Commonwealth of Puerto Rico and the District of Columbia).

1.126 "**[**] License**" means that Exclusive License Agreement, dated December 12, 2011, by and between the [**] and Emergent.

1.127 "**Valid Claim**" means (a) a claim of an issued and unexpired Emergent Patent, Emergent Platform Patent, Emergent Manufacturing Patent, Joint Patent, or MorphoSys Applied Patent (other than MorphoSys Sole-Funded Patents or Emergent Sole-Funded Patents, but only as long as there is no buy-in into the respective Sole-Funded Activity in accordance with Section 4.8) that (i) has not been rejected, revoked or held to be invalid or unenforceable by a court or other authority of competent jurisdiction, from which decision no appeal can be further taken and (ii) has not been finally abandoned, disclaimed or admitted to be invalid or unenforceable through reissue or disclaimer; or (b) a claim included in a pending patent application of an Emergent Patent, Emergent Platform Patent, Emergent Manufacturing Patent, Joint Patent, or MorphoSys Applied Patent (other than MorphoSys Sole-Funded Patents or Emergent Sole-Funded Patents, but only as long as there is no buy-in into the respective Sole-Funded Activity in accordance with Section 4.8) (whether filed before or after the Effective Date) that (i) has not been pending for more than [**] years from the earliest claimed priority date of such patent application (provided, however that for purposes of clarity, in the event such pending claim subsequently issues in an issued patent, then such claim shall again be a Valid Claim as of the date of issuance of such patent) and (ii) has not been finally determined to be unallowable by the applicable governmental authority (from which no appeal is or can be taken).

1.128 "**Vialed Product**" means the finished form of the Product, packaged in unlabeled vials.

Interpretation. Except where expressly stated otherwise in this Agreement, the following rules of interpretation apply to this Agreement: (a) "include", "includes" and "including" are not limiting; (b) "hereof, "hereto", "herein" and "hereunder" and words of similar import when used in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement; (c) words of one gender include the other gender; (d) references to a contract or other agreement mean such contract or other agreement as from time to time amended, modified or supplemented; (e) references to a Person are also to its permitted successors and assigns; (f) references to an "Article", "Section", "Exhibit" or "Schedule" refer to an Article or Section of, or an Exhibit or Schedule to, this Agreement, unless expressly stated otherwise; and (g) references to a law include any amendment or modification to such law and any rules and regulations issued thereunder, whether such amendment or modification is made, or issuance of such rules and regulations occurs, before or after the date of this Agreement.

Additional Definitions. The following terms have the meanings set forth in the corresponding Sections of this Agreement:

Term	Section
"Agreement"	Preamble
"Alliance Manager"	3.13
"Alternative Product Mark"	6.6.1(a)
[**]	2.6.1
"Assumed Development Activities"	2.6.2
"Assumed Development Activity Option"	2.6.2
"Audit"	8.11
"Audited Party"	8.11
"Auditing Party"	8.11

“Bankrupt Party”	14.9
“CHMP”	5.2.1(c)
“Chief Executive Officer”	3.5.2
“CMC”	1.113
“Commercial Supply Price”	7.3.3
“Committee”	3.8
“Confidential Information”	12.1
“Controlling Party”	9.6.1(a)
“Credit Agreement”	10.2.9
“CTA”	1.57
“CTX”	1.57
“De Minimis Overage Amount”	4.4.2
“Developing Party”	2.6.2
“Development Budget”	4.3.1(d)
“Development Cost Cap”	4.4.4(a)
“Development Plan”	4.3.1
“Development Proposal”	4.7.3
“Development Supply Price”	7.2.2
“Disclosing Party”	12.1
“DMFs”	1.113
“Effective Date”	Preamble
“Emergent”	Preamble
“Emergent Remedy Notice”	14.2
“Emergent Royalty Payments”	8.13
“Emergent Diagnostic Royalty Rates”	8.13
“Emergent RTCC Platform”	1.31
“Emergent Therapeutic Royalty Rates”	8.13
“Excess Development Cost Increment”	4.4.4(b)
“Excess Development Cost Increment Enhanced Product”	4.4.4(b)
“Excess Development Cost Increment Label Expansion Product”	4.4.4(b)
“Excess Development Cost Increment New Product”	4.4.4(b)
“Excess Development Cost Increment Product”	4.4.4(b)
“Excess Overage Amount”	4.4.2
“Excess Overage Amount Product”	4.4.2
“Existing Manufacturing Licensor”	1.123
“Extended Protection Confidential Information”	12.3
“Failure to Supply”	7.10.1
“GAAP”	1.86
“Global Product Mark”	6.6.1(a)
“ICC”	3.6
“ICH”	1.52
“Indemnification Claim Notice”	11.3.1
“Indemnified Party” and “Indemnifying Party”	11.3.1
“Indemnitee” and “Indemnitees”	11.3.1
“Infringement Claim”	9.6.1

“Initial Development Plan”	4.3.2
“Intellectual Property Committee” or “IPC”	3.9
“Invalidation Proceeding”	9.6.2(b)
“Invalidation/Re-Examination Patent”	9.6.2(b)
“Joint Steering Committee” or “JSC”	1.65
“Jointly Funded Development Data”	1.20
“Latest Emergent Termination Date”	13.3.1(c)
“Losses”	11.1
“Manufacturing License Occurrence”	7.11
“Milestone Notification Notice”	8.2
“MorphoSys”	Preamble
“MorphoSys Diagnostic Royalty Rates”	8.3
“MorphoSys Remedy Notice”	14.4
“MorphoSys Royalty Payments”	8.3
“MorphoSys Therapeutic Royalty Rates”	8.3
“Opposition Patents”	9.6.2(a)
“Opposition Proceeding”	9.6.2(a)
“Packaging and Labeling”	7.4
“Party” or “Parties”	Preamble
“Patent Challenge”	9.9
“Phase I/II Clinical Trial Dose Escalation Phase”	13.2
“PPI”	7.3.3
“Quality Agreements”	7.5
“Receiving Party”	12.1
“Reconciliation Development Payment”	8.10.2
“Recoupment Amount”	4.4.4(b)
“Recovery”	9.6.3(c)(v)
“Redacted Agreement”	12.7.2
“Re-Examination Proceeding”	9.6.2(b)
“RFN Product”	2.7
“Royalty Recoupment Adjustment”	4.4.4(b)
“Royalty Recoupment Adjustment Date”	4.4.4(b)
“Second Third Party Manufacturing Amendment”	2.1.2
“Senior Officer”	3.5.1
“Serious Supply Risk”	7.10.2
“Sole-Funded Development Data”	1.20
“Sole-Funded Activity”	4.7.5
“Supply Agreement”	7.3
“Term”	13.1
“Third Party Claim”	11.1
“Third Party IP”	8.5.2
“Third Party IP Agreement”	8.5.2
“Upfront Fee”	8.1
“VAT”	8.6

ARTICLE 2
Licenses

2.1 Grant to MorphoSys.

2.1.1 General Grant to MorphoSys. Subject to the terms and conditions of this Agreement, Emergent hereby grants to MorphoSys, and MorphoSys hereby accepts:

(i) during the Term, an exclusive (even as to Emergent and its Affiliates but subject to Emergent's retained rights in Section 2.3.3) license, including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, to Develop the Product in the MorphoSys Territory in the Field; and

(ii) during the Term, an exclusive license (even as to Emergent and its Affiliates), including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, to Commercialize the Product in the Field in the MorphoSys Territory; and

(iii) during the Term, a non-exclusive, cost-free, perpetual, worldwide license under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, to perform Development Activities in the Emergent Territory solely in accordance with the Development Plan and for Sole-Funded Activities by MorphoSys.

2.1.2 Manufacturing Grant to MorphoSys. Subject to the terms and conditions of this Agreement, the Supply Agreement and the Quality Agreements, in the event of a Manufacturing License Occurrence, Emergent hereby grants to MorphoSys a co-exclusive (with Emergent and its Affiliates), license (during the Term), including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the Emergent Manufacturing Technology, Emergent's interest in the Joint Technology, Emergent Patents and the Emergent Platform Technology, to Manufacture the Product for Development worldwide in the Field and for Commercialization in the Field in the MorphoSys Territory. MorphoSys hereby accepts such license. Emergent shall use best efforts to, together with MorphoSys, which will use best efforts to, obtain the Second Third Party Manufacturing Amendment within a period of six (6) months after the Effective Date. Hereinafter, "**Second Third Party Manufacturing Amendment**" means an amendment to the Third Party Manufacturing License Agreement, under which Existing Manufacturing Licensor allows Emergent to grant under such Third Party Manufacturing License Agreement a sublicense for Manufacture of the Product by, in addition to MorphoSys, at least [**] Third Party contract manufacturers on behalf of MorphoSys, and at least one of them being capable of Manufacturing the Product for, and if required by applicable Law, in China and Japan, acceptable to Existing Manufacturing Licensor, on the one hand, and to both Emergent and MorphoSys, on the other hand (it being understood that any of the top [**] contract manufacturers (in terms of capacities for manufacturing or other similar manufacturing volume) on a worldwide or regional basis, as applicable, would be acceptable to MorphoSys and Emergent)

and to transfer the Manufacturing process to such contract manufacturers. In the event that the Parties are not able to obtain the Second Third Party Manufacturing Amendment within a period of six (6) months after the Effective Date, MorphoSys may seek and obtain a direct license from Existing Manufacturing Licensor permitting MorphoSys to sublicense Manufacture of the Product to at least [**] Third Party contract manufacturers on behalf of MorphoSys and to transfer the Manufacturing process to such contract manufacturers, and, in the event MorphoSys enters into such a direct license with Existing Manufacturing Licensor, Emergent shall reimburse MorphoSys for [**] percent ([**]%) of any and all incremental amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable by MorphoSys to Existing Manufacturing Licensor under such direct license beyond the amounts payable to Existing Manufacturing Licensor under the Third Party Manufacturing License Agreement.

2.2 Grant to Emergent.

2.2.1 General Grant to Emergent. Subject to the terms and conditions of this Agreement, MorphoSys hereby grants to Emergent, and Emergent hereby accepts:

(i) during the Term, an exclusive license, including the right to sublicense through multiple tiers (subject to the restrictions set forth in Section 2.5.3), under the MorphoSys Applied Technology and MorphoSys' interest in the Joint Technology, to (A) Develop the Product in the Emergent Territory in the Field, (B) Commercialize the Product in the Field in the Emergent Territory, and (C) Manufacture the Product worldwide for (1) Development in the Field, (2) Commercialization in the Field in the Emergent Territory, and (3) Commercialization in the Field in the MorphoSys Territory by or on behalf of MorphoSys; and

(ii) during the Term, a non-exclusive, cost-free, perpetual, worldwide license or sublicense, as applicable, under the Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology, Emergent's interest in the Joint Technology, the MorphoSys Applied Technology and MorphoSys' interest in the Joint Technology to perform Development Activities in the MorphoSys Territory solely in accordance with the Development Plan and for Sole-Funded Activities by Emergent.

2.2.2 Additional Grant to Emergent. Subject to the terms and conditions of this Agreement, to the extent that it is not legally possible for MorphoSys to assign to Emergent all right, title and interest in and to the Emergent Platform Inventions and Emergent Manufacturing Inventions pursuant to Section 9.1.4, MorphoSys hereby grants to Emergent a co-exclusive (with MorphoSys, its Affiliates and sublicensees), perpetual license, including the right to sublicense through multiple tiers (subject, with respect only to the Product, to the restrictions set forth in Section 2.5.3(b)), under the Emergent Platform Inventions and Emergent Manufacturing Inventions, if any, contained in the MorphoSys Applied Technology or MorphoSys Sole-Funded Inventions, to make, have made, use, have used, sell or have sold the Product in accordance with the licenses granted under Section 2.2.1 or any other product. Emergent hereby accepts such license.

2.3 Additional Licensing Provisions.

2.3.1 Negative Covenant. Each Party covenants that it will not use or practice any of the other Party's Patents, Know-How or other intellectual property rights licensed (or sublicensed, as applicable) to it under this Article 2 except for the purposes (i) permitted under this Agreement or (ii) allowed under applicable Laws where such Patents, Know-How or other intellectual property rights are in the public domain without violation by such Party of any confidentiality obligation to the other Party under this Agreement.

2.3.2 No Implied Licenses; Retained Rights. Except as explicitly set forth in this Agreement, neither Party grants any license, express or implied, under its intellectual property rights to the other Party, whether by implication, estoppel or otherwise.

2.3.3 Emergent Manufacturing. Subject to the terms and conditions of this Agreement, the Supply Agreement, and the Quality Agreements, Emergent retains the right to Manufacture the Product worldwide for (i) Development in the Field, (ii) Commercialization in the Field in the Emergent Territory and (iii) Commercialization in the Field in the MorphoSys Territory by or on behalf of MorphoSys.

2.3.4 Certain Research by Emergent. Within [**] years after the Effective Date, Emergent may use ES414 as a control molecule in *in vitro* experiments to study mechanistic function and structural analysis of other Emergent RTCC Platform molecules in development. Upon prior approval from MorphoSys, to be considered by MorphoSys in good faith, Emergent may conduct any other experiments and publish the results of those experiments.

2.3.5 Documents and Declarations. Each Party shall execute all documents, give all declarations regarding the licenses granted hereunder and reasonably cooperate with the other Party upon its reasonable request at the cost of the requesting Party to the extent such documents, declarations and/or cooperation are required for the recordal or registration of the licenses granted hereunder at patent office(s) in the requesting Party's Territory.

2.4 Transfer of Emergent Know-How. Within ninety (90) calendar days after the Effective Date, Emergent shall furnish to MorphoSys a data package that shall include tangible or physical embodiments or electronic file of the Emergent Know How and the Emergent Platform Know-How existing at the Effective Date. MorphoSys shall not use any of the Emergent Platform Know-How furnished by Emergent under this Agreement for any purpose whatsoever, except as specifically authorized in this Agreement. In the event MorphoSys reasonably believes at any time during the Term that the tangible or physical embodiments or electronic file of the Emergent Know-How, the Emergent Platform Know-How or, in the event of a Manufacturing License Occurrence, tangible or physical embodiments or electronic file of the Emergent Manufacturing Know-How, furnished by Emergent is incomplete, MorphoSys shall provide written notice thereof to Emergent, and Emergent shall furnish such missing Know-How as promptly as practicable after receipt of MorphoSys' written notice hereunder. Emergent shall use its reasonable endeavors to answer all questions received from MorphoSys regarding the Emergent Know-How, Emergent Platform Know-How or, in the event of a Manufacturing License Occurrence, Emergent Manufacturing Know-How, as soon as reasonably possible after receipt of MorphoSys' request.

2.5 Performance by Affiliates, Subcontractors and Sublicensees.

2.5.1 Performance by Affiliates. The Parties recognize that each Party may perform some or all of its obligations under this Agreement through Affiliates; provided, however, that each Party shall remain responsible for and be guarantor of the performance by its Affiliates and shall cause its Affiliates to comply with the provisions of this Agreement in connection with such performance. Each Party hereby expressly waives any requirement that the other Party exhaust any right, power or remedy, or proceed against an Affiliate, for any obligation or performance hereunder prior to proceeding directly against such Party. Wherever in this Agreement the Parties delegate responsibility to Affiliates, the Parties agree that such entities may not make decisions inconsistent with this Agreement, amend the terms of this Agreement or act contrary to its terms in any way.

2.5.2 Subcontractors. Each Party shall ensure that each of its subcontractors accepts and complies with all of the terms and conditions of this Agreement, and such Party shall guarantee its subcontractors' performance under this Agreement. For the avoidance of doubt, each Party will remain directly responsible for the Development and Commercialization obligations and all amounts owed to the other Party under this Agreement. Each Party hereby expressly waives any requirement that the other Party exhaust any right, power or remedy, or proceed against a subcontractor, for any obligation or performance hereunder prior to proceeding directly against such Party.

2.5.3 Sublicensees.

(a) Prior to filing of Product Approval in the EU, MorphoSys shall be required to obtain the prior written consent of Emergent for any sublicensing, transferring, assigning or conveying (i) of Development rights (alone or in combination with Commercialization rights) under rights granted to MorphoSys under Section 2.1.1, or (ii) of Manufacturing rights granted to it under Section 2.1.2; *provided*, that after filing of Product Approval in the EU, subject to Section 2.1.2 MorphoSys shall be required to obtain the prior written consent of Existing Manufacturing Licensor under the Third Party Manufacturing License Agreement for any sublicensing, transferring, assigning or conveying of Manufacturing rights granted to it under Section 2.1.2 If MorphoSys intends to sublicense the rights referenced in the previous sentence, prior to filing of Product Approval in the EU, MorphoSys shall disclose to Emergent the identity of the potential sublicensee. Emergent shall within twenty-five (25) calendar days notify MorphoSys whether it consents to such sublicense; *provided*, *however*, that Emergent shall not unreasonably withhold its consent. It shall be unreasonable for Emergent to withhold such consent if the potential sublicensee is one of the top [**] pharmaceutical or biotechnology companies (based on annual sales) with good standing and with the relevant capability and expertise to perform its obligations under such sublicense, unless such potential sublicensee is a Competitor. In the event that Emergent fails to deny consent to such proposed sublicense within such twenty-five (25) calendar day period, Emergent shall be deemed to have given its consent with respect to such sublicense. MorphoSys shall not be required to obtain the prior written consent of Emergent for any sublicensing, transferring, assigning or conveying of Commercialization rights (not in combination with Development rights) under rights granted to MorphoSys under Section 2.1.1 in any country or region in the MorphoSys Territory, if MorphoSys in good faith determines that such sublicensee has the relevant capability and expertise to perform its obligations under the sublicense.

(b) Prior to filing of Product Approval in the United States, Emergent shall be required to obtain the prior written consent of MorphoSys for any sublicensing, transferring, assigning or conveying of Development rights (alone or in combination with Commercialization rights) under rights granted to Emergent under Section 2.2 or of Development rights (alone or in combination with Commercialization rights) under Emergent Technology, Emergent Platform Technology, Emergent Manufacturing Technology and Emergent's interest in the Joint Technology, in each case, for the Product in the Field in the Emergent Territory. If Emergent intends to sublicense the rights or activities referenced in the foregoing sentence of this Section, Emergent shall disclose to MorphoSys the identity of the potential sublicensee. MorphoSys shall within twenty-five (25) calendar days notify Emergent whether it consents to such sublicense; *provided*, *however*, that MorphoSys shall not unreasonably withhold its consent. It shall be unreasonable for MorphoSys to withhold such consent if the potential sublicensee is one of the top [**] pharmaceutical or biotechnology companies (based on annual sales) with good standing and with the relevant capability and expertise to perform its obligations under the sublicense, unless such potential sublicensee is a Competitor. In the event that MorphoSys fails to deny consent to such proposed sublicense within such twenty-five (25) calendar day period, MorphoSys shall be deemed to have given its consent with respect to such sublicense. Emergent shall not be required to obtain the prior written consent of MorphoSys for any sublicensing, transferring, assigning or conveying of Commercialization rights (not in combination with Development rights) under rights granted to Emergent under Section 2.2 in any country or region of the Emergent Territory, if Emergent in good faith determines that such sublicensee has the relevant capability and expertise to perform its obligations under the sublicense.

2.5.4 Conditions of Sublicenses and Subcontracts. With respect to each such sublicense pursuant to Section 2.5.3 or subcontract pursuant to Section 2.5.2, as applicable, each Party shall ensure that each of its sublicensees and subcontractors accepts and complies with all applicable terms and conditions of this Agreement, and such Party shall remain responsible for the performance of its sublicensees and subcontractors hereunder, and any such sublicense or subcontract shall (a) be subject and subordinate to the terms and conditions of this Agreement, (b) contain terms and conditions which are not inconsistent with the terms and conditions of this Agreement, (c) not in any way diminish, reduce or eliminate any of such Party's rights and obligations under this Agreement, and (d) impose on the sublicensee or subcontractor all applicable obligations under the terms of this Agreement, including, to the extent applicable, the reporting, audit, inspection and confidentiality provisions hereunder, as well as a provision prohibiting such sublicensee or subcontractor from sublicensing or subcontracting in violation of the terms of this Agreement. For the avoidance of doubt, each Party will remain directly responsible for all of its Development and Commercialization obligations and amounts owed to the other Party under this Agreement. Each Party hereby expressly waives any requirement that the other Party exhaust any right, power or remedy, or proceed against a sublicensee or subcontractor, for any obligation or performance hereunder prior to proceeding directly against such Party. Each Party shall provide the other Party with a copy of each such sublicense agreement granted pursuant to Section 2.5.3 within thirty (30) calendar days after the execution thereof (redacted as such Party reasonably determines to protect confidential or commercially sensitive information).

2.6 Exclusivity.

2.6.1 Forbearance. Emergent hereby covenants that, for a period of [**] years after First Commercial Sale of the Product in the Emergent Territory, it shall not (and shall cause its Affiliates not to) directly or indirectly commercialize any pharmaceutical product [**]. MorphoSys hereby covenants that, for a period of [**] years after First Commercial Sale of the Product in the MorphoSys Territory, it shall not (and shall cause its Affiliates not to) directly or indirectly commercialize [**].

2.6.2 Alternative PSMA Product. In the event that, prior to the first Product Approval for the Product in the MorphoSys Territory with respect to MorphoSys, and in the Emergent Territory with respect to Emergent, such Party or any of its respective Affiliates clinically develops any Alternative PSMA Product, such Party (the "**Developing Party**") shall notify the other Party in writing within thirty (30) calendar days after commencing such development with non-confidential information relating to such Alternative PSMA Product and, at the other Party's written request, additional information relating to such Alternative PSMA Product. From the receipt of such notice until such time as the Developing Party informs the other Party in writing that it has abandoned the development of such Alternative PSMA Product, the other Party shall have the right, exercisable upon written notice to the Developing Party (the "**Assumed Development Activity Option**"), to assume performance of any or all Development Activities under this Agreement (the "**Assumed Development Activities**"); *provided*, that the remainder of this Agreement shall continue to apply with respect to such Assumed Development Activities, *mutatis mutandis*, giving effect to the assumption of such activities by the other Party (including the continuation of the bearing of such Development Costs thirty-six percent (36%) by Emergent and sixty-four percent (64%) by MorphoSys). Upon the other Party's exercise of an Assumed Development Activity Option, the Developing Party shall transition and transfer the applicable Assumed Development Activities previously performed by the Developing Party to the other Party and use Commercially Reasonable Efforts to provide reasonable assistance to the other Party to enable the other Party to assume such Assumed Development Activities.

2.6.3 Exceptions. Notwithstanding the restrictions set forth in Sections 2.6.1 and 2.6.2, both Parties shall be allowed to (i) perform contract research activities (fee for service discovery) for Third Parties using its platform technologies and (ii) pursue outward-bound technology platform transfer agreements, in each case of clauses (i) and (ii) without any target restrictions, without violating this Agreement.

2.6.4 Jurisdictional Compliance. It is the desire and intent of the Parties that the exclusivity covenants contained in this Section 2.6 be enforced to the fullest extent permissible under the Laws and public policies applied in each jurisdiction in which enforcement is sought. Emergent and MorphoSys believe that the restrictive covenants in this Section 2.6 are valid and enforceable. However, if any restrictive covenant should for any reason become or be declared by a competent court or competition authority to be invalid or unenforceable in any jurisdiction, such restrictive covenant shall be deemed to have been amended to the extent necessary in order that such provision be valid and enforceable, such amendment shall apply only with respect to the operation of such provision of this Section 2.6 in the particular jurisdiction in which such declaration is made.

2.7 Right of First Negotiation. The Parties may mutually decide to jointly develop an Alternative PSMA Product comprised of a PSMA Binding Domain and no other Binding Domain or more than one other Binding Domain (an "**RFN Product**"), in which case such RFN Product will then be developed under the Development Plan in accordance with this Agreement. If, after the first Product Approval for the Product in the MorphoSys Territory with respect to MorphoSys, and in the Emergent Territory with respect to Emergent, either Party intends to develop on its own or intends to grant to any Third Party the right to develop any RFN Product, then such Party shall notify the other Party in writing and submit a development proposal to the other Party to jointly Develop such RFN Product under the Development Plan, in which case Sections 4.7.3, 4.7.4 and 4.7.6 shall apply *mutatis mutandis* to this Section 2.7; *provided* that the other Party shall have the right to elect not to include such RFN Product in the Development Plan for joint development, in which case such intending Party shall be free to develop such RFN Product subject to the restrictions in Section 2.6 and such RFN Product shall no longer be deemed a Product and shall no longer be subject to the license grant under Section 2.1.

2.8 Restrictive Covenants.

2.8.1 Activities. Each Party hereby covenants and agrees that it shall not (and shall cause its respective Affiliates, sublicensees and subcontractors not to), either directly or indirectly, market, distribute or sell the Product into countries outside of its respective Territory. Without limiting the generality of the foregoing, neither Party shall (i) engage in any advertising activities relating to the Product directed solely to customers located in countries within the Territory of the other Party, or (ii) solicit orders from any prospective purchaser located in countries within the Territory of the other Party.

2.8.2 Contracts. In the event that either Party (or any of its Affiliates) enters into any agreement with a subcontractor (including, any distributors or wholesalers) or a sublicensee for the Product, it shall include in any and all such agreement provisions substantially similar to those set forth in Section 2.8.1 such that such subcontractor or sublicensee, as applicable, shall only be authorized to market, distribute and sell the Product within the applicable countries in the respective Territory of such Party, and shall be prohibited from marketing, distributing or selling the Product outside of such Territory.

2.8.3 Jurisdictional Compliance. It is the desire and intent of the Parties that the restrictive covenants contained in this Section 2.8 be enforced to the fullest extent permissible under the Laws and public policies applied in each jurisdiction in which enforcement is sought. Emergent and MorphoSys believe that the restrictive covenants in this Section 2.8 are valid and enforceable. However, if any restrictive covenant should for any reason become or be declared by a competent court or competition authority to be invalid or unenforceable in any jurisdiction, such restrictive covenant shall be deemed to have been amended to the extent necessary in order that such provision be valid and enforceable, such amendment shall apply only with respect to the operation of such provision of this Section 2.8 in the particular jurisdiction in which such declaration is made.

ARTICLE 3
Governance

3.1 Joint Steering Committee. The Parties shall establish the JSC within thirty (30) calendar days after the Effective Date. The JSC shall perform the following functions:

3.1.1 Review, coordinate and discuss the overall strategy for Developing the Product in the Territories, including the overall strategy for seeking Regulatory Approvals for the Product in the Territories, and approve the overall strategy for Developing the Product and seeking Regulatory Approvals for the Product in each case under the Development Plan;

3.1.2 Manage and oversee the preparation and implementation of the Development Plan;

3.1.3 Review and discuss updates and non-material amendments to the Development Plan;

3.1.4 Approve the Development Plan, including the Development Budget and any material amendments thereto, and decide upon which Party will be responsible for the performance of the various activities set forth in the Development Plan on the basis of each Party's respective experience, capabilities and capacity;

3.1.5 Review and discuss inclusion of Excess Overage Amounts;

3.1.6 Review, discuss and approve Clinical Trials or other Development activities proposed by either Party to be included in the Development Plan;

3.1.7 Review and discuss Development Proposals and the progress of any Sole-Funded Activity;

3.1.8 Facilitate the exchange of information between the Parties under this Agreement regarding the strategy for implementing the Development Activities, including sharing of Development Data created pursuant to this Agreement and establishing procedures for the efficient sharing of information and materials and Know-How reasonably necessary or useful for the Development of the Product in the Territories;

3.1.9 Coordinate and facilitate exchange by both Parties of CMC Information, Regulatory Data and Regulatory Materials in support of filings, facility inspections and Product launch in the MorphoSys Territory and the Emergent Territory;

3.1.10 Review, discuss and approve the design of the Clinical Trial protocols and endpoints and oversee the conduct of all Clinical Trials required as set forth in the Development Plan, and any General Development Activities, as well as review and discuss any MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities to be conducted with respect to the Product in the Territories;

3.1.11 Review and discuss the contents of all submissions to Regulatory Authorities and Governmental Authorities in the Territories for Regulatory Approvals (including Pricing Approvals), Regulatory Materials and all necessary filing and registration activities related thereto;

3.1.12 Review Regulatory Approvals for the Product in the Territories;

3.1.13 Discuss, and during Development approve, which Party will be responsible for the maintenance of the global safety database;

3.1.14 Review, discuss and oversee issues regarding pharmacovigilance and safety in the Territories (including the maintenance of the global safety database);

3.1.15 Oversee, discuss and approve the Manufacturing Development Activities and discuss progress and issues concerning Manufacturing Development Activities;

3.1.16 Review and discuss the amounts and timelines of Product for supply of Sole-Funded Activities, and review, discuss and approve the amounts and timelines of Product for supply of Development Activities; *provided*, that, if the supply of available Product is limited, then the prioritization of such available Product shall first be to Development Activities and then equitably to each Party's Sole-Funded Activities;

3.1.17 Review the progress of the other Committees, if any;

3.1.18 Discuss and approve the drafts of reports resulting from activities conducted under the Development Plan and comment on the drafts of reports resulting from activities conducted under a Sole-Funded Activity;

3.1.19 Discuss and approve upon the potential development of possible modifications of Product, combination-product containing the Compound, follow-on or backup products of Product;

3.1.20 Discuss and approve the potential development of possible diagnostic products, including whether to seek an amendment of the [**] License to include diagnostic rights;

3.1.21 Review, discuss and approve subcontractors for Development Activities;

3.1.22 Resolve disputes and other matters referred to the JSC by any other Committee (other than the IPC), if any;

3.1.23 Resolve disputes arising under Section 4.7.6 (which for clarity shall be subject to Section 3.5.2(b));

3.1.24 Discuss and approve engaging a Third Party contract manufacturing organization for the supply of Finished Product for Development under Section 7.2.2; and

3.1.25 Have such other responsibilities as may be assigned to the JSC pursuant to this Agreement or as may be mutually agreed upon by the Parties in writing from time to time.

3.2 Joint Steering Committee Membership. Emergent and MorphoSys shall each designate two (2) representatives of appropriate seniority and experience to serve on the JSC by written notice to the other Party. Either Party may designate substitutes for its representatives if one (1) or more of such Party's designated representatives are unable to be present at a meeting. From time to time each Party may replace its representatives by written notice to the other Party specifying the prior representative(s) and their replacement(s). The JSC shall be co-chaired by a

representative of each of MorphoSys and Emergent. One member of the JSC shall serve as secretary of the JSC at each Committee meeting, and the secretary shall alternate from meeting to meeting between a MorphoSys Committee member and an Emergent Committee member. The chairpersons shall be responsible for (i) calling meetings, (ii) preparing and issuing minutes of each such meeting within twenty (20) calendar days thereafter, and (iii) preparing and circulating an agenda for the upcoming meeting; *provided*, that the chairpersons shall consider including any agenda items proposed by either Party no less than seven (7) calendar days prior to the next scheduled JSC meeting.

3.3 Joint Steering Committee Meetings. The JSC shall hold at least one (1) meeting per Calendar Quarter at such times during such Calendar Quarter as it elects to do so, *provided*, that the JSC shall meet more or less frequently as MorphoSys and Emergent mutually agree upon as appropriate. Meetings of the JSC shall be effective only if at least one (1) representative of each Party is present or participating or, in case no representative of one Party being present or participating, such Party's chairpersons refuses to calling a meeting or such Party's representatives refuse to accept invitations to meetings or participate in meetings, each over a period of more than one Calendar Quarter. The JSC may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference; *provided*, that no less than one (1) meeting of the JSC during each Calendar Year shall be conducted in person at alternate locations at each Parties' respective designated offices. Other representatives of each Party involved with the Product may attend meetings as non-voting participants, subject to the confidentiality provisions set forth in Article 12. Additional meetings of the JSC may also be held with the consent of each Party, as required to resolve disputes, disagreements or deadlocks in the other Committees or as otherwise required under this Agreement, and neither Party shall unreasonably withhold its consent to hold such additional meetings. Each Party shall be responsible for all of its own expenses incurred in connection with participating in the JSC meetings or any of the other Committee meetings.

3.4 Decision-Making. As expressly set forth in Section 3.1, the JSC may make decisions with respect to any subject matter that is subject to the JSC's decision-making authority and functions. All decisions of the JSC shall be made by unanimous vote or unanimous written consent, with MorphoSys and Emergent each having, collectively, among its respective members, one (1) vote in all decisions. The JSC shall use commercially reasonable efforts to resolve the matters within its roles and functions or otherwise referred to it. If the JSC cannot reach consensus on a matter within fifteen (15) calendar days after such matter has been brought to the JSC's attention, then such matter shall be first referred to the Alliance Managers. The Alliance Managers shall use their commercially reasonable efforts to reach mutually acceptable resolutions on all such disputed matters. If the Alliance Managers are unable to resolve such dispute within seven (7) calendar days after the dispute is first referred to the Alliance Managers, the matter shall be resolved as provided in Section 3.5.

3.5 Dispute Resolution Procedures. In the event that any matter remains unresolved pursuant to Section 3.4, then the following shall apply:

3.5.1 With respect to all disputes arising between the Parties under the JSC, if the Parties are unable to resolve such dispute pursuant to Section 3.4, either Party may refer such dispute in writing to the Chief Development Officer or Executive Vice President of each of the Parties, or a designee from senior management with decision-making authority (the Chief Development Officer, Executive Vice President or such designee, the "**Senior Officer**"), for attempted resolution by good-faith negotiations within fifteen (15) calendar days after such notice is received.

3.5.2 If the Senior Officers are unable to resolve such dispute within fifteen (15) calendar days after such dispute is first referred to them pursuant to Section 3.5.1, the Senior Officers shall refer such dispute to the Chief Executive Officers of each of the Parties, or a designee from senior management with decision-making authority (the Chief Executive Officer or such designee, the "**Chief Executive Officer**"), for attempted resolution by good faith negotiations within ten (10) calendar days after such notice is received. If the Chief Executive Officers are unable to resolve such dispute within ten (10) calendar days after such dispute is first referred to them pursuant to this Section 3.5.2, then:

(a) If such dispute relates to Development Activities, then MorphoSys shall have the final decision making authority; *provided*, that, to the extent Emergent has a legitimate concern that the design of the registrational Clinical Trial (i.e., a Clinical Trial to support the filing of an MAA) does not meet the Regulatory Authority requirements for Product Approval in the U.S., neither Party shall have final decision making authority and either Party may refer the matter for determination by an Expert in accordance with Section 3.6; and

(b) If such dispute relates to whether a Sole-Funded Activity may be performed by a Party in accordance with Section 4.7.6 because the other Party reasonably believes that such suggested Sole-Funded Activity would materially adversely affect the Product or the Development or the Commercialization of the Product in such other Party's respective Territory, neither Party shall have final decision making authority and either Party may refer the matter for determination by an Expert in accordance with Section 3.6.

3.5.3 Subject to Section 3.7, all matters set forth in Section 3.1 properly brought to the JSC for approval as specifically set forth in Section 3.1 shall be decided by the casting vote of MorphoSys in accordance with Section 3.5.2(a).

3.5.4 Notwithstanding the foregoing provisions of this Section 3.5, neither Party shall exercise its right to finally resolve a dispute hereunder in a manner that excuses such Party from any of its obligations specifically enumerated under this Agreement or in a manner that negates any consent rights or other rights specifically allocated to the other Party under this Agreement. In addition, in resolving a dispute hereunder each Party shall act in good faith and in a commercially reasonable manner. While a disputed matter remains unresolved, the last previously agreed upon rights and obligations of each Party with respect to such disputed matter in the Development Plan shall continue to remain in effect.

3.5.5 Nothing in this Section 3.5 shall affect the right of a Party to exercise its rights or remedies for a breach of this Agreement by the other Party.

3.5.6 If, in the event that, prior to filing of Product Approval in the EU, MorphoSys undergoes a Change of Control with a Third Party that is a Competitor or is not a company that has pharmaceutical, biopharmaceutical or biotechnology operations, then MorphoSys shall no longer have the casting vote on the JSC, including pursuant to Section 3.5.2(a) or Section 3.5.3, and the Parties will need to decide upon the matter by way of decision of the Chief Executive Officers subject to Section 3.5.2. If the Chief Executive Officers are unable to resolve the dispute, either Party may refer the matter for determination of the Expert in accordance with Section 3.6.

3.6 Expert Resolution of Disputes. If a dispute, controversy or claim remaining unresolved pursuant to Section 3.5.2(a), Section 3.5.2(b) or Section 3.5.6 on which neither Party has the deciding vote or where this Agreement provides so, upon written request by either Party to the other Party, the Parties shall promptly negotiate in good faith to appoint an appropriate Expert. If the Parties are unable to agree on an Expert by mutual written agreement within seven (7) calendar days after the receipt by a Party of the written request in the immediately preceding sentence, the Expert shall be appointed by the International Centre for Expertise of the International Chamber of Commerce ("**ICC**") under its rules of expertise, *provided* that initially, the Parties shall equally share and pay the fees charged by ICC upon appointment of the Expert. The Parties will then promptly make available the same set of documents supporting their proposals to the mutually agreed Expert or the appointed Expert, as the case may be. Such Expert shall have the right to meet with the Parties, either alone or together, as necessary to make a determination. Each Party shall submit to such Expert and exchange with each other in advance of such Expert's review their last, best offers. Such Expert shall be limited to awarding only one or the other of the offers submitted. No later than thirty (30) calendar days after the agreement or designation of such Expert, as the case may be, such Expert shall make a determination. Such Expert shall provide the Parties with a written statement setting forth the basis of the determination in connection therewith. The decision of such Expert shall be final and conclusive and binding on the Parties and their Affiliates, absent manifest error. The costs of such Expert shall be borne by the Party whose position was not approved and such Party shall reimburse such other Party the initial payment of the fees borne by the other Party that were charged by ICC upon appointment of the Expert. The Parties shall use their good faith efforts to expedite the process set forth in this Section 3.6.

3.7 Limits on JSC and Committee Authority. The JSC and any other Committee shall have only the powers assigned expressly to it in this Agreement, and shall not have any power to amend, modify or waive compliance with this Agreement. In furtherance thereof, each Party shall retain the rights, powers and discretion granted to it under this Agreement and no such rights, powers or discretion shall be delegated or vested in the JSC and any other Committee unless such delegation or vesting of rights is expressly provided for in this Agreement or the Parties expressly so agree in writing. Without limiting the generality of the foregoing, neither the JSC nor any other Committee shall have decision-making authority with respect to (but may review and discuss) (i) any Commercialization activities for the Product in the Territories, (ii) Sole-Funded Activities, except for disputes arising under Section 4.7.6, (iii) Emergent Territory Required Development Activities, except for disputes arising under Section 4.7.6, (iv) Emergent Territory Discretionary Development Activities, except for disputes arising under Section 4.7.6, (v) MorphoSys Territory Required Development Activities, except for disputes arising under Section 4.7.6, (vi) MorphoSys Territory Discretionary Development Activities, except for disputes arising under Section 4.7.6, (vii) quantities and timelines for Manufacturing and supply of Product for Sole-Funded Activities or Commercialization, (viii) approving of the publication of the conduct and outcomes of Clinical Trials pursuant to Section 12.8, (ix) obtaining, maintaining or enforcing Patent protection and market and data exclusivity for the Product in the Territories, or (x) shortage risk mitigation actions, including whether to establish a second Manufacturing site, under Section 7.9.

3.8 Committees. From time to time, the JSC may establish and delegate duties to other sub-committees or directed teams (each, a "**Committee**") to oversee particular projects or activities. Each such Committee shall be constituted and shall operate as the JSC determines; *provided*, that each Committee shall have equal representation from each Party. Committees may be established on an ad hoc basis for purposes of a specific project, or on such other basis as the JSC may determine. Each Committee and its activities shall be subject to the oversight, review and approval of, and shall report to, the JSC. In no event shall the authority of a Committee exceed that of the JSC. As of the Effective Date, the Parties have agreed that the JSC will form a Finance Committee to discuss Development Costs and Development Budgets, a Manufacturing Committee to discuss Manufacturing Development Activities, and a Joint Project Team to discuss Development on an operational level.

3.9 Intellectual Property Committee. Without limiting the generality of, and subject to, Section 3.8, the Parties shall, within thirty (30) calendar days after formation of the JSC, establish an intellectual property committee (the "**Intellectual Property Committee**" or "**IPC**") as a Committee. The IPC shall provide a collaborative forum for the Parties to address intellectual property matters under this Agreement. The IPC shall (i) be the primary point of contact for the Parties regarding the exchange of information on Emergent Sole-Funded Inventions and MorphoSys Sole-Funded Inventions, filing, prosecution, maintenance, enforcement and defense matters set forth in Article 9, (ii) review and discuss the overall strategy for obtaining, maintaining and enforcing Patent protection and aligning the patenting strategy with other exclusivities available for the Product and (iii) discuss the selection of the Product Trademarks and the filing, prosecution, maintenance, enforcement and defense matters set forth in Section 6.6 The IPC shall also be responsible for discussing prosecution strategy with the goal of achieving strong and robust Patents taking into consideration the Emergent Patents, the Joint Patents and the MorphoSys Applied Patents. Additionally, in the event either Party determines that it requires a license to Third Party IP to Commercialize the Product, such matter shall be discussed by the IPC in accordance with Section 8.5.2.

3.10 Minutes of Committee Meetings. Definitive minutes of all Committee meetings shall be finalized after the meeting to which the minutes pertain as follows:

3.10.1 Within seven (7) calendar days after a Committee meeting, the secretary of such Committee shall prepare and distribute to all members of such committee draft minutes of the meeting. Such minutes shall provide a list of any issues yet to be resolved, either within such Committee or through the relevant resolution process.

3.10.2 The members of each Committee shall then have seven (7) calendar days after receiving such draft minutes to collect comments thereon and provide them to the secretary of such Committee.

3.10.3 Upon the expiration of such second seven (7) calendar day period, the Parties shall have an additional seven (7) calendar days to discuss each other's comments and finalize the minutes. The secretary and chairperson(s) of such Committee shall each sign and date the final minutes. The signature of such chairperson(s) and secretary upon the final minutes shall indicate each Party's assent to the minutes.

3.11 Actions. In developing strategies, making decisions and exercising rights under this Agreement (including acting through its representatives on any of the Committees and its Alliance Managers), each Party shall act in good faith and use Commercially Reasonable Efforts to achieve the goals of the then-current Development Plan.

3.12 Exchange of Information. Each Party shall keep the other Party fully and promptly informed as to its progress and activities relating to the Manufacture, Development and Commercialization of the Product in the Territories, including with respect to regulatory matters and meetings with Regulatory Authorities, by way of updates to appropriate Committees or to the other Party in the event that the Committees are disbanded and as otherwise specified in this Agreement, or as reasonably requested from time to time by the other Party, but in any case at least once a Calendar Quarter. If and to the extent reasonably requested by either Party, the other Party shall promptly provide to such Party or the JSC copies of the Regulatory Materials. In connection therewith, (i) Emergent and MorphoSys shall provide each other with such information regarding such progress and activities under the Development Plan, or otherwise relating to the Product, as the other Party may reasonably request from time to time during the Term, (ii) Emergent shall disclose to MorphoSys any Emergent Know-How and Emergent Platform Know-How once it becomes available to Emergent and (iii) MorphoSys shall disclose to Emergent all MorphoSys Applied Know-How once it becomes available to MorphoSys.

3.13 Alliance Managers. Promptly following the Effective Date, each Party shall designate an individual to serve as the main point of contact for each Party to exchange information, facilitate communication and coordinate the Parties' activities under this Agreement relating to the Products and to provide day-to-day support to the Committees (each, an "**Alliance Manager**"). Each Alliance Manager shall be experienced in project management and shall have appropriate experience in the pharmaceutical industry. The Alliance Managers shall attend all meetings between the Parties, including Committee meetings and Commercialization related meetings in accordance with Section 3.14, and shall also work together to resolve any deadlock between the Parties in accordance with the procedures set forth in Section 3.4. Each Party may change its designated Alliance Manager from time to time upon written notice to the other Party; *provided*, that the Parties recognize and agree as to the importance of continuity in their relationship and the activities hereunder.

3.14 Commercialization Issues Discussed by the Parties. Beginning at least [**] years prior to the anticipated First Commercial Sale of the Product in the Territories, at least once per Calendar Quarter at such times during such Calendar Quarter as they elect to do so, the Parties shall meet to discuss the matters set forth in this Section 3.14; *provided*, that the Parties shall meet more or less frequently as MorphoSys and Emergent mutually agree upon as appropriate, and one or more representatives of the Parties with the relevant commercial pharmaceutical expertise shall meet to discuss the matters set forth in this Section 3.14. The Parties may meet either (i) in person at either Party's facilities or at such locations as the Parties may otherwise agree or (ii) by audio or video teleconference; *provided*, that no less than one (1) meeting of the Parties during each Calendar Year pursuant to this Section 3.14 shall be conducted in person. The meetings pursuant to this Section 3.14 shall cover the following activities:

3.14.1 Review and discuss the overall strategy for launching the Product in the Territories after receipt of Product Approval;

3.14.2 Provide a forum for the Parties to discuss the Commercialization of the Product in the Territories in the broader context of the global branding strategy;

3.14.3 Discuss global branding strategies; and

3.14.4 Subject to applicable Laws, discuss and align a range of suggested prices at which the Product will be sold to Third Parties in the Territories and any discount strategies for the Product in the Territories as well as pricing/reimbursement strategies; *provided*, that nothing contained herein shall limit or in any way restrict either Party from having the final decision on setting the price at which the Product will be sold in its respective Territory.

ARTICLE 4
Development

4.1 Overview.

4.1.1 Overview of Development. Subject to the terms and conditions of this Agreement, the Parties shall collaborate with respect to the Development of the Product as set forth in the Development Plan. The Parties shall conduct the Development Activities in compliance with applicable Laws and based on their respective experience, capabilities and capacity and as agreed to in the Development Plan; *provided*, that Emergent shall be the Party who primarily conducts the Phase I/II Clinical Trial for the Indication of prostate cancer for the Product as set forth in the Development Plan. Each Party shall utilize adequately skilled personnel to perform or oversee, as applicable, the Development and Manufacturing of the Product, in accordance with the terms of this Agreement.

4.1.2 Manufacturing Development Activities. Subject to Section 4.3.1, the Parties hereby agree and acknowledge that Emergent shall use Commercially Reasonable Efforts to perform all Manufacturing Development Activities. However, MorphoSys will use Commercially Reasonable Efforts to support Emergent in the performance of the Manufacturing Development Activities. Manufacturing Development Activities shall be planned and discussed in the Manufacturing Committee (or, until such Committee is formed, the JSC) and implemented in the Development Plan and shall be approved, reported on and discussed at the meetings of the JSC as set forth in Section 3.1.

4.1.3 Certain Additional Restrictions. Except as set forth in Section 4.7, each Party agrees and acknowledges that it and its Affiliates and sublicensees shall not conduct any Development of the Product except in accordance with a Development Plan established pursuant to this Agreement.

4.2 Objectives under the Development Plan.

4.2.1 Development Activities. Each Party shall use Commercially Reasonable Efforts to carry out the Development Activities as well as the Manufacture for the supply of Product for the Development assigned to it under the Development Plan and in accordance with the time frames set forth in the Development Plan.

4.2.2 Compliance. Each Party shall conduct the Development Activities as well as the Manufacture for the supply of Product for the Development assigned to it under the Development Plan consistent with sound and ethical business and scientific practices and in compliance with all applicable Laws, GCPs, GLPs and GMPs.

4.3 Development Plan and Development Budget.

4.3.1 General. In connection with the Development of the Product in the Territories, the Parties shall conduct the Development Activities, including the Manufacturing Development Activities, pursuant to a comprehensive development plan (the "**Development Plan**"). The Development Plan shall set forth, among other things, the following Development Activities:

(a) preclinical studies, toxicology studies, pharmaco-economic studies, process development studies and other clinical studies, in each case, together with all protocols, endpoints and investigators conducting such studies;

(b) post-Product Approval clinical trials and studies, including Phase IV Clinical Trials;

(c) regulatory plans and other elements of obtaining and maintaining Regulatory Approvals;

(d) a detailed annual budget for all Development Costs for the Development Activities in the applicable Development Plan (the "**Development Budget**");

(e) subject to the provisions of Section 4.1.1, the allocation of the Development Activities to be conducted by each Party and the timeline for completing such Development Activities;

(f) the plans and timeline for preparing the necessary Regulatory Materials and for obtaining Regulatory Approvals in the Territories;

(g) the Manufacturing Development Activities, as well as the plans, amounts and timelines for the Manufacture and supply of Product necessary for the Development, taking into account Product supply chain timelines and inventory of Product in stock;

(h) the potential development of a subcutaneous formulation of Product for the Indication of prostate cancer; and

(i) the number of FTEs necessary for the performance of the Development Plan.

4.3.2 Initial Development Plan. The initial Development Plan for the Development of ES414 in the Indication of prostate cancer is attached to this Agreement as Schedule 4.3.2 (the "**Initial Development Plan**").

4.3.3 Updating and Amending Development Plan and Development Budget; Additional Development Activities.

(a) On or before September 30th of each year during the Term, the JSC shall review, update and approve the Development Plan (including the Development Budget contained therein) which shall cover the Development Activities to be conducted during the upcoming Calendar Year, and the JSC shall, on at least an annual basis, review and update, as appropriate, the then-current Development Plan (including the Development Budget) to reflect any changes, reprioritizations of, or additions to the Development Plan; *provided, however*, that any disputes with respect thereto shall be resolved pursuant to Sections 3.4 and 3.5.

(b) From time to time during the Term, either Party may submit to the JSC any proposed expansion or other amendment of the Development Plan to cover additional Development Activities (or otherwise amend the Development Activities) with respect to the Product for use in the Territories for the JSC's review and approval; *provided, however*, that any disputes with respect thereto shall be resolved pursuant to Sections 3.4 and 3.5. Once approved by the JSC (or otherwise resolved pursuant to Sections 3.4 and 3.5), each amended Development Plan (including the Development Budget contained therein) shall become effective and supersede the previous Development Plan and Development Budget as of the date of such approval or at such other time as decided by the JSC (or otherwise resolved pursuant to Sections 3.4 and 3.5).

4.4 Development Costs.

4.4.1 General.

(a) Emergent shall bear thirty-six percent (36%) of all Development Costs and MorphoSys shall bear sixty-four percent (64%) of all Development Costs (whether incurred by Emergent or MorphoSys or their respective Affiliates, sublicensees or subcontractors) set forth in the applicable Development Budget with respect to any Development Activities (including Manufacturing Development Activities); *provided, however*, that Emergent's obligation to bear Development Costs is subject to the Development Cost Cap.

(b) All Development costs for MorphoSys Territory Required Development Activities or MorphoSys Territory Discretionary Development Activities shall be borne by MorphoSys, except as set forth in Sections 4.7 and 4.8.

(c) All Development costs for Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities shall be borne by Emergent, except as set forth in Sections 4.7 and 4.8.

4.4.2 Budget Overruns. Each Party shall promptly inform the other Party upon determining that it is likely to exceed the budget amounts set forth in the annual Development Budget for any Development Activities as set forth in the Development Plan in accordance with Section 4.3.1 and under annual amendments in accordance with Section 4.3.3. To the extent that a

Party (or its Affiliates, sublicensees or subcontractors) incurs Development Costs for a Development Activity for a particular Calendar Year which exceed the Development Budget for such Development Activity by [**] percent ([**]%) or less (a "**De Minimis Overage Amount**"), then such De Minimis Overage Amount shall automatically be included in the Development Budget for such Calendar Year. However, to the extent that a Party (or its Affiliates, sublicensees or subcontractors) incurs Development Costs for a Development Activity for a particular Calendar Year which exceed the Development Budget for such Development Activity by more than [**] percent ([**]%) (such excess over [**] percent ([**]%), the "**Excess Overage Amount**"), the Party that has so exceeded its budget shall provide to the JSC a full explanation for so exceeding its budget and such Excess Overage Amount shall only be included in the Development Budget for such Calendar Year, and the JSC shall review and discuss the foregoing. Subject to the mutual agreement of the Parties, some or all of the Excess Overage Amount shall be included in such Development Budget as they consider equitable under the circumstances. To the extent that the Parties do not agree to treat the Excess Overage Amount as Development Costs, the Party that has exceeded the Development Budget for a Development Activity shall be solely responsible for the Excess Overage Amount.

4.4.3 Payment and Reimbursement of Development Costs. The Parties shall adhere to the procedures in Section 8.10 to reimburse each other for the sharing of Development Costs as set forth in this Section 4.4.

4.4.4 Development Cost Cap.

(a) Notwithstanding anything contained in this Agreement to the contrary, Emergent shall have no obligation to bear Development Costs in excess of Emergent's thirty-six percent (36%) share of Five Hundred Eighteen Million Dollars ($518,000,000) in accordance with Section 4.4.1(a) (the "**Development Cost Cap**"). However, Emergent has the right to unilaterally increase the Development Cost Cap by written notice to MorphoSys which expressly refers to Section 4.4.1(a) and Section 4.4.4, within thirty (30) days after any decision of the JSC to increase the Development Budget or increases of the Development Budget pursuant to Section 4.4.2 in excess of the Development Cost Cap, by the amount of such increase for certain Development Activities, and in such event such increased amount of Development Costs in the Development Budget shall be deemed to apply as the "**Development Cost Cap**" of which Emergent shall bear its thirty-six percent (36%) share.

(b) To the extent that MorphoSys solely incurs Development Costs for Development Activities in excess of the Development Cost Cap which would have otherwise been incurred by Emergent (i.e., where MorphoSys has borne the thirty-six percent (36%) share that would otherwise have been borne by Emergent, in addition to its sixty-four percent (64%) share) (such thirty-six percent (36%) share in excess of the Development Cost Cap being referred to herein as the "**Excess Development Cost Increment**"), then, (i) at least [**] months prior to the expected First Commercial Sale of a Product that incorporates an Invention generated from the performance of the Development Activities funded by such Excess Development Cost Increment (the "**Excess Development Cost Increment New Product**"), (ii) at least [**] months prior to the expected First Commercial Sale of a Product with label expansion (either as a new Indication or an expansion of an existing Indication) and such label expansion is covered by a Regulatory Approval based on or supported, fully or in part, by Regulatory Data generated from the performance of the

Development Activities funded by such Excess Development Cost Increment (the "**Excess Development Cost Increment Label Expansion Product**"), or (iii) (A) within [**] months after completion of Development Activities related to a Product that is covered by a Regulatory Approval or (B) at least [**] months prior to the expected First Commercial Sale of a Product that is not covered by a Regulatory Approval for which Development Activities have been completed, and in each case, such Development Activities are Clinical Trials of such Product, which meet their primary endpoint and do not have a detrimental safety outcome (according to the draft study report for such Clinical Trials) and are expected to benefit the Net Sales of such Product unless otherwise reasonably demonstrated by Emergent (including Clinical Trials requested by a Regulatory Authority to maintain Product Approval) (the "**Excess Development Cost Increment Enhanced Product**", and together with the Excess Development Cost Increment New Product and the Excess Development Cost Increment Label Expansion Product, collectively, an "**Excess Development Cost Increment Product**"), the Parties shall jointly generate and agree to (a) a sales forecast for such Excess Development Cost Increment Product in the Territories over the [**] year period commencing with the First Commercial Sale of such Excess Development Cost Increment Product and (b) based on such sales forecast, the amount by which (1) the MorphoSys Therapeutic Royalty Rates payable by MorphoSys for Net Sales of such Excess Development Cost Increment Product in the MorphoSys Territory would need to be reduced (*provided*, that the MorphoSys Therapeutic Royalty Rate shall not be reduced by more than [**]percent ([**]%)), and (2) to the extent that such reduction of the MorphoSys Therapeutic Royalty Rate is not sufficient, or if the expected First Commercial Sale of the Excess Development Cost Increment Product will occur in the Emergent Territory prior to the MorphoSys Territory, the amount by which the Emergent Therapeutic Royalty Rates payable by Emergent for Net Sales of such Excess Development Cost Increment Product in the Emergent Territory would need to be increased, in each of clause (b)(1) and (2) with the aim to provide MorphoSys with the Recoupment Amount within [**] years after the Royalty Recoupment Adjustment Date. Such sales forecast will be reviewed annually and, if required, the percentage amount of decrease of the MorphoSys Therapeutic Royalty Rates and increase of the Emergent Therapeutic Royalty Rates will be adjusted at the latest [**] months before the anniversary of the Royalty Recoupment Adjustment Date. If the Parties cannot agree on a sales forecast, the percentage amount of decrease of the MorphoSys Therapeutic Royalty Rates or increase of the Emergent Therapeutic Royalty Rates or the annual adjustments thereof, either Party can refer the matter for determination and final decision by an Expert pursuant to Section 3.6. Pursuant to this Section 4.4.4(b), MorphoSys shall be provided with the following amounts: (a) for Development Costs for (1) Development Activities funded by an Excess Development Cost Increment in Phase II Clinical Trials or (2) Development Activities which are Clinical Trials which initially are Phase II Clinical Trials (but not any continuation thereof as Phase III Clinical Trials), Emergent shall pay the Royalty Recoupment Adjustment to MorphoSys until such Royalty Recoupment Adjustment equals [**] percent ([**]%) of the applicable Excess Development Cost Increment, (b) for Development Costs for Development Activities funded by an Excess Development Cost Increment in Phase III Clinical Trials, Emergent shall pay the Royalty Recoupment Adjustment to MorphoSys until such Royalty Recoupment Adjustment equals [**] percent ([**]%) of the applicable Excess Development Cost Increment, and (c) for Development Costs for Development Activities funded by an Excess Development Cost Increment after Product Approval in EU and United States or in Phase IV Clinical Trials, Emergent shall pay the Royalty Recoupment Adjustment to MorphoSys until such Royalty Recoupment Adjustment equals [**] percent ([**]%) of the applicable Excess Development Cost Increment ((a), (b) and (c) in the

aggregate, the "**Recoupment Amount**"). For clarity, (I) in the event of a Phase II/III Clinical Trial, clause (a) above shall be applicable to the portion of such Clinical Trial relating to Phase II, and clause (b) above shall be applicable to the portion of such Clinical Trial relating to Phase III, and (II) the Royalty Recoupment Adjustment relates only to the Excess Development Cost Increment, if any, for Excess Development Cost Increment Products. The Recoupment Amount shall be provided by Emergent to MorphoSys within [**] years by way of decreasing the amount of the MorphoSys Therapeutic Royalty Rates for Net Sales of such Excess Development Cost Increment Product in the MorphoSys Territory, and increasing the amount of the Emergent Therapeutic Royalty Rates for Net Sales of such Excess Development Cost Increment Product in the Emergent Territory (collectively, the "**Royalty Recoupment Adjustment**") with effect as of a date (the "**Royalty Recoupment Adjustment Date**"), as follows:

(i) For an Excess Development Cost Increment New Product, the MorphoSys Therapeutic Royalty Rates for such Excess Development Cost Increment New Product will be reduced and, to the extent necessary, Emergent Therapeutic Royalty Rates for such Excess Development Cost Increment New Product will be increased, as applicable, effective on date of First Commercial Sale of such Excess Development Cost Increment New Product.

(ii) For an Excess Development Cost Increment Label Expansion Product, the MorphoSys Therapeutic Royalty Rates for such Excess Development Cost Increment Label Expansion Product will be reduced and, to the extent necessary, Emergent Therapeutic Royalty Rates for such Excess Development Cost Increment Label Expansion Product will be increased, as applicable, effective on First Commercial Sale of Excess Development Cost Increment Label Expansion Product; and

(iii) For an Excess Development Cost Increment Enhanced Product, the MorphoSys Therapeutic Royalty Rates for such Excess Development Cost Increment Enhanced Product will be reduced and, to the extent necessary, Emergent Therapeutic Royalty Rates for such Excess Development Cost Increment Enhanced Product will be increased, for clause (A) of the definition of Excess Development Cost Increment Enhanced Product, effective [**] months after completion of the Development Activity and for clause (B) of the definition of Excess Development Cost Increment Enhanced Product, effective on the date of First Commercial Sale of such Excess Development Cost Increment Enhanced Product.

(c) For clarity, Development Activities funded by MorphoSys under a Development Plan as an Excess Development Cost Increment shall be considered Development Activities and not MorphoSys Sole-Funded Activities. For additional clarity, any Development Data generated by MorphoSys, as a result of the performance of Development Activities funded by any Excess Development Cost Increment, shall be considered Jointly-Funded Development Data. Any Inventions or Know-How generated by MorphoSys, as a result of the performance of Development Activities funded by any Excess Development Cost Increment, shall be considered Joint Inventions and Joint Know-How.

4.5 Records, Reports and Information.

4.5.1 General. Each Party shall maintain current and accurate records of all work conducted by it under the Development Plan, as well as Manufacturing for supply of Product under the Development Plan or in connection with a Sole-Funded Activity, and all data and other information resulting from such work (which records shall include, as applicable, books, records, reports, research notes, charts, graphs, comments, computations, analyses, recordings, photographs, computer programs and documentation thereof (e.g., samples of materials and other graphic or written data generated in connection with such Development Activities, Manufacturing or Sole-Funded Activity)). Such records shall properly reflect all work done and results achieved in the performance of such Development Activities, Manufacturing or Sole-Funded Activity in sufficient detail and in good scientific manner appropriate for regulatory and patent purposes. Each Party shall document such Development Activities, including Clinical Trials, to be conducted pursuant to the Development Plan, such Manufacturing or such Sole-Funded Activity in formal written study reports according to applicable national and international (*e.g.*, ICH, GCP and GLP) guidelines. All Clinical Trial activities should be documented by setting up, maintaining and controlling a trial master file according to ICH-GCP. Each Party shall be given an adequate opportunity, in any event not less than fifteen (15) calendar days, to comment on drafts of reports resulting from such Manufacturing or such Sole Funded Activity.

4.5.2 Status Updates in the Territories. Each Party shall provide the JSC with reports detailing its respective Development Activities under the Development Plan and the results thereof at least seven (7) calendar days prior to any JSC meeting, but in any event, on at least a Calendar Quarter basis. Without limiting the foregoing, each Party shall promptly, but in any event within seven (7) calendar days after receipt thereof, provide the other Party with copies of any material documents or correspondence received from any Regulatory Authority related to Development Activities.

4.6 Development Data. All Development Data shall be owned and shared by the Parties as set forth in this Section 4.6.

4.6.1 Ownership of Development Data. Subject to this Section 4.6.1, Jointly Funded Development Data shall be jointly owned by both Parties and shall be considered Emergent Know-How and MorphoSys Applied Know-How for all purposes under this Agreement and shall be considered the Confidential Information of both Parties in the way that both Parties shall keep confidential any Jointly Funded Development Data in accordance with Article 12. Notwithstanding the forgoing, MorphoSys shall assign and hereby assigns to Emergent all right, title and interest in and to Jointly Funded Development Data to the extent such Jointly Funded Development Data are Emergent Platform Inventions or Emergent Manufacturing Inventions, and MorphoSys shall execute and deliver such documents, and provide such assistance, as Emergent may reasonably request, in order to vest in Emergent all right, title and interest therein and thereto and the foregoing shall be considered the Confidential Information of Emergent. With respect to Sole-Funded Development Data generated by either Party, such Sole-Funded Development Data shall be owned by the Party who funded Sole-Funded Activity.

4.6.2 Sharing of Jointly Funded Development Data.

(a) With respect to Jointly Funded Development Data generated by a Party, such Party shall promptly provide the other Party with copies of reports and summaries thereof, in each case as such reports and summaries become available to such Party. Sole-Funded Development Data shall be owned solely and exclusively by the Party generating such data which

shall be Confidential Information of such Party. Emergent will share all Jointly Funded Development Data generated by or on behalf of Emergent, its Affiliates or sublicensees with MorphoSys free of charge, and MorphoSys is entitled to disclose such Jointly Funded Development Data to its Affiliates and sublicensees only for use inside the MorphoSys Territory in accordance with the terms of this Agreement. MorphoSys will share all Jointly Funded Development Data generated by or on behalf of MorphoSys, its Affiliates or sublicensees with Emergent free of charge, and, subject to this Section 4.6, Emergent is entitled to disclose such Jointly Funded Development Data to its Affiliates and sublicensees only for use in the Emergent Territory in accordance with the terms of this Agreement. Subject to this Section 4.6, Emergent shall ensure that its Affiliates and sublicensees agree to the disclosure of Jointly Funded Development Data to MorphoSys, its Affiliates and sublicensees, and MorphoSys shall ensure that its Affiliates and sublicensees agree to the disclosure of Jointly Funded Development Data to Emergent, its Affiliates and sublicensees.

(b) Each Party shall promptly provide the other Party with copies of relevant safety data and medical data from Sole-Funded Activity as such safety data and medical data becomes available to such Party; *provided*, that such medical data shall be for use in responding to medical inquiries, but not in support of efficacy claims. Apart from both Parties' obligation to share safety and medical data under the foregoing sentence in this Section 4.6.2(b), neither Party shall have the obligation to disclose Sole-Funded Development Data to the other Party, its Affiliates or sublicensees.

4.7 Sole-Funded Activities.

4.7.1 Should MorphoSys wish to perform or have performed MorphoSys Territory Required Development Activities or MorphoSys Territory Discretionary Development Activities, MorphoSys shall submit to the JSC a proposal for the Parties to jointly Develop and to fund such activities through the Development Plan.

4.7.2 Should Emergent wish to perform or have performed Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities, Emergent shall submit to the JSC a proposal for the Parties to jointly Develop and to fund such activities through the Development Plan.

4.7.3 Any proposal made by MorphoSys pursuant to Section 4.7.1 or by Emergent pursuant to Section 4.7.2 shall contain, at a minimum, information supporting the rationale for such Development from a scientific, regulatory and commercial standpoint, as well as an estimated developmental critical path and an estimate of the timeframe for and cost of such Development (each a "**Development Proposal**").

4.7.4 The JSC shall meet to review and discuss a Development Proposal within sixty (60) calendar days after such Development Proposal is submitted by the proposing Party, and if the non-proposing Party agrees to add such MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities to the Development Plan and the Parties agree as to which Party will be responsible for performing such Development activities, then, notwithstanding Section 4.4.1(b) or 4.4.1(c), Emergent shall be responsible for thirty-six percent (36%) of all Development Costs and MorphoSys shall be responsible for sixty-four percent (64%) of all Development Costs in connection with such Development Proposal.

4.7.5 If the non-proposing Party does not wish to add such Development activities to the Development Plan or such Development Proposal is not approved by the non-proposing Party within such sixty (60) calendar day period after such Development Proposal, then such Development Proposal may be carried out by the proposing Party at the proposing Party's sole cost and expense (a "**Sole-Funded Activity**"), subject to the terms and conditions of this Section 4.7. The Party performing such Sole-Funded Activity shall consider any comments of the JSC in good faith. For clarity, Sole-Funded Activities shall not include the Development and Commercialization of a RFN Product.

4.7.6 Notwithstanding Section 4.7.5, (i) Emergent shall not (and shall cause its Affiliates and sublicensees not to) undertake any Sole-Funded Activity if MorphoSys notifies Emergent in writing prior to commencement of such Sole-Funded Activity that it reasonably believes that such Development would materially adversely affect the Product or its Development or Commercialization in the MorphoSys Territory, and (ii) MorphoSys shall not (and shall cause its Affiliates and sublicensees not to) undertake any Sole-Funded Activity if Emergent notifies MorphoSys in writing prior to commencement of such Sole-Funded Activity that it reasonably believes that such Development would materially adversely affect the Product or its Development or Commercialization in the Emergent Territory; *provided, however,* that (x) MorphoSys shall have the right to conduct a Sole-Funded Activity for a MorphoSys Territory Required Development Activity but shall do so in a manner that most effectively avoids any such material adverse effect and (y) Emergent shall have the right to conduct a Sole-Funded Activity for an Emergent Territory Required Development Activity but shall do so in a manner that most effectively avoids any such material adverse effect. The JSC will decide upon disputes of the Parties arising from this Section 4.7.6, subject to Section 3.5.2(b).

4.8 Buy-In. Neither Party has the right to incorporate by reference any Sole-Funded Development Data resulting from the other Party's Sole-Funded Activity in any Marketing Authorization Applications or Regulatory Approvals, except in connection with this Section 4.8. If the non-funding Party wishes to obtain a share in the Sole-Funded Development Data resulting from a Sole-Funded Activity performed by the other Party or if the non-funding Party wishes to receive a copy of the Sole-Funded Development Data generated by a Sole-Funded Activity performed by the other Party (in addition to safety data), the non-funding Party shall have the right to do so by requesting an itemized invoice of the Development costs incurred for such Sole-Funded Activity and by paying the Party that funded such Sole-Funded Activity an amount equal to [**] percent ([**]%) of the Development costs that would have otherwise been incurred by such Party for such Sole-Funded Activity in accordance with the allocation set forth in Section 4.4.1(a) if such Development Proposal had been added to the Development Plan. Upon payment of the aforementioned amount, such Sole-Funded Activity shall be deemed a General Development Activity with all corresponding consequences, including that (i) any Sole-Funded Development Data resulting from such Sole-Funded Activity shall be considered Jointly Funded Development Data that is owned and shared pursuant to Section 4.6 and any (ii) Emergent Sole-Funded Inventions or MorphoSys Sole-Funded Inventions as the case may be, resulting from such Sole-Funded Activity other than Emergent Platform Inventions and Emergent Manufacturing

Inventions shall be considered (for clarity, also for the purpose of determining the Royalty Term) Joint Invention(s) that are jointly owned, subject to the terms of this Agreement. The Party that originally funded such Sole-Funded Activity on its own shall make all necessary assignments and transfers so that Joint Inventions and, if applicable, Joint Patents, are jointly owned in accordance with Section 9.1.3. The Party receiving the itemized invoice of the Development costs incurred for such Sole-Funded Activity shall have the right to audit the records of the other Party in order to check full accuracy of the itemized invoice; *provided*, that, notwithstanding the rights each Party has for an annual audit, Section 4.9 shall apply for the conduct of such audit.

4.9 Right to Audit. To the extent required by applicable Laws or to assess whether a Party has conducted the Development of the Product in the Territories in accordance with applicable Laws and the Development Plan, each Party shall ensure that the other Party's authorized representatives and any Regulatory Authorities, to the extent permitted by applicable Laws, may, during regular business hours and upon reasonable advance written notice, not more than once annually (except for cause, for example if requested by Regulatory Authorities), (i) examine and inspect its facilities or, subject to any Third Party confidentiality restrictions and other obligations, the facilities of any subcontractor or any investigator site used by it in the performance of Development or Manufacture of the Product in the Territories hereunder, and (ii) subject to applicable Laws and any Third Party confidentiality restrictions and other obligations, inspect all data, documentation, work product, and records maintained by a Party under the Development Plan relating to the activities performed by it, the subcontractor or investigator site, including, to the extent permitted by applicable privacy Laws, the medical records of any patient participating in any clinical study, in each case generated pursuant to such Development. Such right to inspect such data, documentation, and work product relating to the Product in the Territories may be exercised at any time during the Term upon reasonable notice (subject to each Party's record retention policies then in effect), or such longer period as shall be required by applicable Laws.

ARTICLE 5
Regulatory

5.1 Regulatory Data and Regulatory Materials.

5.1.1 Regulatory Materials. During the Term, responsibility for overseeing, monitoring and coordinating regulatory actions, communications and filings with, and submissions to, all applicable Regulatory Authorities with respect to the Product in the Territories shall be allocated between the Parties as set forth in this Article 5.

5.1.2 Regulatory Data Generated by Emergent and MorphoSys. Within twenty (20) calendar days after the Effective Date, Emergent shall provide MorphoSys with a copy of any Regulatory Materials and Regulatory Data necessary or reasonably useful for MorphoSys to execute its rights under this Agreement and to perform its obligations under the Development Plan. During the Term, Emergent and MorphoSys shall promptly provide each other copies of any further Regulatory Materials and Regulatory Data in accordance with Section 4.6.2.

5.1.3 CMC Information. Upon reasonable request by MorphoSys, Emergent shall provide MorphoSys with any CMC Information necessary or reasonably useful or otherwise requested or required by a Regulatory Authority and/or Governmental Authority as a condition or in support of obtaining or maintaining all Regulatory Approvals (including Pricing Approval) for the Product in the MorphoSys Territory and support MorphoSys in accordance with Section 5.2.2(b).

5.2 Regulatory Filings and Regulatory Approvals.

5.2.1 General Responsibilities; Ownership of Regulatory Approvals.

(a) **General Responsibilities of MorphoSys**. MorphoSys shall be responsible for the preparation of all Regulatory Materials necessary or desirable for obtaining and maintaining Regulatory Approvals in the MorphoSys Territory (including in connection with patient information leaflets, labeling and packaging for the Product in the MorphoSys Territory). Emergent shall have the right to review any essential materials and may provide advice to MorphoSys on the proposed strategy and documentation for submission in the MorphoSys Territory and MorphoSys shall reasonably consider such comments in good faith in preparing such materials. MorphoSys shall submit such Regulatory Materials and MAAs, as applicable, to the applicable Governmental Authorities in the MorphoSys Territory.

(b) **General Responsibilities of Emergent**. Emergent shall be responsible for the preparation of all Regulatory Materials necessary or desirable for obtaining and maintaining Regulatory Approvals in the Emergent Territory (including in connection with patient information leaflets, labeling and packaging for the Product in the Emergent Territory). MorphoSys shall have the right to review any essential materials and may provide advice to Emergent on the proposed strategy and documentation for submission in the Emergent Territory and Emergent shall reasonably consider such comments in good faith in preparing such materials. Emergent shall submit such Regulatory Materials and MAAs, as applicable, to the applicable Governmental Authorities in the Emergent Territory.

(c) **Meetings with Authorities**. To the extent not prohibited by applicable Laws, MorphoSys and Emergent shall each be entitled to attend key meetings with the relevant Regulatory Authorities in the Territories with respect to obtaining or maintaining the Product Approvals for the Product in the Territories, including oral explanations before the Committee for Human Medicinal Products ("**CHMP**") or before U.S. or foreign equivalents thereof and to participate fully in such meetings. The provisions of this Section 5.2.1 shall be subject to the provisions of Section 5.2.2.

(d) **Ownership of Regulatory Approvals**. All Regulatory Approvals for the Product in the Territories shall be in the name of the Party responsible for preparing and submitting such Regulatory Approvals in its respective territory (or portions thereof), and such Party shall own all right, title and interest in and to all such Regulatory Approvals and all related Regulatory Materials.

(e) **Submission Strategy**. Subject to Section 3.1.1, the Parties agree that the regulatory strategy for filing and maintaining Product Approvals in the EU and the U.S. will involve meeting with relevant Regulatory Authorities to seek advice on the acceptability of the proposed submission package, the filing, with respect to the EU, of the MAA under the

centralized procedure provided for under Regulation (EC) NO 726/2004, and, if feasible, requesting an accelerated assessment procedure under Article 14.9 of Regulation (EC) NO 726/2004 or, with respect to the U.S., under the U.S. equivalent Laws prior to filing the MAA in the EU and the U.S. Each Party will have, however, the final say with respect to the regulatory strategy in its respective Territory.

(f) **Cooperation**. Each Party shall cooperate with and provide reasonable assistance to the other Party in connection with all activities undertaken by such Party relating to the obtaining and maintaining of the Regulatory Approvals.

5.2.2 Certain Regulatory Approvals.

(a) **Pricing Approvals**. Notwithstanding the provisions of Section 5.2.1, to the extent that a given country or regulatory jurisdiction in the Territories requires Pricing Approval for sale of the Product in such country or regulatory jurisdiction, MorphoSys shall (to the extent permitted by applicable Laws) be solely responsible for (and shall use Commercially Reasonable Efforts toward) obtaining and maintaining Pricing Approvals in the countries and regulatory jurisdictions in the MorphoSys Territory, in its own name, and Emergent shall (to the extent permitted by applicable Laws) be solely responsible for (and shall use Commercially Reasonable Efforts toward) obtaining and maintaining Pricing Approvals in the countries and regulatory jurisdictions in the Emergent Territory, in its own name. Without limiting the foregoing, each Party shall use Commercially Reasonable Efforts to apply for Pricing Approvals in the countries or regulatory jurisdictions in its respective territory where Pricing Approvals are required for the sale of the Product within a reasonable time following the receipt of the Product Approval in such country or regulatory jurisdiction. Each Party shall keep the other Party informed on an ongoing basis of each Party's strategy for seeking, and the results it obtains in seeking, such Pricing Approvals in its respective Territory, including the results of any material discussion or other communication with relevant Governmental Authorities regarding such Pricing Approvals. To the extent not prohibited by applicable Laws, MorphoSys and Emergent shall be entitled to attend key meetings with the relevant Regulatory Authorities with respect to obtaining or maintaining Pricing Approvals for the Product in each other's respective Territory.

(b) **Manufacturing Approvals and Manufacturing Related Sections for the MorphoSys Territory**. Emergent shall be responsible for preparing those portions of any Regulatory Materials related to the Manufacture of the Product for Commercialization in the MorphoSys Territory, including any DMFs and CMC (or equivalent) section of any Regulatory Materials and shall provide any such sections to MorphoSys and shall cooperate with and provide reasonable assistance to MorphoSys in connection with submitting those portions of any Regulatory Materials related to the Manufacture of the Product for Commercialization in the MorphoSys Territory.

5.2.3 Cost of Regulatory Activities. All Joint Regulatory Costs incurred in connection with the preparation of Regulatory Materials and obtaining of Product Approvals and Pricing Approvals for the Product under the Development Plan shall be included in the Development Budget and shall be shared in accordance with Section 4.4.1(a) between the Parties. Each Party shall be responsible for and solely bear all Regulatory Costs for the Product in its respective Territory.

5.2.4 Reporting and Review. Each Party shall keep the other Party reasonably and regularly informed in connection with the preparation of all material Regulatory Materials, Regulatory Authority review of Regulatory Materials, and Regulatory Approvals, in each case with respect to the Product within its respective Territory. Upon reasonable request, each Party shall provide the other Party, in a timely manner, with copies of all material notices, questions, and requests for information in tangible form which it receives from a Regulatory Authority with respect to the Product in its respective Territory; *provided, however*, that such Party shall have the right to redact any information to the extent not related to the Product.

5.2.5 Consultation Prior to Regulatory Filings. The Parties shall consult with each other on the package and strategy for filing with respect to Regulatory Approvals in the Territories for the Product prior to the filing.

5.3 Communications. The Parties shall cooperate in communicating with any Regulatory Authority having jurisdiction regarding the Product in the Territories and each Party shall keep the other Party informed of planned regulatory submissions and material communications, either on its own initiative in accordance with this Agreement or as a result of such a Regulatory Authority initiating contact with such Party in connection therewith. Each Party shall promptly provide, and cause its Affiliates, its sublicensees and permitted distributors to provide, the other Party with copies of regulatory submissions to, and material communications with, any Regulatory Authorities in its Territory. Notwithstanding the foregoing, except as may be required by applicable Laws, neither Party shall, with respect to the Product, communicate with any Regulatory Authority having jurisdiction in the other Party's Territory regarding the Product, unless explicitly provided for in the Development Plan or requested or permitted in writing to do so by the other Party, or unless so ordered by such Regulatory Authority, in which case such Party shall immediately notify the other Party of such order and shall, to the extent permitted by applicable Laws, not take any further actions or communicate with such Regulatory Authority further until the other Party has provided instruction as to how to proceed. All communications with Regulatory Authorities regarding the Product in the Territories shall be undertaken as provided in this Agreement.

5.4 Adverse Event Reporting; Safety Data Exchange and Medical Inquiries.

5.4.1 Pharmacovigilance. MorphoSys shall be responsible for the collection, review, assessment, tracking and filing of information related to adverse events associated with the Product in the MorphoSys Territory (whether or not Product Approval has been achieved), in each case in accordance with applicable Laws and this Agreement (and MorphoSys shall ensure that, in the Development and Commercialization of the Product, it will record, investigate, summarize, notify, report and review all adverse events in accordance with applicable Laws). Emergent shall be responsible for the collection, review, assessment, tracking and filing of information related to adverse events associated with the Product in the Emergent Territory (whether or not Product Approval has been achieved), in each case in accordance with applicable Laws and this Agreement (and Emergent shall ensure that, in the Development and Commercialization of the Product, it will record, investigate, summarize, notify, report and review all adverse events in accordance with applicable Laws). Each Party shall keep the other Party informed of (i) any SAE within a reasonable period of time after such SAE is identified or reported and (ii) any SUSAR as soon as reasonably possible after such SUSAR is identified or reported and in any event at the same time

as any reporting of such SUSAR to any Regulatory Authority, independent of whether such SUSAR or SAE occurred under a Development Activity or a Sole-Funded Activity. The safety representatives from each of the Parties shall meet and agree upon a written pharmacovigilance agreement for exchanging adverse event and other safety information relating to the Product by the first dosing of the first patient in the first Clinical Trial performed under this Agreement; *provided*, that during Development the JSC shall discuss and approve and during Commercialization the Parties shall discuss and jointly approve which of the Parties shall be responsible for maintaining the global safety database for the Product. The costs of establishing and maintaining the global safety database for the Product shall be borne thirty-six percent (36%) by Emergent and sixty-four percent (64%) by MorphoSys. Such written pharmacovigilance agreement shall ensure that adverse event and other safety information is exchanged according to a schedule that will permit each Party (and its Affiliates, sublicensees or subcontractors) to comply with applicable Laws and regulatory requirements in their respective Territory. Emergent shall also keep MorphoSys informed of any SUSAR arising in respect of any other Emergent RTCC Platform Molecule within a reasonable period of time after such SUSAR is identified by or reported to Emergent. Emergent shall also keep MorphoSys informed of any other information or events relating to the Emergent RTCC Platform Molecule technology which might represent a safety risk to a Product, in each case to the extent it is aware of such information and event.

5.4.2 Medical Inquiries for the Product. MorphoSys shall be responsible for handling all medical questions or inquiries, including all Product Complaints, in the MorphoSys Territory, with regard to any Product sold by or on behalf of MorphoSys (or any of its Affiliates or sublicensees) (including setting up a call center in connection therewith), in each case in accordance with applicable Laws and this Agreement. Emergent shall be responsible for handling all medical questions or inquiries, including all Product Complaints, in the Emergent Territory, with regard to any Product sold by or on behalf of Emergent (or any of its Affiliates or sublicensees or permitted distributors) (including setting up a call center in connection therewith), in each case in accordance with applicable Laws and this Agreement. The Parties shall exchange copies of any standardized responses to medical inquiries for information. MorphoSys shall promptly forward any and all medical questions or inquiries which it receives with respect to any Product sold by or on behalf of Emergent (or any of its Affiliates or sublicensees or permitted distributors) in the Emergent Territory to Emergent in accordance with all applicable Laws. Emergent shall promptly forward any and all medical questions or inquiries which it receives with respect to any Product sold by or on behalf of MorphoSys (or any of its Affiliates or sublicensees) in the MorphoSys Territory to MorphoSys in accordance with all applicable Laws. Notwithstanding the foregoing, MorphoSys shall be responsible for handling any Product Complaints received from inside the MorphoSys Territory related to the Manufacture of the Product, and Emergent shall support MorphoSys and provide all reasonably requested assistance and information to handle such Product Complaints.

5.5 Regulatory Authority Communications Received by a Party.

5.5.1 General. Each Party shall promptly inform the other Party of notification of any action by, or notification or other information which it receives (directly or indirectly) from, any Regulatory Authority whether in the MorphoSys Territory or in the Emergent Territory which (i) raises any material concerns regarding the safety or efficacy of the Product, (ii) indicates or suggests a potential material liability of either Party to Third Parties in connection with the

Product, (iii) is reasonably likely to lead to a recall, market withdrawal or market notification with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or (iv) relates to expedited exchange of individual case safety reports and periodic safety reports with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or Product Complaints, and which may have an adverse impact on Regulatory Approvals or the continued Commercialization of the Product whether in the MorphoSys Territory or in the Emergent Territory. MorphoSys shall be solely responsible for responding to any such communications relating to the Product in the MorphoSys Territory and Emergent shall be solely responsible for responding to any such communications relating to the Product in the Emergent Territory. Each Party shall reasonably cooperate with and assist the other Party in complying with regulatory obligations, including by providing to the other Party, within two (2) Business Days after a request, such information and documentation which is in such Party's possession as may be necessary or reasonably helpful for the other Party to prepare a response to an inquiry from a Regulatory Authority whether in the MorphoSys Territory or in the Emergent Territory with respect to the Product. Each Party shall promptly provide, and cause its Affiliates and sublicensees to provide, the other Party with a copy of all material correspondence received from a Regulatory Authority whether in the MorphoSys Territory or in the Emergent Territory specifically regarding the matters referred to above.

5.5.2 Disclosures. In addition to its obligations under this Agreement, each Party shall disclose to the other Party the following regulatory information:

(a) **Regulatory Actions**. All information pertaining to material actions taken by Regulatory Authorities whether in the MorphoSys Territory or in the Emergent Territory, in connection with the Product, including any notice, audit notice, inspection notice, notice of initiation by Regulatory Authorities of investigations, inspections, detentions, seizures or injunctions concerning the Product whether in the MorphoSys Territory or in the Emergent Territory, notice of violation letter (i.e., an untitled letter), warning letter, service of process or other substantial inquiry which (i) raises any material concerns regarding the safety or efficacy of the Product, (ii) alleges a potential material liability of either Party to Third Parties in connection with the Product, (iii) is reasonably likely to lead to a recall, market withdrawal or market notification with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or (iv) relates to expedited exchange of individual case safety reports and periodic safety reports with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory, or Product Complaints, and which are reasonably likely to have an adverse impact on Regulatory Approvals or the continued Commercialization of the Product whether in the MorphoSys Territory or in the Emergent Territory; *provided, however,* that a Party shall be entitled to redact those portions thereof to the extent not related to the Product. Without limiting the generality of the foregoing, each Party shall promptly, but in any event within three (3) Business Days, inform the other Party of any such material actions by any Regulatory Authority with respect to the Product whether in the MorphoSys Territory or in the Emergent Territory.

(b) **Regulatory Non-compliance**. With respect to information pertaining to notices from Regulatory Authorities whether in the MorphoSys Territory or in the Emergent Territory of non-compliance with applicable Laws in connection with the Product, including receipt of a warning letter or other notice of alleged non-compliance from any Regulatory Authority directly or indirectly relating to the Product whether in the MorphoSys Territory or in the Emergent Territory, such Party shall be entitled to redact those portions thereof to the extent not related to the Product.

5.6 Recall, Withdrawal, or Market Notification of Product.

5.6.1 Notification and Determination. In the event that any Governmental Authority threatens or initiates any action to remove the Product from the market whether in the MorphoSys Territory or in the Emergent Territory (in whole or in part), the Party receiving notice thereof shall notify the other Party of such communication promptly, but in no event later than one (1) Business Day, after receipt thereof. Notwithstanding the foregoing, in all cases MorphoSys shall determine whether to initiate any recall, withdrawal or market notification of the Product in the MorphoSys Territory, and Emergent shall determine whether to initiate any such recall, withdrawal or market notification of the Product in the Emergent Territory, including the scope of such recall or withdrawal (e.g., a full or partial recall, or a temporary or permanent recall) or market notification; *provided, however,* that before MorphoSys or Emergent (as the case may be) initiates a recall, withdrawal or market notification, the Parties shall promptly meet and discuss in good faith the reasons therefor; *provided, further,* that such discussions shall not delay any action that MorphoSys or Emergent (as the case may be) reasonably believes has to be taken in relation to any recall, withdrawal or market notification. In the event of any such recall, withdrawal or market notification, MorphoSys or Emergent (as the case may be) shall determine the necessary actions to be taken, and shall implement such action, with the other Party providing reasonable input (which the first Party shall in good faith consider and incorporate into any recall, withdrawal or market notification strategy) and reasonable assistance, to conduct such recall, withdrawal or market notification. Without limiting the foregoing, each Party shall have the right to propose that a Product recall, withdrawal or market notification should be initiated by the other Party, but such other Party shall make the final decision whether the recall, withdrawal or market notification will be initiated in its Territory. Each Party shall at all times utilize a batch tracing system which will enable each to identify, on a prompt basis, customers within its Territory who have been supplied with Product of any particular batch, and to recall such Product from such customers as set forth in this Section 5.6.

5.6.2 Cost Allocation. All direct costs and expenses associated with implementing a recall, withdrawal or market notification with respect to the Product in the Territories shall be allocated between Emergent and MorphoSys as follows:

(a) in the event, and to the extent, that the recall, withdrawal or market notification arises as a result of a breach of this Agreement, the Supply Agreement or the Quality Agreements by Emergent, then Emergent shall bear the costs and expenses, including all internal and Out-of-Pocket Costs of MorphoSys for implementing such recall, withdrawal or market notification;

(b) in the event, and to the extent, that the recall, withdrawal or market notification arises as a result of the breach of this Agreement, the Supply Agreement or the Quality Agreements by MorphoSys, then MorphoSys shall bear the costs and expenses, including all internal and Out-of-Pocket Costs of Emergent for implementing such recall, withdrawal or market notification;

(c) in all other cases (i.e., other than as provided for in Section 5.6.2(a) or (b) above) in the Major Markets, all costs and expenses incurred by either Party for implementing the recall, withdrawal or market notification shall be borne as follows: Emergent responsible for thirty-six percent (36%) of such costs and expenses and MorphoSys shall be responsible for sixty-four percent (64%) of such costs and expenses; and

(d) in all other cases (i.e., other than as provided for in Section 5.6.2(a) or (b) above) outside of the Major Markets, all costs and expenses incurred by either Party for implementing the recall, withdrawal or market notification in the MorphoSys Territory shall be borne one hundred percent (100%) by MorphoSys and all costs and expenses incurred by either Party for implementing the recall, withdrawal or market notification in the Emergent Territory shall be borne one hundred percent (100%) by Emergent.

ARTICLE 6
Commercialization

6.1 Commercialization in the Territories. During the Term, MorphoSys shall be solely responsible for Commercializing the Product in the MorphoSys Territory in accordance with this Agreement and Emergent shall be solely responsible for Commercializing the Product in the Emergent Territory in accordance with this Agreement. Subject to the terms and conditions of this Agreement, each Party shall be responsible for one hundred percent (100%) of the expenses (including Pre-Marketing and other Commercialization expenses) incurred in connection with the Commercialization of the Product in its respective Territory. Without limiting the foregoing, each Party shall use Commercially Reasonable Efforts to Commercialize the Product in its respective Territory.

6.2 Both Parties' Performance. Without limiting the generality of the provisions of Section 6.1, each Party shall be solely responsible for (i) receiving, accepting and filling orders for the Product in such Party's Territory, (ii) handling all returns of the Product in such Party's Territory, (iii) controlling invoicing, order processing and collection of accounts receivable for the sales of the Product in such Party's Territory, and (iv) distributing and managing inventory of the Product in such Party's Territory.

6.2.1 General. Each Party shall provide a written update to the other Party on a regional or on a country-by-country basis no less than once per Calendar Year regarding its significant activities for the Product in its respective Territory.

6.2.2 Other Reports. Each Party shall submit in writing to the other Party such other summary reports as such other Party may reasonably request from time to time during the Term with respect to material activities undertaken by MorphoSys for the Product in the MorphoSys Territory and by Emergent for the Product in the Emergent Territory (as the case may be), including general market conditions and general sales information.

6.3 Compliance. Each Party shall, in Commercializing the Product, comply with all applicable Laws, including the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, the bribery provisions in the German Criminal Code as well as all applicable Regulatory Approvals for the Product in its respective Territory. In addition, neither Party shall use in any capacity, in

connection with its Commercialization (or Development) of the Product hereunder, any Person who has been debarred pursuant to Section 306 of the FD&C Act (or similar Law outside of the U.S.), or who is the subject of a conviction described in such section, and each Party shall inform the other Party in writing immediately if it or any Person who is performing services for each Party hereunder is debarred or is the subject of a conviction described in Section 306 (or similar Law outside of the U.S.), or if any action, suit, claim, investigation or legal administrative proceeding is pending or, to such Party's knowledge, is threatened, relating to the debarment of such Party any Person used in any capacity by such Party in connection with its Commercialization (or Development) of the Product hereunder.

6.4 Sales Representatives and/or Medical Science Liaisons. Each Party shall, and shall cause its Sales Representatives to, conduct all details with respect to the Product and perform its other Commercialization activities under this Agreement in such Party's Territory in adherence with applicable Laws and Regulatory Approvals, the Product package inserts, labeling and packaging, and any professional requirements, including those relating to promotion of pharmaceutical products, consumer protection, fraud and abuse and false claims. Each Party shall be solely responsible for any act or omission of its Sales Representatives and Medical Science Liaisons while performing any Commercialization activities. Each Party shall be solely responsible for any compensation, including taxes, that is payable to its Sales Representatives and Medical Science Liaisons. Further, each Party shall be solely responsible for training, and all costs associated with such training, its Sales Representatives and Medical Science Liaisons using Commercially Reasonable Efforts and in all cases in accordance with applicable Laws, including timely reporting of any adverse events with respect to the Product. The Parties will cooperate in preparing and updating training materials and programs and will exchange training materials and any updates thereof once they become available.

6.5 Promotional Materials.

6.5.1 Creation of Promotional Materials. The Parties will coordinate to create and develop Promotional Materials for use in the Territories in accordance with the Regulatory Approvals and applicable Laws; *provided, however,* that each Party shall be responsible for the finalization and use of Promotional Materials in its respective Territory. Such coordination by the Parties is intended to ensure that such Promotional Materials are consistent with the global strategy for the Product. The Parties shall exchange samples of its Promotional Materials for information and comment (and each Party shall consider any such comments in good faith) prior to distributing such Promotional Materials (for clarity, such samples need only be submitted for each different type of Promotional Material, as opposed to each item of Promotional Material needing to be submitted). To the extent either Party wants to include any trademarks Controlled by the other Party, other than Product Marks, in the Promotional Materials or on the Product Packaging or Labeling, such Party may include, upon the other Party's prior written approval only, to include such trademarks and shall comply with the other Party's then-current guidelines for trademark usage a copy of which shall be provided by such other Party within thirty (30) calendar days of the Effective Date.

6.5.2 Inclusion of Logos on Packaging and Promotional Materials. To the extent permitted or required by applicable Laws and subject to obtaining necessary Regulatory Authority approvals, with respect to Product to be sold by or on behalf of MorphoSys (or any of its Affiliates or sublicensees) in its Territory, the Emergent housemark shall appear on all package inserts utilized by MorphoSys, however not in equal prominence, except that if MorphoSys has sublicensed the Product in a given country in the MorphoSys Territory and only two logos are permitted by the relevant Regulatory Authority in such country, then MorphoSys may display its own logo and the logo of its sublicensee. Emergent hereby grants to MorphoSys a non-exclusive, royalty-free right and license during the Term to utilize the Emergent housemark (including all trademarks, names and logos) in order to perform the Commercialization activities required to be performed by MorphoSys hereunder in accordance with the terms of this Agreement. MorphoSys hereby grants to Emergent a non-exclusive, royalty free right and license during the Term to utilize the MorphoSys housemark (including all trademarks, names and logos) in order to perform the Manufacturing and other activities to be performed by or on behalf of Emergent under the terms of this Agreement or the Supply Agreement. Each Party shall only use the housemark of the other Party with the necessary trademark designations, and each Party shall use the other Party's housemarks in a manner that does not derogate from such Party's rights in its trademarks, names and logos. Each Party shall submit representative samples of its use of the other Party's housemark for review by the JSC.

6.5.3 Ownership of Promotional Materials. Each Party shall own all right, title and interest in and to any Promotional Materials created by or on behalf of it hereunder relating to the Product in its Territory, including copyrights, trademarks (including the Product Marks as set forth under Section 6.6 below), names, logos and other marks owned by or on behalf of either Party or its Affiliates.

6.5.4 Use of Promotional Materials Exclusively for the Product. The Promotional Materials, and any aspects thereof uniquely tied to the Product, shall be used by the Parties exclusively in connection with the Commercialization of the Product in the Territories in accordance with the terms of this Agreement, and each Party shall not use, or allow any other Person to use, any such Promotional Materials except in accordance with this Agreement.

6.6 Product Marks.

6.6.1 Product Mark.

(a) The Parties shall, through the IPC, be jointly responsible for establishing a global branding strategy for the Products and identifying and, where agreed by the Parties, selecting Global Product Marks and global branding aspects of the Products, including, where agreed by the Parties, global look and feel of Products and Product packaging. Emergent and MorphoSys (and its Affiliates and sublicensees respectively) shall only use the Product Marks pursuant to the terms of this Agreement to identify, and in connection with the Commercialization of, the Products, and Emergent and MorphoSys shall not (and shall cause each of their Affiliates and sublicensees not to) use such Product Marks to identify, or in connection with the marketing of, any other products. To the extent agreed, Emergent and MorphoSys shall use the same Product Mark in the Emergent Territory and the MorphoSys Territory respectively (a "**Global Product Mark**"). Any Global Product Mark shall be co-owned by Emergent and MorphoSys in all countries and regions in which such Global Product Mark is applied for, registered, or used. Where joint ownership is not possible or is impracticable under applicable Laws, the Parties shall discuss in good faith possible solutions through the IPC. Whether or not a Global Product Mark is

adopted by the Parties, MorphoSys shall have the right to select alternative Product Marks for use in exclusively in the MorphoSys Territory and Emergent shall have the right to select alternative Product Marks for use exclusively in the Emergent Territory ("**Alternative Product Marks**")**;** *provided*, that any such alternative Product Marks (selected by either Party) shall be consistent with the global branding strategy to the extent practicable. For clarity, Product Marks shall not include the corporate names and logos of Emergent or MorphoSys.

(b) In the event that either Party intends not to prepare, file, prosecute, or maintain a Global Product Mark in its respective Territory, such Party shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than four (4) weeks prior to the next deadline for any action that may be taken with respect to such Global Product Mark in respective Territory), and the other Party shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Global Product Mark. Upon the continuing Party's written exercise of such option to the non-continuing Party, the continuing Party shall assume responsibility and full control for the preparation, filing, prosecution, and maintenance of any such Global Product Mark, and the continuing Party shall bear the costs that accrue in connection therewith. The non-continuing Party shall assign to the continuing Party its interest in such Global Product Mark and shall execute such documents and perform such acts, at the continuing Party's expense, as may be reasonably necessary to permit the continuing Party to file such Global Product Mark application, and/or to prosecute and/or maintain such Global Product Mark.

(c) Alternative Product Marks used exclusively within the Emergent Territory shall be owned by Emergent. Emergent shall have the right, but not the obligation, to prepare, file, prosecute and maintain any such Alternative Product Marks worldwide at its sole cost and expense, but use of the Alternative Product Mark shall be limited to the Emergent Territory. Emergent, at its sole cost and expense, shall control the filing, prosecution, enforcement and maintenance of such Alternative Product Marks.

(d) Alternative Product Marks used exclusively within the MorphoSys Territory shall be owned by MorphoSys. MorphoSys shall have the right, but not the obligation, to prepare, file, prosecute and maintain any such Alternative Product Marks in the MorphoSys Territory at its sole cost and expense, but use of the Alternative Product Mark shall be limited to the MorphoSys Territory. MorphoSys, at its sole cost and expense, shall control the filing, prosecution, enforcement and maintenance of such Alternative Product Marks.

6.6.2 Infringement of the Product Mark. In the event that either Party becomes aware of any infringement of the Product Marks by a Third Party in the Territories, such Party shall promptly notify the other Party and the Parties shall consult with each other in good faith with respect thereto. Each Party shall, at its sole discretion, have the right to determine how to proceed with respect to such infringement in its respective Territory, including by the institution of legal proceedings against such Third Party, in which case all costs and awards relating to such legal proceedings will be borne exclusively by the Party concerned. If requested to do so, the other Party shall reasonably cooperate with any and all action initiated, at the initiating Party's reasonable expense.

6.6.3 Acknowledgments. Each Party acknowledges the sole ownership by the other Party and validity of all trademarks, trade dress, logos and slogans and related elements of a global branding strategy (other than jointly owned global Product Trademarks) owned by the other Party and used or intended to be used in connection with the Commercialization of the Product in the other Party's Territory, in accordance with this Agreement. Each Party agrees that it will not at any time during or after the Term assert or claim any interest in, or do anything which may adversely affect the validity or enforceability of, any copyright, trademark, trade dress, logo or slogan owned by the other Party and used or intended to be used on or in connection with the marketing or sale of the Product in accordance with this Agreement. Neither Party will register, seek to register or cause to be registered any copyrights, trademarks, trade dress, logos or slogans owned by the other Party and used or intended to be used on or in connection with the marketing or sale of the Product or any variation thereof, under any applicable Laws providing for registration of copyrights, trademarks, service marks, trade names or fictitious names (including as an Internet domain name) or similar Laws, in such other Party's Territory, without the other Party's prior written consent (in its sole discretion). Each Party agrees that all use of the other Party's trademarks, names and logos will inure to the benefit of such other Party, including all goodwill in connection therewith. To the extent a Global Product Mark is used in the MorphoSys Territory and the Emergent Territory, the Parties shall jointly own rights to any Internet domain names incorporating the Product trademark or any variation or part of such trademark as its URL address or any part of such address under the country code top level domains corresponding to the countries of its respective Territory. With respect to all other generic top level domains, the Parties shall jointly determine if respective domains shall be registered and which Party shall be entitled to register a respective domain. Each Party shall be responsible for all costs incurred with respect to the Internet domain names or URLs registered by such Party.

ARTICLE 7
Supply

7.1 General. Emergent will use Commercially Reasonable Efforts to develop, or have developed, a process for the Manufacture of the Product, and to scale up (or have scaled-up) such process to a level sufficient to Manufacture (or have Manufactured), to perform Packaging and Labeling and to supply the required quantities of GMP-compliant Finished Product, in accordance with Laws applicable to those countries where Development Activities take place, including Placebo, for clinical use in the Territories in accordance with applicable Laws, this Agreement and the Product Specifications. Unless expressly agreed between the Parties, supply by Emergent shall be in the form of Finished Product. Where the Parties agreed so, Drug Substance or Vialed Product may be supplied instead of Finished Product, depending on the agreed circumstances, and in such event, references in this Article 7 to Finished Product shall be substituted for Drug Substance or Vialed Product as applicable.

7.2 Development Supply.

7.2.1 General. Emergent will use Commercially Reasonable Efforts to Manufacture, or arrange for a Third Party to Manufacture (which arrangement (i) in the case of a Third Party performing Manufacture of Drug Substance, shall be subject to MorphoSys' prior approval, such approval not to be unreasonably withheld, conditioned or delayed, and (ii) in the case of a Third Party performing other Manufacturing Activities than as set forth in (i) above, shall

be notified by Emergent to MorphoSys and with respect to which MorphoSys shall have the burden to demonstrate in writing that withholding its consent is reasonable within a reasonable time, but no longer than thirty (30) calendar days of such notice (in which case Emergent shall not use such Third Party to perform such Manufacture), and supply MorphoSys' requirements of GMP-compliant Finished Product and Placebo (including Packaging and Labeling and including all required documentation for Release, including if applicable a certificate of compliance with GMP requirements) in accordance with applicable Laws and the Product Specifications agreed for the time of delivery for Development Activities to be performed by the Parties in accordance with the Development Plan and MorphoSys' requirements in connection with any Sole-Funded Activity. Such Finished Product and Placebo shall be supplied in accordance with the procedures set forth in this Article 7.

7.2.2 Supply Price for Development. The Finished Product and Placebo supplied or planned in accordance with the Development Plan or the relevant Sole-Funded Activity, as the case may be, to be supplied for a particular Clinical Trial in a Development Activity or Sole-Funded Activity, respectively, shall be invoiced at the costs per vial set forth on Schedule 7.2.2 (the "**Development Supply Price**") which reflects Emergent's cost. The Development Supply Price shall be subject to adjustments to reflect increases and decreases in (i) Out-of-Pocket Costs incurred by Emergent for raw materials and for external testing as specifically outlined in Schedule 7.2.2, and (ii) changes in the PPI. MorphoSys shall purchase all of its clinical requirements of the Product for Development Activities or Sole-Funded Activities exclusively from Emergent pursuant to the terms of this Article 7. During the Term, Emergent shall not, and shall cause its Affiliates to not, supply any Third Party with the Compound, Drug Substance, Vialed Product, Finished Product or Placebo in or for sale in or other supply of the MorphoSys Territory. If the JSC decides for any reason to engage a Third Party contract manufacturer to supply Finished Product and Placebo for Development, then the Parties shall bear the costs and expenses of such engagement and any related technology transfer, including Third Party Manufacturing Payments, sixty-four percent (64%) by MorphoSys and thirty-six percent (36%) by Emergent.

7.2.3 Ordering Procedures for Finished Product for Development. MorphoSys shall submit a purchase order for Finished Product and Placebo, or if expressly agreed by the Parties for Drug substance or Vialed Product, for use under the Development Plan or for MorphoSys Sole-Funded Activities and Emergent shall supply Product and Placebo to itself as needed to perform its Development Activities under the Development Plan or for Emergent Sole-Funded Activities. Emergent shall deliver Products and Placebo in accordance with purchase orders placed by MorphoSys for Finished Product and Placebo, or, if expressly agreed by the Parties, for Drug Substance or Vialed Product, for use in Development Activities or in a MorphoSys Sole-Funded Activity or to itself as needed to perform its Development Activities under the Development Plan or for MorphoSys Sole-Funded studies; *provided*, that the delivery dates and amounts are in accordance with the Development Plan or Emergent accepted the purchase order, and, in case of Sole-Funded Activities, in each case the delivery dates and amounts can be complied with by use of Commercially Reasonable Efforts. If the supply of available Product or Placebo is limited, then the prioritization of available Product and Placebo shall first be to Development Activities and then equitably to each Party's Sole-Funded Activities.

7.2.4 Release. With respect to Finished Product and Placebo supplied for Development Activities, Release shall be performed by the Party that is the sponsor of the Clinical Trial in which such Finished Product and Placebo will be used. MorphoSys shall be responsible for Release of Finished Product and Placebo to be used in MorphoSys Sole-Funded Activities and Emergent shall be responsible for Release of Finished Product and Placebo to be used in Emergent Sole-Funded Activities. Each Party shall perform Release in accordance with the Product Specifications, the Quality Agreements, all applicable Laws and GMPs.

7.2.5 Title, **Shipping**, **Risk of Loss**. Finished Product and Placebo for use by MorphoSys in a Sole-Funded Activity shall be supplied to MorphoSys FCA (Free Carrier as defined by INCOTERMS 2010) at Emergent's or its designee's site. Delivery shall occur, and title and risk of loss will pass to MorphoSys, when each order of the Finished Product and Placebo, cleared for export, is placed at the disposal of MorphoSys' designated carrier at Emergent's or its designee's site pursuant to the loading instructions provided by MorphoSys, or as otherwise agreed to by the Parties. The cost of complying with such instructions shall be borne by MorphoSys. The Finished Product and Placebo shall be shipped at MorphoSys' expense via a carrier identified by MorphoSys in the applicable purchase order; *provided*, that, in the event that MorphoSys fails to identify a carrier, Emergent may choose a carrier at its own reasonable discretion. All costs of transporting and insuring Finished Product and Placebo in transit used for Development Activities under the Development Plan shall be considered Development Costs.

7.2.6 Invoice. Emergent shall invoice Finished Product and Placebo at the Development Supply Price for all Finished Product and Placebo expected to be administered in a given Clinical Trial upon dosing of the first patient in such Clinical Trial and with respect to a Sole-Funded Activity, upon shipment of the Finished Product and Placebo. If additional Finished Product and Placebo is needed for a Development Activity, such Finished Product and Placebo shall be invoiced upon shipment of such Finished Product and Placebo. The Development Supply Price for all Finished Product and Placebo to be used for Development Activities under a Development Plan and, in accordance with the Product Specifications agreed at the time of delivery (i) if delivered and undisputedly invoiced to MorphoSys shall be considered Development Costs of MorphoSys, (ii) if used by Emergent and credited to Emergent shall be considered Development Costs of Emergent, and the Parties shall adhere to the procedures in Section 8.10 to reimburse each other for the sharing of Development Costs. With respect to Finished Product and Placebo ordered by MorphoSys in connection with a Sole-Funded Activity, MorphoSys will issue payment against undisputed invoices for the Development Supply Price within forty-five (45) calendar days.

7.2.7 Development Supply Price Audit. MorphoSys shall have the right to audit the calculation of the Development Supply Price in order to assess the accuracy thereof for information purposes only. MorphoSys shall have the right to audit Emergent's prevailing Manufacturing cost to manufacture the Finished Product and Placebo as provided in Section 7.2.2 in order to confirm any increases or decreases in Development Supply Price due to Out-of-Pocket Costs incurred by Emergent for raw materials, for external testing and changes in the PPI as well as for pro rata adjustments due to changes in concentration (mg in a vial) as set out in Schedule 7.2.2; such audit shall be carried out in the same manner as the audit provisions of Section 8.11 which shall apply, *mutatis mutandis*, to both Parties to facilitate such right of audit.

7.3 Commercial Supply. The Parties shall use good faith efforts to enter to a commercial supply agreement at least [**] months prior to the expected First Commercial Sale of the Product in the MorphoSys Territory (the "**Supply Agreement**").

7.3.1 Supply Agreement. The Supply Agreement shall provide for the Manufacture and supply of Finished Product by or on behalf of Emergent to MorphoSys (including its Affiliates and sublicensees) during the Term for commercial use in the MorphoSys Territory in accordance with this Article 7; *provided, however,* that MorphoSys may decide, before conclusion of the Supply Agreement or during its term, to have the Product manufactured and supplied by a Third Party contract manufacturer, in which case Emergent shall conduct a technology transfer to such Third Party contract manufacturer at MorphoSys' sole cost and expense. The Supply Agreement shall include a forecast and ordering mechanism and shall specify which Party is responsible for Release of Finished Product for commercial use in the MorphoSys Territory. The Supply Agreement will regulate that MorphoSys shall have the option to cause Emergent to initiate, subject to Section 2.5.3(a) and 2.1.2, at least [**] years prior to the expected expiration of the Term, and to expeditiously conclude a technology transfer to MorphoSys or its designee (which shall be a Third Party reasonably acceptable to Emergent, *provided* that it shall not be reasonable to deny acceptance if such Third Party is a reputable contract manufacturing organization) at MorphoSys' sole cost and expense. Additionally, the Supply Agreement shall provide that, at least [**] years prior to the expected expiration of the Term, upon MorphoSys' written request, the Parties will negotiate in good faith the supply by Emergent to MorphoSys with Finished Product after the expiration of the Term.

7.3.2 Exclusivity. Except for situations of Manufacturing License Occurrence or where MorphoSys decides to have the Product manufactured and supplied by a Third Party contract manufacturer in accordance with Section 7.3.1, during the Term, MorphoSys shall purchase from Emergent all of MorphoSys' and its Affiliates' and sublicensees' requirements of the Finished Product for commercial use in the Territory. During the Term, Emergent shall not, and shall cause its Affiliates and sublicensees not to, supply any Third Party with the Compound, Drug Substance, Vialed Product, Finished Product or Placebo for sale in the MorphoSys Territory.

7.3.3 Commercial Supply Price. The commercial supply price to be set forth in the Supply Agreement shall be subject to adjustments to reflect increases and decreases in (i) costs of raw materials, unless already reflected in the change of the Producer Price Index, and (ii) changes in the Producer Price Index for the Pharmaceutical Sector as reported by the U.S. Bureau of Labor Statistics ("**PPI**") for the previous twelve (12) months (the "**Commercial Supply Price**"), and in such quantities as MorphoSys shall order pursuant to and in accordance with the Supply Agreement. The Supply Agreement shall provide that, if, during the Term, MorphoSys can demonstrate in writing that a Third Party contract manufacturer has offered in writing to manufacture and supply the Product, on terms and conditions substantially similar to those set forth in the Supply Agreement and at a supply price which is equal to or lower than the level of the Commercial Supply Price, then MorphoSys may notify Emergent thereof and the Parties will discuss in good faith a reduction of the Commercial Supply Price; *provided, however,* that if Emergent is not willing or not able to reduce the Commercial Supply Price to be equal to or lower than the price offered by the Third Party contract manufacturer, then MorphoSys may elect, by written notice to Emergent, to invoke the provisions of Section 7.11; *provided, further,* that MorphoSys shall bear [**] percent ([**]%) of the costs and expenses of effectuating the provisions of Section 7.11 and Emergent shall be reimbursed by MorphoSys for its direct internal costs and expenses (with respect to which Section 8.12 shall apply) and direct pre-approved Out-of Pocket Costs.

7.3.4 No Supply Agreement. If the Parties, in good faith negotiations, cannot agree on a Supply Agreement by the date that is [**] months prior to the expected First Commercial Sale of the Product as stipulated in the then applicable Development Plan, MorphoSys shall have the right to elect, by written notice to Emergent, that Section 7.11 shall apply; *provided, however*, that Emergent shall be reimbursed for its direct internal costs and expenses and direct pre-approved Out-of Pocket Costs and Section 8.12 shall apply for Emergent's internal costs.

7.4 Packaging and Labeling; Certain Other Manufacturing Activities. Emergent or its designated Third Party shall be responsible for all final product labeling and packaging (whether in commercial or clinical packaging presentation), including insertion of materials such as patient inserts, patient medication guides, professional inserts and any other written, printed or graphic materials accompanying the Product in the Territories considered to be part of the Finished Product, and its handling, storage, quality control, quality assurance, testing and related activities, of the Product in connection with the foregoing (collectively, "**Packaging and Labeling**"). The cost for Packaging and Labeling is accounted for in the Development Supply Price and will be accounted for in the Commercial Supply Price.

7.5 Quality Agreements. The Parties shall execute a (i) quality agreement for development supply of the Product within ninety (90) calendar days of the Effective Date and (ii) quality agreement for commercial supply of the Product within ninety (90) calendar days of execution of the Supply Agreement, which shall set forth the Parties' quality and compliance obligations with respect to Manufacture of the Finished Product (both quality agreements, the "**Quality Agreements**"). MorphoSys and Emergent agree to comply with the requirements and provisions set forth in the Quality Agreements.

7.6 Product Specification and Manufacturing Changes. Product Specification and Manufacturing changes, including those resulting from a request received by a Party from a Governmental Authority, or any changes that Emergent may make, shall be dealt with pursuant to the Quality Agreements; *provided*, that all applicable Regulatory Materials shall be prepared and filed by the Parties in accordance with the provisions of Article 5.

7.7 Retention. Unless the Parties agree otherwise, Emergent will maintain analytical samples of each Finished Product in storage for a time period based upon provisions set forth in the Quality Agreements, applicable Laws and requirements of Regulatory Authorities in the Territories.

7.8 Handling and Storing by MorphoSys. From and after the time Finished Product is delivered by Emergent hereunder, such Finished Product shall be handled, stored and shipped by MorphoSys in compliance with all applicable Laws including, GMPs; and not contain any material that would cause the Product to be adulterated or misbranded within the meaning of applicable Laws.

7.9 Shortage Risk Mediation, **Shortages**. At least [**] prior to expected First Commercial Sale of the Product in the Territories and thereafter during the Term, the Parties will discuss the validation of a second Manufacturing site for the Manufacture of Product at premises other than the primary Manufacturing site, the operation of which site will comply with GMP and have adequate capacity to meet the expected requirements for the Product. If the Parties agree to establish a second Manufacturing site, the costs of establishing such second Manufacturing site shall be borne [**]. Within six (6) months of the Effective Date, Emergent will prepare, and thereafter from time to time as necessary, update, including upon First Commercial Sale of the Product in the Territories, a risk mitigation plan to ensure continuous uninterrupted supply of Product and such risk mitigation plan shall be reasonably satisfactory to MorphoSys. Emergent shall use Commercially Reasonable Efforts to carry out and comply with such plan. In the event that the materials and/or Manufacturing capacity required to Manufacture and deliver the Finished Product to MorphoSys in a timely manner are in short supply, Emergent shall promptly notify MorphoSys of such shortage in writing and the Parties shall promptly meet to discuss the shortage. Emergent shall treat MorphoSys' demand equally to Emergent's own demands or demands of Emergent's other commercial partners and, allocate the portions of the available amounts of Finished Product and manufacturing capacity to the respective demand on a pro-rata basis; *provided*, that the foregoing supply on a pro-rata basis does not limit any other remedies MorphoSys may have due to a partial failure to supply under this Agreement or the Supply Agreement. Emergent shall promptly provide a written plan of action stating in reasonable detail the root cause of the shortage and proposed measures to remedy the shortage and the date such shortage is expected to end. Emergent shall use Commercially Reasonable Efforts to minimize the duration of any shortage; provided, that the foregoing efforts of Emergent do not limit any remedies MorphoSys may have due to a partial failure to supply under this Agreement or the Supply Agreement.

7.10 Failure to Supply; Serious Supply Risk. The Supply Agreement shall provide that, in the event of a Failure to Supply and in the event of a Serious Supply Risk, MorphoSys shall have the right to elect, by written notice to Emergent, that Section 7.11 shall apply.

7.10.1 Failure to Supply. As used herein, a "**Failure to Supply**" shall mean that Emergent is unable to supply, in full compliance with applicable Laws, the Product Specifications and the terms of the Supply Agreement, or Emergent has notified MorphoSys that Emergent anticipates that it will be unable to supply in such full compliance, at least [**] percent ([**]%) of the quantity of Product ordered for a period of [**] consecutive calendar days, other than to the extent caused by a Force Majeure Event or an act or omission of MorphoSys or any of its Affiliates, sublicensees or subcontractors.

7.10.2 Serious Supply Risk. As used herein, a "**Serious Supply Risk**" shall mean that, other than to the extent caused by a Force Majeure Event or an act or omission of MorphoSys or any of its Affiliates, sublicensees or subcontractors, (i) Emergent, within a period of [**] consecutive months, fails to supply under [**] or more purchase orders of MorphoSys in full compliance with applicable Laws, the Product Specifications and the terms of the Supply Agreement, on the delivery date at least [**] percent ([**]%) of the quantity of Product ordered under such purchase orders, or Emergent notifies MorphoSys that Emergent anticipates that such failure may occur, and (ii) either (a) Emergent is not able to demonstrate to MorphoSys that it has used Commercially Reasonable Efforts to, promptly after the first failure under this Section 7.10.2,

follow the risk mitigation as set out in Section 7.9, provide a written plan of action stating in reasonable detail the root cause of the shortage and propose measures to remedy the shortage, or (b) the aforementioned risk mitigation measures are not sufficiently successful such that Emergent, within a period of [**] consecutive months starting with the first failure under this Section 7.10.2 or respective notification, for a [**] time is unable to supply under a purchase order in full compliance with applicable Laws, the Product Specifications and the terms of the Supply Agreement, at least [**] percent ([**]%) of the quantity of Product under such purchase order, or Emergent notifies MorphoSys again that Emergent anticipates that such failure may occur.

7.11 Third Party Manufacturing. In the event that the JSC has elected under Section 7.2.2, or MorphoSys has elected by written notice to Emergent under Section 7.3.1, 7.3.3, 7.3.4 or 7.10, that this Section 7.11 shall apply ("**Manufacturing License Occurrence**"), then, in the case of Section 7.2.2, the Parties shall engage a Third Party contract manufacturer to assume, or in the case of Sections 7.3.1, 7.3.3, 7.3.4 or 7.10, MorphoSys shall have the right to assume or to engage a Third Party to assume, in each such case, the Manufacturing of Compound, Drug Substance, Vialed Product, Finished Product and Placebo. In the case of MorphoSys' election under Sections 7.3.1, 7.3.3, 7.3.4 or 7.10, (w) Emergent hereby grants to MorphoSys and MorphoSys hereby accepts a (with respect to the Product) co-exclusive (with Emergent and its Affiliates), royalty-free license (except as set forth below with respect to pass-through of applicable Third Party Manufacturing Payments and sublicensable to such Third Party contract manufacturer in accordance with Section 2.5.3) to the Emergent Manufacturing Technology and Emergent Platform Technology for MorphoSys or such Third Party contract manufacturer on behalf of MorphoSys to Manufacture the Compound, Drug Substance, Vialed Product, and Finished Product, anywhere in the world for Commercialization in the Field in the MorphoSys Territory, (x) MorphoSys shall be responsible for paying (a) [**] percent ([**]%) of any Third Party Manufacturing Payments other than in the form of royalties and (ß) [**] percent ([**]%) of Third Party Manufacturing Payments in the form of royalties on Net Sales in the MorphoSys Territory (i.e., each Party shall bear Third Party Manufacturing Payments in the form of royalties on sales in its respective Territory), in each case to Emergent (for forwarding by Emergent) and (y) any costs and expenses of Emergent and of MorphoSys and any Third Party (as transferee) contract manufacturer's fees or other charges for the activities contemplated by clauses (i) and (ii) below and for the achievement of the Manufacturing technology transfer as set forth in clause (z) below shall be borne (A) [**] percent ([**]%) by MorphoSys if MorphoSys elects that this Section 7.11 shall apply pursuant to Sections 7.3.1, 7.3.3 or 7.3.4, and (B) [**] percent ([**]%) by Emergent and [**] percent ([**]%) by MorphoSys, if MorphoSys elects that this Section 7.11 shall apply pursuant to Section 7.10, and (z) Emergent shall (i) provide copies of such Emergent Manufacturing Know-How (to the extent Controlled by Emergent) necessary for the Manufacture of Compound, Drug Substance, Vialed Product, and Finished Product and Placebo, and (ii) provide reasonable assistance and personnel (including answering all questions) to transfer the Manufacturing process, in each case in order to allow MorphoSys or the Third Party contract manufacturer designated by MorphoSys to replicate and implement the Manufacturing process and to take over the Manufacturing of the Compound, Drug Substance, Vialed Product, Finished Product, and Placebo and to validate and obtain approval of the Manufacturing facility of MorphoSys or such Third Party contract manufacturer designated by MorphoSys as an alternate source of supply of Compound, Drug Substance, Vialed Product, and Finished Product and Placebo. In the event Emergent wishes to resume Manufacturing under the Supply Agreement after a Failure to Supply or a Serious Supply Risk, Emergent will notify MorphoSys thereof and

the Parties shall discuss Emergent's future supply. Provided that Emergent can demonstrate to the reasonable satisfaction of MorphoSys that it will be able to meet forecasted demand for the Finished Product for the then current forecast to be established under the Supply Agreement, MorphoSys shall have the right to claim future Manufacture and supply by Emergent on an exclusive supply and exclusive purchase basis and further (a) in the event MorphoSys shall have entered into a Manufacturing agreement with a Third Party manufacturer for supply, Emergent shall fully indemnify MorphoSys for any costs, expenses or losses arising out of the transfer of the Manufacturing of the Finished Product back to Emergent as a result of the resumption of Emergent's Manufacturing hereunder, or in the event MorphoSys shall have set up the Manufacturing without entering in a Manufacturing agreement with a Third Party for supply, Emergent shall reimburse MorphoSys any direct costs and expenses and directly related Out-of-Pocket Costs, and (b) in the event Emergent's Failure to Supply or Serious Supply Risk is deemed a result of its inability to meet the requirements of the relevant Quality Agreement or Manufacture the Drug Substance and/or fill and finish of Finished Product, then Emergent shall demonstrate to MorphoSys' reasonable satisfaction that the conditions giving rise to the failure have been corrected. In the event of a Manufacturing License Occurrence, (1) where a Third Party contract manufacturer assumes Manufacturing of the Product, Emergent shall not be precluded from entering into a separate Manufacturing agreement with such Third Party contract manufacturer, and (2) where MorphoSys assumes the Manufacture of the Product, the Parties will, at Emergent's request, negotiate in good faith the terms and conditions under which MorphoSys shall Manufacture and supply Product to Emergent and in such case the license in Section 2.1.2 shall be expanded accordingly. In the event MorphoSys had borne [**] percent ([**]%) of all costs in accordance with clause (z)(A) above and Emergent enters into such a Manufacturing agreement with such Third Party contract manufacturer or with MorphoSys according to the foregoing sentence (X) within [**] months after the date that (I) MorphoSys had entered into such supply agreement with such Third Party contract manufacturer or (II) MorphoSys had commenced Manufacture of the Product, then Emergent shall reimburse MorphoSys [**] percent ([**]%) of such costs, or (Y) after [**] months but prior to the [**] anniversary of the date that (I) MorphoSys had entered into such supply agreement with such Third Party contract manufacturer or (II) MorphoSys had commenced Manufacture of the Product, then Emergent shall reimburse MorphoSys [**] percent ([**]%) of such costs; *provided*, that, for clarity, if Emergent enters into such a Manufacturing agreement with such Third Party contract manufacturer or with MorphoSys after the [**] anniversary of such applicable date, then Emergent shall not have any obligation to reimburse MorphoSys for any portion of such costs. In case MorphoSys takes over the Manufacturing of the Product under this Section 7.11 the methodology for calculation of the Development Supply Price for supply of Product for Development Activities are Development Costs Sections 7.2.2, first sentence, and 7.2.3, 7.2.5, 7.2.6 shall apply *mutatis mutandis.*

ARTICLE 8
Payments

8.1 Upfront License Fee. An upfront payment amount equal to Twenty Million Dollars ($20,000,000) (the "**Upfront Fee**") shall be due from MorphoSys to Emergent, payable within fifteen (15) calendar days of the Effective Date upon receipt of a respective invoice from Emergent, payable by wire transfer of immediately available funds into an account designated in writing by Emergent. Such Upfront Fee shall be nonrefundable and noncreditable against any other payments due hereunder.

8.2 Milestone Payments. MorphoSys shall pay to Emergent the milestone payments described in this Section 8.2 upon achievement (first occurrence) of the corresponding milestone event; *provided, however,* that a [**]. MorphoSys shall promptly notify Emergent in writing of, but in no event later than [**] calendar days after, the achievement, or in case of a MorphoSys sublicensee achieving such milestone no later than [**] calendar days after receipt of notice by such sublicensee, of each such milestone event (each, a "**Milestone Notification Notice**") achieved by it and Emergent shall provide a respective invoice to MorphoSys. MorphoSys shall pay the applicable milestone payment by wire transfer of immediately available funds into an account designated by Emergent within sixty (60) calendar days after receipt of such written undisputed invoice pursuant to Section 8.8; provided, however, that in no event shall a failure to deliver a Milestone Notification Notice relieve MorphoSys of its obligation to pay Emergent the milestone payments described in this Section 8.2. Each such payment is nonrefundable and noncreditable against any other payments due hereunder and is only payable on the first Product to achieve such milestone event. Each milestone payment shall only be due for the first Product to achieve the applicable milestone, on an Indication-by-Indication basis, irrespective of the number of Products that may subsequently achieve the applicable milestone event. For clarity, all milestone payments will be made once only.

Development Milestone Event for the first Product achieving any such Development Milestone Event	***Milestone Payment***
1. Dosing of the first patient in the first Phase I Clinical Trial in the first Indication for the Product	Five Million Dollars ($5,000,000)
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

Regulatory Milestone Event for the first Product achieving any such Regulatory Milestone Event	***Milestone Payment***
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

For clarity, for the fourth and subsequent Indications, no further development milestone payments shall be due under this Agreement. If milestone event 5 described in the preceding table under the heading "Development Milestone Event" is achieved before the achievement of milestone event 4 listed under such heading, then milestone event 4 shall be deemed automatically achieved, and the corresponding milestone payment shall be due and payable together with the payment of the milestone payment for the subsequent milestone event. If milestone event 7 described in the preceding table under the heading "Development Milestone Event" is achieved before the achievement of milestone event 6 listed under the such heading, then milestone event 6 shall be deemed automatically achieved, and the corresponding milestone payment shall be due and payable together with the payment of the milestone payment for the subsequent milestone event.

8.3 Royalty Payments to Emergent. As further consideration for the rights granted to MorphoSys under this Agreement, MorphoSys shall pay to Emergent payments ("**MorphoSys Royalty Payments**") (i) at a rate of [**] percent for Net Sales of the Product in the MorphoSys Territory for all uses other than for use as a diagnostic (the "**MorphoSys Therapeutic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term and (ii) at a rate to be negotiated in good faith by the Parties for Net Sales of the Product in the MorphoSys Territory for use as a diagnostic (the "**MorphoSys Diagnostic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term. [**]. During the Royalty Term, for clarity including any extension period under Section 1.117(i), MorphoSys Royalty Payments payable under this Section 8.3 shall be reduced by [**] percent ([**]%) of the amounts set forth in this Section 8.3 after the date on which such Product (including, the use, sale, offer for sale, importation, development or manufacturing thereof) is no longer Covered by a Valid Claim in such country. MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates apply only to the Net Sales in the MorphoSys Territory.

8.4 Royalty Payments and Reports. MorphoSys shall calculate all MorphoSys Royalty Payments payable to Emergent pursuant to Section 8.3 and report Net Sales in the MorphoSys Territory with respect to Net Sales in the MorphoSys Territory at the end of each Calendar Quarter, which amounts shall be converted to Dollars at such time in accordance with Section 8.7. MorphoSys shall pay to Emergent the MorphoSys Royalty Payment due for Net Sales in the MorphoSys Territory during a given Calendar Quarter within sixty (60) calendar days after the end of such Calendar Quarter. Each MorphoSys Royalty Payment due to Emergent shall be accompanied by (i) a statement of the gross amount invoiced on account of sales of the Product (a) in the MorphoSys Territory as a whole and (b) on a country-by-country basis during the applicable Calendar Quarter (including such amounts expressed in local currency and as converted to Dollars), (ii) an itemized calculation of Net Sales (a) in the MorphoSys Territory as a whole and (b) on a country-by-country basis, showing for both (a) and (b) deductions provided for in the definition of "Net Sales" during such Calendar Quarter and (iii) a calculation, on a country-by-country basis, of the amount of the MorphoSys Royalty Payment due on such Net Sales for such Calendar Quarter. Without limiting the generality of the foregoing, MorphoSys shall require its Affiliates and sublicensees and permitted distributors to account for its Net Sales and to provide such reports with respect thereto as if such sales were made by MorphoSys.

8.5 Third Party Royalties and Other Payments.

8.5.1 Certain Existing Obligations. Except as otherwise set forth in this Agreement, [**] for the payment of any royalties, sublicense revenues, milestones or other payments due to Third Parties under agreements between Emergent (or its Affiliates) and Third Parties existing as of the Effective Date covering the Development, Manufacturing or Commercialization of the Product hereunder.

8.5.2 Licenses to Third Party Patents.

(a) If MorphoSys determines that it is necessary or reasonably useful to obtain a license under any Patent of a Third Party relevant to the Development, the Manufacture or the Commercialization of the Product in the MorphoSys Territory ("**Third Party IP**"), it shall inform the IPC of such determination along with documentation supporting such determination. The IPC shall discuss the desirability of obtaining a license to or acquiring such Third Party IP, and, if it is determined by the Parties to obtain a license to or acquire such Third Party IP, discuss and recommend appropriate financial terms and conditions (including the scope of the license to be negotiated) for such license or acquisition agreement (such agreement, a "**Third Party IP Agreement**"). The IPC also may designate one Party, or that the Parties jointly, be responsible for handling negotiations of a Third Party IP Agreement, but, absent such determination by the Parties to obtain a license or acquire such Third Party IP, or absent a designation by the IPC which Party shall be responsible for handling the negotiations of a Third Party IP Agreement, MorphoSys shall have the right, at its sole discretion, to negotiate such Third Party IP Agreement for the MorphoSys Territory in accordance with Section 8.5.2(b). The negotiating Party shall have responsibility and authority for negotiating and executing such Third Party IP Agreement; *provided*, that, through their representatives on the IPC, the negotiating Party shall keep the other Party reasonably informed with respect to the negotiations and deal terms relating to such Third Party IP Agreement (including scope of the license and financial terms) and such negotiating Party shall consider in good faith any comments, recommendations or analysis provided by the other Party; *provided, further,* that the negotiating Party shall not agree to any terms or conditions relating to the other Party's Territory without the prior written consent of the other Party. Notwithstanding anything to the contrary in this Agreement, as contemplated by Sections 9.6.2(a) and 9.6.2(b), in connection with Emergent's due regard to alternative mitigation strategies, if MorphoSys, after discussions in the IPC, elects to not seek a Third Party IP Agreement, Emergent may negotiate and execute, as a Party to such Third Party IP Agreement, a Third Party IP Agreement for the MorphoSys Territory with respect to an Opposition Patent or an Invalidation/Re-Examination Patent; *provided*, that, Emergent shall pay to the Third Party any and all amounts for the MorphoSys Territory (including upfront payments, milestone payments, license fees, royalties or other payments) payable under such Third Party IP Agreement and MorphoSys shall reimburse Emergent [**] percent ([**]%) of such paid amounts upon Emergent sending an invoice to MorphoSys, which reimbursement amount (other than with respect to arm's length and good faith negotiated upfront payments, milestone payments and license fees payable under such Third Party IP Agreement) MorphoSys shall be entitled to deduct from the MorphoSys Royalty Payments.

(b) Any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable under a Third Party IP Agreement attributable to the MorphoSys Territory shall be borne by MorphoSys; *provided, however,* that (i) in the case where the Third Party IP Agreement relates to an Opposition Patent or the Parties through the IPC agree that it would be prudent to enter into the Third Party IP Agreement for the Development, Manufacture or Commercialization of the Product in the MorphoSys Territory, MorphoSys shall be entitled to deduct [**] percent ([**]%), and (ii) in any other case, [**] percent ([**]%), in each case of any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable to such Third Party (on account of the sale of, or in relation to the Development, Manufacture and Commercialization of, the Product in the MorphoSys Territory) from the MorphoSys Royalty Payments thereafter made by MorphoSys to Emergent hereunder; *provided, further,* that the MorphoSys Royalty Payments payable under

Section 8.3 shall not be reduced in any such event below [**] percent ([**]%) of the amounts set forth in Section 8.3. To the extent that, in any Calendar Quarter, MorphoSys was not able or, due to the aforementioned sentence, was not allowed to deduct the entire amount of the above percentages of any and all amounts payable to such Third Party in such Calendar Quarter, MorphoSys shall be entitled to carry forward such remaining amounts and deduct them from the MorphoSys Royalty Payments due in subsequent Calendar Quarters.

(c) For the avoidance of doubt the provisions of Section 8.5.2(a) and Section 8.5.2(b) apply *mutatis mutandis* to Third Party IP for the Emergent Territory; *provided, however,* that Emergent shall be only entitled to deduct [**] percent ([**]%) with respect to payments made for licenses covered by Section 8.5.2(b)(i).

(d) Should the same Third Party IP be necessary or reasonably useful to Develop, Manufacture or Commercialize the Product in both Territories, both Parties shall jointly negotiate the Third Party IP Agreement. Payments and amounts due under such Third Party IP Agreement shall be for the MorphoSys Territory as set forth in Section 8.5.2(b) and for the Emergent Territory as set forth in Section 8.5.2(c). If the Parties agree on the desirability of securing a license to such Third Party IP but are unable to agree on terms for the negotiation and conclusion of such Third Party IP Agreement after good faith discussion, each Party shall have the right to execute a Third Party IP Agreement with such Third Party for its respective Territory and to take deductions in accordance with Section 8.5.2(b)and (c), respectively.

8.6 Taxes and Withholding. Each Party shall comply with applicable Laws and regulations regarding filing and reporting for income tax purposes. All amounts payable under this Agreement are net of value-added tax ("**VAT**"). In the event that amounts due under this Agreement are subject to VAT, the invoice by the respective Party for the payment shall state the VAT applicable separately. If applicable Laws require withholding of income taxes or other taxes imposed upon payments, the paying Party shall assist the payee Party to obtain a withholding tax exemption certificate to be issued by the competent tax authority. The payee Party shall provide the paying Party with such withholding tax exemption certificate at least fifteen (15) calendar days prior to the payable date of any such payments. If the payee Party fails to do so, the paying Party shall be permitted to withhold the withholding tax amount at the rate set forth by law from such payments; *provided*, that the paying Party pays such amount to the competent tax authority. The paying Party shall submit appropriate proof of payment of the withholding taxes to the payee Party within a reasonable period of time and shall make reasonable efforts to assist the payee Party to recoup such taxes, if any, from the respective tax authorities.

8.7 Currency Conversion. All payments hereunder shall be made in U.S. Dollars. For the purpose of calculating any sums due under, or otherwise reimbursable pursuant to, this Agreement (including any costs as defined in this Agreement (e.g., Development Costs) and the calculation of Net Sales expressed in currencies other than U.S. Dollars), any amount expressed in a foreign currency shall be converted into U.S. Dollars using the average of the exchange rate of the European Central Bank (www.ecb.int) published for the applicable reporting period for the payment due.

8.8 General Payment Procedures. Any payment under this Article 8 other than royalties pursuant to Sections 8.3 and 8.13 is subject to a prior written undisputed invoice to be served to the Party owing the payment and complying with reasonable tax and accounting requirements of the Party owing the payment. The receiving Party shall invoice the paying Party for all amounts due to such receiving Party under this Agreement, and such payments shall be made within sixty (60) calendar days following the receipt by the paying Party of an undisputed invoice from the receiving Party specifying the amount due in accordance with this Agreement. In the event either Party disputes an invoice delivered under this Agreement, the receiving Party shall deliver written notice to the delivery Party of its dispute of such invoice within fifteen (15) calendar days after receipt of such invoice and the parties shall use good faith efforts to resolve such dispute as soon as practicable, including by providing supporting documentation reasonably requested by the receiving Party in connection therewith.

8.9 Late Payments. Any amount required to be paid by a Party hereunder which is not paid on the date due shall bear interest at a rate equal to the thirty (30) calendar day U.S. dollar LIBOR rate effective for the date that payment was first due as reported by The Wall Street Journal plus [**] percent ([**]%). Such interest shall be computed on the basis of a year of 360 calendar days for the actual number of calendar days payment is delinquent.

8.10 Development Costs; Reimbursement Procedure; Joint Regulatory Costs incurred.

8.10.1 Report of Development Costs. Within fifteen (15) calendar days following the end of each Calendar Quarter beginning with the Effective Date, each Party shall prepare and deliver to the other Party an estimated quarterly report detailing its Development Costs incurred during such period. Within forty-five (45) calendar days following the end of each Calendar Quarter beginning with the Effective Date, each Party shall prepare and deliver to the other Party a quarterly report detailing its Development Costs incurred during such period, including accurate records and books of accounts containing all data reasonably required for the calculation and verification of FTEs actually used by each Party in accordance with the Development Plan (and specifying whether such Development Costs were attributable to MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Activities, Emergent Territory Required Development Activities, Emergent Territory Discretionary Activities, Manufacturing Development Activities, Manufacturing or General Development Activities). Each Party shall submit any additional information, with a level of detail as reasonably requested by the other Party, related to the Development Costs included in its report within forty-five (45) calendar days of its receipt of such request.

8.10.2 Reconciliation Reports and Payments. Within forty-five (45) calendar days after the receipt of the report delivered by each Party for each Calendar Quarter or any portion of such Calendar Quarter for the first and last Calendar Quarters of the Term, Emergent shall prepare and deliver to MorphoSys a composite report that (i) summarizes the Development Costs incurred by each Party for such Calendar Quarter (broken down as stipulated in Section 8.10.1), (ii) applies the percentage of such costs which each Party is responsible for with respect to such Development Costs and (iii) computes the amount in Dollars due to Emergent or MorphoSys, as applicable, for such Calendar Quarter in order for the Parties to share the total Development Costs for such Calendar Quarter based on the principles set forth in Section 4.4 (each, a "**Reconciliation Development Payment**"). The Party to whom a Reconciliation Development Payment is due shall issue an invoice to the other Party for the Reconciliation Development Payment, and such

other Party shall pay the Reconciliation Development Payment within forty-five (45) calendar days after its receipt of the undisputed invoice. The Parties will cooperate in order to address issues regarding a disputed invoice. Each Party shall have the right to audit the records of the other Party with respect to any purported Development Costs and the demarcation of these costs from other related costs included in such reports, in accordance with Section 8.11; *provided*, that each Party may have an additional audit in case of a disputed invoice or justified doubts that such reports are fully accurate.

8.10.3 Report of Joint Regulatory Costs Incurred. To the extent either Party incurs any Joint Regulatory Costs in connection with the preparation of Regulatory Materials and obtaining Product Approvals (other than those costs related to matters described in Section 5.2.2(b) which shall be borne by Emergent), in accordance with the Development Plan, then within forty-five (45) calendar days following the end of such Calendar Quarter in which such Regulatory Costs were incurred, such Party shall prepare and deliver a report to the other Party detailing Regulatory Costs (other than those costs related to matters described in Section 5.2.2(b) which shall be borne by Emergent). The other Party shall have the right to audit the records of such Party incurring any such Joint Regulatory Costs included in such report in accordance with Section 8.11.

8.11 Records; Audits. Each Party and its Affiliates, sublicensees, permitted distributors and subcontractors shall keep full, true and accurate records and books of account containing all particulars that may be necessary for the purpose of confirming the accuracy of, and calculating, as applicable, all royalty payments (in particular MorphoSys Royalty Payments and Emergent Royalty Payments, respectively) and other amounts payable to the other Party hereunder (including records of Net Sales), and any other records reasonably required to be maintained with respect to each Party's obligations under this Agreement, and each Party shall maintain complete and accurate records in sufficient detail to permit the other Party to confirm the accuracy of all Development Costs, Regulatory Costs invoiced by one Party to the other Party pursuant to Section 8.10.3 (including their demarcation to cost related to Sole-Funded Activities, the Manufacture for supply of Product for Development Activities and Sole-Funded Activities) and any other amounts payable or otherwise reimbursable hereunder, in each case for a minimum period of four (4) years or such longer period as required by applicable Laws. Each Party shall have a right to request an audit of the other Party in order to confirm the accuracy of any of the foregoing (an "**Audit**")**;** *provided, however,* that each Party shall only have the right to request such Audit of the other Party one time during any given Calendar Year. Upon the written request by a Party (the "**Auditing Party**") to Audit the other Party (the "**Audited Party**"), the Auditing Party shall have the right to engage an independent, internationally recognized accounting firm to perform a review as is reasonably necessary to enable such accounting firm to calculate or otherwise confirm the accuracy of any of the foregoing for the Calendar Year(s) requested by the Auditing Party; *provided*, that (i) such accountants shall be given access to, and shall be permitted to examine and copy such books and records of the Audited Party upon fifteen (15) calendar days prior written notice to the Audited Party, and at all reasonable times on such calendar days, (ii) prior to any such examination taking place, such accountants shall enter into a confidentiality agreement with the Audited Party reasonably acceptable to the Audited Party in order to keep all information and data contained in such books and records strictly confidential and shall not disclose such information or copies of such books and records to any third person including the Auditing Party, but shall only use the same for the purpose of the reviews and/or calculations which they need to perform in order to determine any amounts being reviewed, and (iii) such accountants shall use reasonable

efforts to minimize any disruption to the Audited Party's business. The Audited Party shall make personnel reasonably available during regular business hours to answer queries on all such books and records required for the purpose of the Audit. The accountants shall deliver a copy of their findings to each of the Parties within fifteen (15) calendar days of the completion of the review, and, in the absence of fraud or manifest error, the findings of such accountant shall be final and binding on each of the Parties. Any underpayments by a Party, as well as interests for the underpayment according to Section 8.9, shall be paid to the other Party within fifteen (15) calendar days of notification of the results of such inspection. Any overpayments made by a Party shall be refunded by the other Party, together with interests for the overpayment according to Section 8.9, within fifteen (15) calendar days of notification of the results of such inspection. The cost of the accountants shall be the responsibility of the Auditing Party unless the accountants' calculation shows that the actual royalties payable, Net Sales, Development Costs, Regulatory Costs and/or any such other amount Audited hereunder to be different, by more than [**] percent ([**]%), than the amounts as previously calculated by the Audited Party.

8.12 FTE Costs. With respect to those costs under Article 4 and Article 5 or with respect to costs for which this Agreement expressly refers to this Section 8.12 which a Party is obligated to bear internally and then submit to the other Party for sharing, or reimbursement, as the case may be, each Party shall calculate its internal costs using an FTE rate of [**] Dollar $[**] per year. The FTE rate covers employee salary, employee specific benefits, travel costs and materials. After the [**] anniversary of the Effective Date, the FTE rates shall be subject to adjustments to reflect changes in the Producer Price Index for the Pharmaceutical Sector as reported by the U.S. Bureau of Labor Statistics for the previous twelve (12) months.

8.13 Emergent Royalty Payments to MorphoSys. As further consideration for contribution to the Development made by MorphoSys to Emergent and the licenses from MorphoSys to Emergent pursuant to Section 2.2, Emergent shall pay to MorphoSys payments ("**Emergent Royalty Payments**") (i) at the tiered rate below for Net Sales of the Product in the Emergent Territory for all medical uses other than for use as a diagnostic (the "**Emergent Therapeutic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term and (ii) at the rate to be negotiated in good faith by the Parties for Net Sales of the Product in the Emergent Territory for medical use as a diagnostic (the "**Emergent Diagnostic Royalty Rates**") for all or any portion of the Calendar Year falling within the Royalty Term. [**]. During the Royalty Term, for clarity including any extension period under Section 1.117(i), Emergent Royalty Payments payable under this Section 8.13 shall be reduced by [**] percent ([**]%) of the above amounts set forth in this Section 8.13 after the date on which such Product (including, the use, sale, offer for sale, importation, development or manufacturing thereof) is no longer Covered by a Valid Claim in such country.

Annual Net Sales in the Emergent Territory	**Emergent Therapeutic Royalty Rate**
For that portion of aggregate annual Net Sales less than [**] Dollars ($[**])	[**] percent ([**]%)
For that portion of aggregate annual Net Sales greater than [**] Dollars ($[**]) but less than [**] Dollars ($[**])	[**] percent ([**]%)

For that portion of aggregate annual Net Sales equal to or greater than [**] Dollars ($[**]) but less than [**] Dollars ($[**])	[**] percent ([**]%)
For that portion of aggregate annual Net Sales equal to or greater than [**] Dollars ($[**])	Twenty percent (20%)

Emergent Therapeutic Royalty Rates and Emergent Diagnostic Royalty Rates apply only to the Net Sales in the Emergent Territory. Sections 8.4, 8.5.2, 8.6, and 8.8 shall apply to Emergent with respect to the Emergent Royalty Payments *mutatis mutandis* except that all references to MorphoSys Royalty Payments shall be deemed to refer to the Emergent Royalty Payments and all references to the MorphoSys Territory shall be deemed to refer to the Emergent Territory and all references in the definition of Net Sales to MorphoSys shall be deemed to refer to Emergent.

ARTICLE 9
Intellectual Property Matters

9.1 Inventions and Related Intellectual Property Rights.

9.1.1 Emergent IP. Emergent Platform Inventions, Emergent Manufacturing Inventions and Emergent Sole-Funded Inventions shall be owned by Emergent and deemed to be Emergent Platform Know-How, Emergent Manufacturing Know-How and Emergent Know-How, respectively, and shall be subject to the licenses and rights granted to MorphoSys under this Agreement.

9.1.2 MorphoSys IP. Except to the extent comprising or including Emergent Platform Inventions or Emergent Manufacturing Inventions, MorphoSys Sole-Funded Inventions shall be owned by MorphoSys and deemed to be MorphoSys Applied Know-How and shall be subject to the licenses and rights granted to Emergent under this Agreement.

9.1.3 Joint Technology. Joint Inventions and Joint Know-How shall be jointly owned by the Parties, with each Party entitled to the free use and enjoyment of such Joint Inventions in its respective Territory, but subject to the terms and conditions of this Agreement, including the territorial limitations in the license grants under Section 2.1 and Section 2.2 and including the limitations provided in Section 2.3.1. Each Party shall own a fifty percent (50%) undivided interest in all such Joint Inventions and Joint Know-How, without accounting to or obtaining consent from the other Party, and is entitled to use and grant licenses to the Joint Inventions and Joint Know-How, within its respective Territory only and subject to the restrictions set forth in this Agreement, including Section 2.5.3 which shall apply *mutatis mutandis*. Notwithstanding anything to the contrary contained herein, Emergent Platform Inventions and Emergent Manufacturing Inventions, regardless of which Party generated such Invention, shall be deemed to be owned exclusively by Emergent and shall not be Joint Inventions or Joint Know-How, but shall be deemed to be Emergent Platform Technology or Emergent Manufacturing Technology as applicable, and shall be subject to all licenses and rights granted to MorphoSys under this Agreement.

9.1.4 Assignments. To the extent legally possible MorphoSys hereby assigns to Emergent all right, title and interest in and to the Emergent Platform Inventions and Emergent Manufacturing Inventions and MorphoSys shall execute and deliver such documents, and provide such assistance, as Emergent may reasonably request, in order to vest in Emergent all right, title and interest therein and thereto. To the extent such assignment is not legally possible, such inventions shall be subject to the license grant in Section 2.2.2.

9.1.5 Disclosure. Each Party shall promptly disclose to the other in writing, and shall cause its Affiliates, or licensees and sublicenses, and its and their employees, agents and contractors to so disclose, the development, making, conception or reduction to practice of any Joint Inventions, Product Inventions, Emergent Sole-Funded Invention, and MorphoSys Sole-Funded Invention.

9.1.6 Employees. Each Party will require all of its, and will cause its Affiliates to require all of their, employees to assign all Inventions that are developed, made or conceived by such employees to it or such Affiliate, respectively, for further assignment according to the ownership principles described in this Section 9.1, free and clear of all liens, encumbrances, charges, security interests, mortgages or other similar restrictions and shall ensure that such assignment complies with applicable local Laws, including making any required payments to the inventor of such Invention. Each Party will also use its Commercially Reasonable Efforts to require any agents, independent contractors, sublicensees or other Third Parties performing an activity pursuant to this Agreement to assign all Inventions that are developed, made or conceived by such agents, independent contractors or sublicensees to it, for further assignment according to the ownership principles described in Section 9.1, free and clear of all liens, encumbrances, charges, security interests, mortgages or other similar restrictions and shall use Commercially Reasonable Efforts to ensure that that such assignment complies with applicable local Laws, including making any required payments to the inventor of such Invention. Each Party shall be responsible for performing any actions and executing any documents necessary under applicable Laws, including but not limited to the German Act on Employee Inventions (ArbnErfG), to ensure that such Party becomes the owner of the applicable Inventions in accordance with this Agreement. Each Party shall bear its own costs relating to any payments that are due to its inventors under the ArbnErfG or other applicable employee invention Laws.

9.1.7 Amendment of Patent Schedules. Without limiting Emergent's warranty provided under Section 10.2.5, if, at any time after the Effective Date, either Party identifies an Emergent Patent, an Emergent Platform Patent or an Emergent Manufacturing Patent that existed as of the Effective Date but which was not previously included on Schedule 1.30, Schedule 1.34 or Schedule 1.28, as applicable, then such Patent shall be added to the applicable Schedule.

9.2 Patent Prosecution and Maintenance of Emergent Patents.

9.2.1 Emergent Patents in the MorphoSys Territory. As between the Parties, in the MorphoSys Territory, MorphoSys shall have the obligation to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the Emergent Patents.

9.2.2 Emergent Patents in the Emergent Territory. As between the Parties, in the Emergent Territory, Emergent shall have the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the Emergent Patents.

9.2.3 General Provisions. The Parties will keep each other informed with regard to the filing, prosecution and maintenance of Emergent Patents in the MorphoSys Territory and the Emergent Territory. The Parties will share and discuss all material aspects of patent prosecution, including (i) material communications to and from any patent authorities, and (ii) drafts of any material filings or responses to be made to such patent authorities, in each case regarding Emergent Patents. Such exchange of information shall be made sufficiently in advance in order to allow the other Party to review and comment thereon. The prosecuting Party shall consider in good faith the comments of the other Party with respect to strategies for filing and prosecuting the Emergent Patents. If the non-prosecuting Party fails to provide its comments reasonably in advance of the deadline for filing or otherwise responding to the patent authorities, the prosecuting Party shall be free to act without consideration of the non-prosecuting Party's comments. The Parties shall also strive to coordinate and align their activities under this Agreement in a professional and proactive manner. All intellectual property-related activities shall be reviewed and discussed by the Intellectual Property Committee. MorphoSys shall provide to Emergent all data, information and materials necessary for Emergent to meet its disclosure obligations to the USPTO under 37 CFR 1.56.

9.2.4 Costs. The costs of prosecution and maintenance of the Emergent Patents in the Territories shall be [**] before the entry of the national/regional phase, and thereafter the costs of prosecution and maintenance of the Emergent Patents in the MorphoSys Territory shall be borne by MorphoSys and the costs of prosecution and maintenance of the Emergent Patents in the Emergent Territory shall be borne by Emergent.

9.3 Patent Prosecution and Maintenance of Emergent Platform Patents and Emergent Manufacturing Patents.

9.3.1 Emergent Right. As between the Parties, in the MorphoSys Territory and the Emergent Territory, Emergent shall have the sole right to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the Emergent Platform Patents and the Emergent Manufacturing Patents. Through the IPC, Emergent shall keep MorphoSys informed with regard to the filing, prosecution and maintenance of Emergent Platform Patents and the Emergent Manufacturing Patents in the Territory by providing the IPC with, at least once every six (6) months, a summary report regarding the status of any Emergent Platform Patents and Emergent Manufacturing Patents and material actions taken with respect thereto. Emergent shall not be bound by, but shall consider in good faith, the comments of the IPC with respect to such Emergent summary report and with respect to strategies for filing and prosecuting the Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories.

9.3.2 Continuing Applications. The Parties, through the IPC, shall determine the appropriate actions to separately prosecute Emergent Patents from Emergent Platform Patents in the MorphoSys Territory and the Emergent Territory. MorphoSys shall bear one hundred percent (100%) of the costs of the filing, prosecution and maintenance of one or more continuation or divisional applications in the MorphoSys Territory that claim priority to an Emergent Platform Patent, provided that such continuation or divisional claims no subject matter beyond scope of the Emergent Patents. Emergent shall bear one hundred percent (100%) of the costs of the filing, prosecution and maintenance of one or more continuation or divisional applications in the Emergent Territory that claim priority to an Emergent Platform Patent. In the event that either Party inadvertently misses a final deadline to file any such continuation or divisional application, then the respective other Party may take the respective action to avoid or remedy such omission at the costs of the Party which missed the respective deadline. In furtherance thereof, for patent family [**], where possible, MorphoSys shall be allowed to file at least one (1) patent application with the patent offices in [**], and in further countries in the MorphoSys Territory if desired by MorphoSys, in an effort to obtain an issued Patent that specifically Covers the Compound. MorphoSys shall be responsible, in its own discretion, to perform the prosecution and maintenance of such patent applications and shall be responsible for all of the prosecution and maintenance costs. MorphoSys shall not, unless approved by Emergent, prosecute any claims which are broader in scope than to the Compound itself.

9.3.3 Abandonment. In the event that Emergent intends not to file or to no longer prosecute or maintain an Emergent Platform Patent or an Emergent Manufacturing Patent in any country belonging to the MorphoSys Territory, Emergent shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than four (4) weeks prior to the next deadline for any action that may be taken with respect to such Emergent Platform Patent or an Emergent Manufacturing Patent in the MorphoSys Territory), and MorphoSys shall thereupon have the option, at its sole discretion and cost, to file a continuation or divisional application that complies with the provisions of Section 9.3.2.

9.3.4 Costs. Except for the costs of prosecution and maintenance of any Patents mentioned in Section 9.3.2, which shall be borne by MorphoSys, the costs of prosecution and maintenance of Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories shall be borne by Emergent.

9.4 Patent Prosecution and Maintenance of MorphoSys Applied Patents.

9.4.1 MorphoSys Right. MorphoSys shall have the first right, but not the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain the MorphoSys Applied Patents worldwide, at MorphoSys' cost. Through the IPC, MorphoSys shall keep Emergent informed with regard to the filing, prosecution and maintenance of MorphoSys Applied Patents in the Territories.

9.4.2 Emergent Right. In the event that MorphoSys intends not to prosecute or maintain a MorphoSys Applied Patent in any country in the world, MorphoSys shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than twenty-one (21) calendar days prior to the next deadline for any action that may be taken with respect to such MorphoSys Applied Patent), and Emergent shall thereupon have the option, in its sole discretion and at its sole cost, to assume the control and direction of the prosecution and maintenance of such MorphoSys Applied Patent in such country on MorphoSys' behalf.

9.4.3 Costs. The costs of prosecution and maintenance of the MorphoSys Applied Patents in the Territories shall be borne by MorphoSys.

9.5 Patent Prosecution and Maintenance of Joint Patents.

9.5.1 Initial Phase/Patent filing. The Parties shall jointly decide, through the IPC, on the optimal strategy for prosecution and maintenance of Joint Patents. Such decision shall include the content and the timing of a respective patent application, and the selection of the jurisdiction for filing of a provisional or initial patent application. Up to the stage of entry into the national/regional phases, the Parties will jointly discuss and agree on any action to be taken.

9.5.2 National/Regional Phases. Upon entry into the national/regional phases, Emergent shall have the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain Joint Patents in the Emergent Territory, and MorphoSys shall have the obligation, to prepare, file, prosecute (including any reissues, re-examinations, post-grant proceedings, requests for patent term extensions, supplementary protection certificates, interferences, derivation proceedings, supplemental examinations and defense of oppositions) and maintain Joint Patents in the MorphoSys Territory. The Parties shall closely cooperate on all prosecutional matters. Section 9.2.3 shall apply *mutatis mutandis.*

9.5.3 Right to Take Over. In the event that either Party intends not to prepare, file, prosecute, or maintain a Joint Patent in any country or jurisdiction within its respective Territory, such Party shall provide reasonable prior written notice to the IPC of such intention (which notice shall, in any event, be given no later than four (4) weeks prior to the next deadline for any action that may be taken with respect to such Joint Patent in the respective territory), and the other Party shall thereupon have the option, in its sole discretion, to assume the control and direction of the preparation, filing, prosecution, and maintenance of such Joint Patent, provided there is no other Patent of the same patent family in the respective jurisdiction which covers the Product. Upon the continuing Party's written exercise of such option to the non-continuing Party, the continuing Party shall assume responsibility and full control for the preparation, filing, prosecution, and maintenance of any such Joint Patent, and the non-continuing Party shall bear the costs that accrue in connection therewith. The non-continuing Party shall assign to the continuing Party its interest in such Joint Patent and shall execute such documents and perform such acts, at the continuing Party's expense, as may be reasonably necessary to permit the continuing Party to file such patent application, and/or to prosecute and/or maintain such Joint Patent. For clarity, in the event that the continuing Party continues the prosecution or maintenance of any such Joint Patent pursuant to this Section 9.5.3, then such Patent shall no longer be considered a Joint Patent, and shall not be deemed licensed to the other Party under Section 2.1 or 2.2, as the case may be.

9.5.4 Costs. The costs of prosecution and maintenance of the Joint Patents in the Territories shall be [**] before the entry of the national/regional phase. Thereafter, the costs of prosecution and maintenance of the Joint Patents in the MorphoSys Territory shall be borne by MorphoSys and the costs of prosecution and maintenance of the Joint Patents in the Emergent Territory shall be borne by Emergent.

9.6 Defense and Enforcement of Patents.

9.6.1 Infringement of Third Party Patents. Subject to and without limiting the Parties' rights and the procedures set forth under Section 8.5.2 and Section 11.1 (vi), each of the Parties shall promptly, but in any event no later than ten (10) calendar days after receipt of notice thereof, notify the other Party in writing in the event of any claims by a Third Party of alleged patent infringement by MorphoSys or Emergent or any of their respective Affiliates or sublicensees with respect to the research, development, manufacture, use, sale, offer for sale or importation of a Product (each, an "**Infringement Claim**"). Subject to and without limiting the Parties' rights and the procedures set forth under Section 8.5.2, with respect to Infringement Claims in the Territories, the Parties shall attempt to negotiate in good faith a resolution with respect thereto. If the Parties cannot settle such Infringement Claim with the appropriate Third Parties within thirty (30) calendar days after the receipt of the notice pursuant to this Section 9.6.1, then the following shall apply:

(a) Subject to Sections 11.1 and Section 11.3, in the case of any such claim against MorphoSys alone or both MorphoSys and Emergent, in each case, with respect to the Product in the MorphoSys Territory, then MorphoSys shall be deemed to be the "**Controlling Party**" for purposes of such Infringement Claim. In the case of any claim against Emergent alone, or both MorphoSys and Emergent, in each case, with respect to the Product in the Emergent Territory, then Emergent shall be deemed to be the "**Controlling Party**" for purposes of such Infringement Claim. In the event of worldwide litigation (such that related cases and/or claims are being pursued both inside the MorphoSys Territory and the Emergent Territory), each Party shall reasonably assist the other in its role as the Controlling Party in its respective Territory.

(b) Subject to Section 11.1 and Section 11.3, the Controlling Party shall assume control of the defense of such Infringement Claim at its expense. The non-Controlling Party, upon reasonable request of the Controlling Party, agrees to join in any such litigation at the Controlling Party's expense, and in any event to reasonably cooperate with the Controlling Party at the Controlling Party's expense. The non-Controlling Party will have the right to consult with the Controlling Party concerning such Infringement Claim and to participate in and be represented by independent counsel in any litigation in which such non-Controlling Party is a party at its own expense. The Controlling Party shall have the exclusive right to settle any Infringement Claim without the consent of the non-Controlling Party, unless such settlement shall have a material adverse impact on the non-Controlling Party (in which case the consent of such non-Controlling Party shall be required and the consent of Emergent is required if such settlement is reasonably likely to have a material adverse impact on the Emergent Technology, the Emergent Platform Technology or the Emergent Manufacturing Technology). For purposes of this Section 9.6.1(b), any settlement that would involve the waiver of rights (including the rights to receive payments) or a payment obligation of such non-Controlling Party shall be deemed a material adverse impact and shall require the consent of such non-Controlling Party, such consent not to be unreasonably

withheld, conditioned or delayed. The Controlling Party shall provide the non-Controlling Party with copies of all material correspondence from the opposing party and from the court adjudicating the dispute and shall be provided with draft pleadings and motions prior to submission and any settlement offers and documentation in connection with such Infringement Claim.

(c) If a Party shall become engaged in or participate in any suit described in this Section 9.6.1, the other Party shall cooperate, and shall cause its and its Affiliates' employees to cooperate, with such Party in all reasonable respects in connection therewith, including giving testimony and producing documents lawfully requested, and using its reasonable efforts to make available to the other, at no cost to the other (other than reimbursement of actually incurred, reasonable out-of-pocket travel and lodging expenses), such employees who may be helpful with respect to such suit, investigation, claim or other proceeding.

(d) Any settlements paid to a Third Party pursuant to a suit, action or proceeding brought pursuant to Section 9.6.1 shall not be subject to a claim for indemnification by the settling Party pursuant to Section 11.1 or 11.2, except for settlements paid to a Third Party pursuant to a suit, action or proceeding that are subject to Emergent's indemnification obligation pursuant to Section 11.1(vi).

9.6.2 Potential Actions re Certain Identified Third Party Patents.

(a) **Opposition Proceeding**. In the event that any Third Party patent application in the EU that (a) (i) claims a bispecific binding domain molecule having a binding domain specific for PSMA and a binding domain specific for CD3, (ii) claims a bispecific binding domain molecule having a CD3 domain derived from the [**] antibody, or (iii) claims a binding domain molecule having a PSMA binding domain, and (for each of (i), (ii) and (iii)) (b) that claims benefit of a priority date earlier than April 20, 2012 grants as a European patent ("**Opposition Patent**") prior to the First Commercial Sale of the Product in the EU, Emergent shall consider in good faith, after consultation with a patent counsel mutually acceptable to the Parties with at least ten (10) years' experience in contentious patent matters, and with due regard to alternative mitigation strategies, the principled arguments and evidence, if any, that such Opposition Patent should be considered unpatentable under applicable Law and the objective of realizing the potential for Commercialization of Product, whether to initiate an opposition proceeding in the EU with respect to such Opposition Patent within the statutory time period for filing such action ("**Opposition Proceeding**"); *provided*, *however*, that nothing in this Agreement shall obligate Emergent to file any Opposition Proceeding. If the Parties agree that they should jointly file an Opposition Proceeding, they shall cooperate in good faith in determining the strategy in filing such Opposition Proceeding and MorphoSys shall pay [**] percent ([**]%) of the costs of such Opposition Proceeding and Emergent shall pay [**] percent ([**]%) of such costs. If Emergent decides to file an Opposition Proceeding on its own behalf, Emergent shall control such Opposition Proceeding and shall bear its own costs. In the event that MorphoSys decides to file an Opposition Proceeding on its own behalf, MorphoSys shall control such Opposition Proceeding and shall bear its own costs.

(b) **Invalidation and Re-Examination**. Further in the event of an Infringement Claim occurring under Section 9.6.1, with respect to any Third Party Patent in any of the Major Markets that (a) (i) claims a bispecific binding domain molecule having a binding domain specific for PSMA and a binding domain specific for CD3, (ii) claims a bispecific binding domain molecule having a CD3 domain derived from the [**]antibody, or (iii) claims a binding domain molecule having a PSMA binding domain, and (for each of (i), (ii) and (iii)) (b) that claims benefit of a priority date earlier than April 20, 2012 (an "**Invalidation/Re-Examination Patent**"), Emergent shall consider in good faith, after consultation with a patent counsel mutually acceptable to the Parties with at least ten (10) years' experience in contentious patent matters, and with due regard to alternative mitigation strategies, principled arguments and evidence, if any, that such Patent should be invalidated or re-examined, and with the objective of realizing the potential for Commercialization of Product, whether to initiate (A) an invalidation procedure in the Major Markets of the MorphoSys Territory with respect to such Invalidation/Re-Examination Patent ("**Invalidation Proceeding**") or, if applicable, (B) a re-examination procedure in the United States with respect to such Invalidation/Re-Examination Patent ("**Re-Examination Proceeding**"). In the event that Emergent so considers and determines to initiate an Invalidation Proceeding in any of the Major Markets of the MorphoSys Territory, (x) the Parties shall cooperate in good faith in determining the strategy in initiating such Invalidation Proceeding, (y) MorphoSys shall pay [**] percent ([**]%) of the costs of such Invalidation Proceeding and Emergent shall pay [**] percent ([**]%) of such costs, and (z) Emergent shall control such Invalidation Proceeding. In the event that Emergent so considers and determines to initiate a Re-Examination Proceeding in the United States, Emergent shall bear the costs of such Re-Examination Proceeding.

9.6.3 Prosecution of Infringers.

(a) **Notice**. If either Party (i) receives notice of any patent nullity actions, any declaratory judgment actions or any alleged or threatened infringement of patents or patent applications or misappropriation of intellectual property in the Territories comprising the (x) Joint Inventions, (y) Emergent Patents, Emergent Platform Patents, Emergent Sole-Funded Inventions, Emergent Platform Inventions, Emergent Know-How, Emergent Platform Know-How, or (z) MorphoSys Applied Patents, MorphoSys Sole-Funded Inventions or MorphoSys Applied Know-How, or (ii) learns that a Third Party is infringing or allegedly infringing any Patent within the Emergent Patents, Emergent Platform Patents or MorphoSys Applied Patents, in each case in the Territories, or if any Third Party claims that any such Patent is invalid or unenforceable, in each case with respect to the Territories, it will promptly notify the other Party thereof, provide copies of documents received and provide evidence of infringement or the claim of invalidity or unenforceability reasonably available to such Party.

(b) **Enforcement of Patents**.

(i) As between Emergent and MorphoSys, MorphoSys will have the first right (but not the obligation) to take the appropriate steps to enforce or defend any Patent within the Emergent Patents and Joint Patents against infringement by a Third Party that is conducting the sale, use, offer for sale or import of any pharmaceutical product in the MorphoSys Territory and nullity actions and opposition proceedings in the MorphoSys Territory, provided that MorphoSys provides copies of all material correspondence from the opposing party and from the court adjudicating the dispute and Emergent shall be provided with draft pleadings and motions prior to submission and any settlement offers and documentation in connection with such enforcement and shall have the right to suggest patent counsel, which suggestion shall be

considered by MorphoSys in good faith and MorphoSys shall bear the costs of such enforcement or defense, as applicable. Notwithstanding the foregoing and to the extent legally possible, Emergent will have the right, at its own expense, to be represented in any such action by counsel of its own choice. Emergent shall make any declaration and execute any document necessary for MorphoSys to take the steps set out in the first sentence of this clause (i).

(ii) If, pursuant to Section 9.6.3(b)(i), MorphoSys fails to institute or defend such litigation or otherwise take steps to remedy the infringement of an Emergent Patent or a Joint Patent within one hundred eighty (180) calendar days (or any shorter period required by applicable Law) of the date one Party has provided notice to the other Party pursuant to Section 9.6.3(a) of such infringement or claim, then Emergent will have the right (but not the obligation), at its own expense, to bring or defend any such suit, action or proceeding by counsel of its own choice. MorphoSys will have the right, at its own expense, to be represented in any such action by counsel of its own choice.

(iii) As between Emergent and MorphoSys, MorphoSys will have the first right (but not the obligation) to take the appropriate steps to enforce or defend any Patent within the MorphoSys Applied Patents against infringement by a Third Party that is conducting the sale, use, offer for sale or import of any pharmaceutical product in the Emergent Territory and nullity actions and opposition proceedings in the Emergent Territory. MorphoSys shall provide Emergent with copies of all correspondence from the opposing party and from the court adjudicating the dispute and draft pleadings and motions prior to submission and any settlement offers and documentation in connection with such enforcement and Emergent shall have the right to suggest patent counsel, which suggestion shall be considered by MorphoSys in good faith. MorphoSys may take these steps including the initiation, prosecution and control of any suit, proceeding or other legal action by counsel of its own choice subject to compliance with the previous sentence, except that the Parties shall jointly select counsel if Emergent is joined as a party to such action pursuant to Section 9.6.3(c)(i), and MorphoSys shall bear the costs of such enforcement or defense, as applicable. Notwithstanding the foregoing, Emergent will have the right, at its own expense, to be represented in any such action by counsel of its own choice. Emergent shall make any declaration and execute any document necessary for MorphoSys to take the steps set out in the first sentence of this clause (iii).

(iv) If MorphoSys fails to institute litigation pursuant to Section 9.6.3(b)(iii) or otherwise steps to remedy the infringement of a MorphoSys Applied Patent within one hundred eighty (180) calendar days (or any shorter period required by applicable Law) of the date one Party has provided notice to the other Party pursuant to Section 9.6.3(a) of such infringement or claim, then Emergent will have the right (but not the obligation), at its own expense, to bring any such suit, action or proceeding by counsel of its own choice, except that the Parties shall jointly select counsel if MorphoSys is joined as a party to such action pursuant to Section 9.6.3(c)(i), and MorphoSys will have the right, at its own expense, to be represented in any such action by counsel of its own choice.

(v) Except for patent applications filed in accordance with Section 9.3.2, MorphoSys shall not have any right to bring any suit, action or proceeding with respect to the infringement of an Emergent Manufacturing Patent or an Emergent Platform Patent in the MorphoSys Territory or a Emergent Patent or a Joint Patent in the Emergent Territory.

(c) **Cooperation; Damages**.

(i) If one Party brings any suit, action or proceeding under Section 9.6.3(b), the other Party agrees to be joined as party plaintiff if necessary to prosecute the suit, action or proceeding and to give the first Party reasonable authority to file and prosecute the suit, action or proceeding at the first Party's cost; *provided*, *however*, that neither Party will be required to transfer any right, title or interest in or to any property to the other Party or any other party to confer standing on a Party hereunder.

(ii) The Party not pursuing the suit, action or proceeding hereunder will provide reasonable assistance to the other Party, including by providing access to relevant documents and other evidence and making its employees available, subject to the other Party's reimbursement of any Out-of-Pocket Costs incurred by the non-enforcing or defending Party in providing such assistance.

(iii) MorphoSys shall not, without the prior written consent of Emergent (which shall not be unreasonably withheld, conditioned or delayed), enter into any stipulation, compromise or settlement relating to any claim, suit or action that it brought under Section 9.6.3 involving an Emergent Patent that admits the invalidity or unenforceability of such Emergent Patent or requires Emergent to pay any sum of money, or otherwise adversely affects the rights of Emergent with respect to such Patents, the Product or Emergent's rights hereunder (including the rights to receive payments).

(iv) Emergent shall not, without the prior written consent of MorphoSys (which shall not be unreasonably withheld, conditioned or delayed), enter into any stipulation, compromise or settlement relating to any claim, suit or action that it brought under Section 9.6.3 involving an MorphoSys Applied Patent that admits the invalidity or unenforceability of such MorphoSys Applied Patent or requires MorphoSys to pay any sum of money, or otherwise adversely affects the rights of MorphoSys with respect to such Patents, the Product or MorphoSys' rights hereunder (including the rights to receive payments).

(v) Any settlements, damages or other monetary awards (a "**Recovery**") recovered pursuant to a suit, action or proceeding brought pursuant to Section 9.6.3 will be allocated first to the costs and expenses of the Party taking such action, and second, to the costs and expenses (if any) of the other Party, with any remaining amounts (if any) to be allocated as follows: (i) to the extent that such Recovery is a payment for lost sales of the Product in the Field in the MorphoSys Territory, any such Recovery shall be treated as Net Sales and be subject to the MorphoSys Royalty Payments to Emergent pursuant to sec. 8.3.1 and (ii) all remaining Recoveries shall be payable to the Party taking such action to the extent such remaining Recoveries relate solely to the Product in the Field in the MorphoSys Territory (and, for purposes of clarity, all remaining Recoveries related to the Product in the Emergent Territory shall be payable to Emergent).

(vi) Any settlements paid to a Third Party pursuant to a suit, action or proceeding brought pursuant to Section 9.6.3 shall not be subject to a claim for indemnification by the settling Party pursuant to Section 11.1 or 11.2, except for settlements paid to a Third Party pursuant to a suit, action or proceeding that are subject to Emergent's indemnification obligation pursuant to Section 11.1(vi).

(d) **Infringement and Defense**.

(i) For clarity, with respect to any and all infringement or defense of any Emergent Patent anywhere in the Emergent Territory, Emergent (or its designee) shall have the sole and exclusive right to bring an appropriate suit or other action against any Person engaged in such infringement or defense of any such Emergent Patents in its sole discretion and MorphoSys shall have no rights with respect thereto.

(ii) For clarity, with respect to any and all infringement or defense of any MorphoSys Applied Patent anywhere in the MorphoSys Territory, MorphoSys (or its designee) shall have the sole and exclusive right to bring an appropriate suit or other action against any Person engaged in such infringement or defense of any such MorphoSys Applied Patents in its sole discretion and Emergent shall have no rights with respect thereto.

9.7 Patent Term Extensions. As between MorphoSys and Emergent, MorphoSys, to the extent permitted by applicable Law, shall have the exclusive right, but not the obligation, to seek, in Emergent's name if so required, Patent Term Extensions (including any supplemental protection certificates and the like available under applicable Laws) in any country in the MorphoSys Territory in relation to the Emergent Patents and Joint Patents. Emergent shall cooperate and support MorphoSys in connection with all such activities. MorphoSys, its agents and attorneys will give due consideration to all suggestions and comments of Emergent regarding any such activities with the aim of using reasonable efforts to obtain all available Patent Term Extensions (including any supplemental protection certificates and the like available under applicable Laws), but, in the event of a disagreement between the Parties, MorphoSys will have the final decision making authority.

9.8 Patent Marking. MorphoSys shall mark the Product marketed and sold by MorphoSys (or its Affiliate or distributor) hereunder with appropriate patent numbers or indicia at Emergent's request at least to the extent required by applicable Laws.

9.9 Patent Challenge. Each Party will be permitted to terminate this Agreement upon written notice to the other Party, effective upon receipt, if the other Party or any of its Affiliates, directly or indirectly, (i) initiate or request an interference, post grant review, inter partes review or opposition proceeding or the like with respect to any Emergent Patent, Emergent Manufacturing Patent or Emergent Platform Patent, or MorphoSys Applied Patent, as the case may be, or (ii) (a) make, file or maintain any claim, demand, lawsuit or cause of action to challenge the validity or enforceability of any Emergent Patent, Emergent Platform Patent or Emergent Manufacturing Patent, or MorphoSys Applied Patent, as the case may be, or (b) subject to and without limiting MorphoSys' rights under Section 9.7, oppose any extension of, or the grant of any Patent term extension with respect to, any Emergent Patent, Emergent Platform Patent or Emergent Manufacturing Patent, or MorphoSys Applied Patent, as the case may be, (each of clause (i) or (ii), a "**Patent Challenge**").

ARTICLE 10
Representations, Warranties and Covenants

10.1 Mutual Representations and Warranties. Each Party hereby represents and warrants (as applicable) to the other Party as follows, as of the Effective Date:

10.1.1 Corporate Existence and Power. It is a company or corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction in which it is incorporated, and has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and as contemplated in this Agreement, including the right to grant the licenses granted by it hereunder.

10.1.2 Authority and Binding Agreement. (i) It has the corporate power and authority and the legal right to enter into this Agreement and perform its obligations hereunder, (ii) it has taken all necessary corporate action on its part required to authorize the execution and delivery of this Agreement and the performance of its obligations hereunder, and (iii) this Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid, and binding obligation of such Party that is enforceable against it in accordance with its terms, except as enforcement may be affected by bankruptcy, insolvency or other similar laws and by general principles of equity.

10.1.3 No Conflicts. The execution, delivery and performance of this Agreement by it does not (i) conflict with any agreement, instrument or understanding, oral or written, to which it or any of its Affiliates is a party and by which it or any of its Affiliates may be bound or (ii) violate any Laws of any Governmental Authority having jurisdiction over it.

10.1.4 All Consents and Approvals Obtained. Except with respect to Regulatory Approvals for the Development, Manufacturing or Commercialization of the Product or as otherwise described in this Agreement, (i) all necessary consents, approvals and authorizations of, and (ii) all notices to, and filings by such Party with, all Governmental Authorities and other Persons required to be obtained or provided by such Party as of the Effective Date in connection with the execution, delivery and performance of this Agreement have been obtained and provided.

10.2 Additional Representations and Warranties of Emergent. Emergent hereby represents and warrants to MorphoSys that, as of the Effective Date, except as set forth on Schedule 10.2 and for purposes of this Agreement, "Knowledge" means, when referring to the Knowledge of Emergent, the actual knowledge of Emergent personnel with the following titles: (i) Chief Scientific Officer, (ii) Senior Vice President, Manufacturing Operations, (iii) Senior Vice President, Global Services Group and Chief Quality Officer, (iv) Executive Vice President Biosciences Division, (v) Chief Medical Officer, (vi) General Counsel, (vii) Chief IP Counsel, (vi) Chief Financial Officer, (viii) persons directly reporting to them with substantive involvement with the program for ES414 and (ix) members of the ES414 project team.

10.2.1 Neither Emergent nor any of its Affiliates has filed any Marketing Authorization Applications with a Governmental Authority in the Territories for the sale of the Product in the Territories.

10.2.2 Neither Emergent nor its Affiliates, nor, to the Knowledge of Emergent, its subcontractors, has received any notice in writing or otherwise has knowledge of any facts which have led Emergent to believe that any of the Regulatory Approvals relating to the Product are not currently in good standing with the FDA, the EMA or their foreign equivalents.

10.2.3 Neither Emergent nor its Affiliates, nor, to the Knowledge of Emergent, its subcontractors has received written notice of any proceedings pending before or threatened by any Regulatory Authority with respect to the Product or any facility where the Product is Manufactured.

10.2.4 To the Knowledge of Emergent, (i) the issued patents encompassed within the Emergent Patents, the Emergent Platform Patents and the Emergent Manufacturing Patents are valid and enforceable patents, and (ii) there are no facts which would render the patent applications encompassed within the Emergent Patents, the Emergent Platform Patents and the Emergent Manufacturing Patents, if and when issued, invalid or unenforceable. To the Knowledge of Emergent, no Third Party (a) is infringing any such Emergent Patents, Emergent Platform Patents or Emergent Manufacturing Patents or has misappropriated any Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology or (b) has challenged the ownership, scope, duration, validity, enforceability or priority of, or Emergent's right to use or license, any Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology.

10.2.5 To the Knowledge of Emergent: Schedule 1.30 contains a complete and correct list of all the Emergent Patents as of the Effective Date; Schedule 1.34 contains a complete and correct list of the Emergent Platform Patents as of the Effective Date; Schedule 1.28 contains a complete and correct list of the Emergent Manufacturing Patents as of the Effective Date, and the Patents identified in Schedule 1.30, Schedule 1.34 and Schedule 1.28 are all the Patents that are Controlled by Emergent or any of its Affiliates that are necessary for MorphoSys to Develop and Commercialize the Products in the MorphoSys Territory, in each case as currently envisioned by the Parties under the Initial Development Plan.

10.2.6 There are no claims, judgments or settlements against or owed by Emergent, nor any pending reissue, reexamination, interference, opposition or similar proceedings, with respect to Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology, and Emergent has not received notice as of the Effective Date of any threatened claims or litigation or any reissue, reexamination, interference, opposition or similar proceedings seeking to invalidate or otherwise challenge the Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology.

10.2.7 To the Knowledge of Emergent, and based on the current anticipated date of launch, use, sale, offer for sale, or importation by Emergent or MorphoSys (or their respective Affiliates), as applicable, of the Product (as the Product exists on the Effective Date, and excluding, for the avoidance of doubt, any additional technology that may be combined or incorporated therewith, or any future improvements or enhancements to the Product) in the Territories, the Emergent Technology, Emergent Platform Technology or Emergent Manufacturing Technology (i) does not infringe any issued, valid and enforceable patent of any Third Party and (ii) does not misappropriate any Know-How of any Third Party.

10.2.8 In the course of the Development of the Product, to the Knowledge of Emergent, neither Emergent nor any of its Affiliates has used any employee that is debarred by the FDA under the Generic Drug Enforcement Act of 1992 (or by any analogous agency or under any analogous Law in the Territory).

10.2.9 Subject to the Third Party Manufacturing License Agreement and the [**] License, Emergent is the sole legal and beneficial owner of all the Emergent Technology, Emergent Manufacturing Technology and Emergent Platform Technology and, subject to the Credit Agreement (as hereinafter defined), free of any license, lien, encumbrance, charge, security interest, mortgage or other similar restriction, including any restrictions by any Governmental Authorities due to public funding, and no Third Party has any right, interest or claim in or to, and neither Emergent nor any of its Affiliates is party to any existing agreement granting any right, interest or claim in or to, any such Emergent Technology, Emergent Manufacturing Technology or Emergent Technology to any Third Party (including any academic organization, agency or governmental authority) that is inconsistent with any of the rights or licenses granted to MorphoSys herein. Further, all licenses granted to MorphoSys under this Agreement under the Emergent Technology, Emergent Manufacturing Technology and Emergent Platform Technology are in compliance with the Credit Agreement, and in particular all conditions as stipulated in Section 7.05 (g)(i), (ii) and (iii) are met. Any security rights granted under the Credit Agreement do not limit Emergent's ability to grant the licenses as set forth in Section 2.1 and nothing in the Credit Agreement inhibits MorphoSys using and exploiting the license as provided in this Agreement. "**Credit Agreement**" means that certain Credit Agreement, dated December 11, 2013, as amended, and all agreements concluded under such Credit Agreement, between Emergent Biosolutions Inc., Bank of America Merrill Lynch and PNC National Bank amongst others.

10.2.10 To the Knowledge of Emergent, Emergent and its Affiliates have complied with all applicable Laws in all material respects, including any disclosure requirements, in connection with the filing, prosecution and maintenance of the Emergent Patents, the Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories. All material renewal and maintenance fees due as of the Effective Date with respect to the prosecution and maintenance of the Emergent Platform Patents and the Emergent Manufacturing Patents in the Territories have been paid.

10.2.11 As of the Effective Date, Emergent has disclosed to MorphoSys all reasonably relevant data and information regarding the Emergent Technology and the Compound and all such data and information is complete and accurate in all material aspects. Emergent has allowed, and will continue to allow, MorphoSys access to all material information in its possession or Control (i) containing the results of all preclinical testing and human clinical testing of the Compound and (ii) concerning side effects, injury, toxicity or sensitivity reaction and incidents or severity thereof with respect to the Compound.

10.2.12 To the Knowledge of Emergent, there are no safety or efficacy issues involving the Compound or the Development or Commercialization of the Products in the Field and in the MorphoSys Territory as set forth in the Initial Development Plan.

10.2.13 Any research and development, including Clinical Trials regarding the Compound were conducted and the Development Data resulting from such research and development have been generated by or on behalf of Emergent or its Affiliates, or to Knowledge of Emergent with respect to any subcontractors, in compliance in all material respects with all applicable Laws and GCP, GLP and, where applicable, GMP.

10.2.14 To the Knowledge of Emergent, the inventors named in the Emergent Patents, Emergent Platform Patents and Emergent Manufacturing Patents listed in Schedules Schedule 1.30, Schedule 1.34 and Schedule 1.28, respectively, that are owned by Emergent or any Affiliate are all of the true inventors for such Patents and have assigned, or are under a written obligation to assign, to Emergent all of their right, title and interest to such Emergent Platform Patents, Emergent Manufacturing Patents and the Emergent Manufacturing Patents and the inventions described therein.

10.2.15 To the Knowledge of Emergent, the Emergent Know-How, the Emergent Platform Know-How and the Emergent Manufacturing Know-How have (i) not been licensed in conflict to any agreement, instrument or understanding to which Emergent is a Party, including the Credit Agreement, and (ii) not been disclosed to Third Parties other than under an obligation of confidentiality.

10.2.16 The Third Party Manufacturing License Agreement, the [**] License Agreement and the Credit Agreement are in full force and effect and, as far as Emergent is aware, neither Emergent nor any of its Affiliates is in default or material breach of any obligation under such agreements.

Emergent acknowledges that MorphoSys is relying, and is entitled to rely, on the foregoing representations and warranties.

10.3 Covenants of Emergent. Emergent hereby covenants to MorphoSys that, during the Term:

10.3.1 At the time of delivery of Finished Product for Development Activities or Sole-Funded Activities, such Finished Product will have been Manufactured in accordance with GMP standards and applicable Laws and the agreed Product Specifications.

10.3.2 Emergent and its Affiliates have and will maintain any material consents, licenses, permits and authorizations required by Regulatory Authorities to Manufacture Finished Product in accordance with applicable Laws and GMP.

10.3.3 If MorphoSys has the right under this Agreement for a Third Party to assume Manufacturing of Compound, Drug Substance, Vialed Product or Finished Product in the event of a Manufacturing License Occurrence, at MorphoSys' request Emergent shall present the name of such Third Party to Existing Manufacturing Licensor in order to request, as necessary, the consent of any such counterparties to the use of such Third Party manufacturer.

10.3.4 Emergent and its Affiliates will maintain the Third Party Manufacturing License Agreement, subject to Section 2.1.2, and the [**] License Agreement in full force and effect in all material respects in accordance with their respective terms.

10.4 Covenants of MorphoSys. MorphoSys hereby covenants to Emergent that, in the event of a Manufacturing License Occurrence at the time of delivery of Finished Product for Development Activities or Sole-Funded Activities, such Finished Product will have been Manufactured in accordance with GMP standards and applicable Laws and the Product Specifications.

10.5 Disclaimer. MorphoSys understands that the Product is the subject of ongoing clinical research and development and that Emergent cannot ensure the usefulness of the Product or that the Product will receive Regulatory Approvals.

10.6 No Other Representations or Warranties. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, WHETHER EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NONINFRINGEMENT, OR NON-MISAPPROPRIATION OF THIRD PARTY INTELLECTUAL PROPERTY RIGHTS, ARE MADE OR GIVEN BY OR ON BEHALF OF A PARTY. EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, ALL REPRESENTATIONS AND WARRANTIES, WHETHER ARISING BY OPERATION OF LAW OR OTHERWISE, ARE HEREBY EXPRESSLY EXCLUDED.

ARTICLE 11
Indemnification

11.1 Indemnification by Emergent. Emergent hereby agrees to save, indemnify, defend and hold MorphoSys, its Affiliates, its sublicensees, and their respective directors, officers, agents and employees harmless from and against any and all losses, damages, liabilities, costs and expenses (including reasonable attorneys' fees and expenses) (collectively, "**Losses**") arising in connection with any and all charges, complaints, actions, suits, proceedings, hearings, investigations, claims, demands, judgments, orders, decrees, stipulations or injunctions by a Third Party (each a "**Third Party Claim**") resulting or otherwise arising from (i) any breach by Emergent of any of its representations, warranties, covenants or obligations pursuant to this Agreement, (ii) the negligence or willful misconduct by Emergent or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensee in performing any obligations under this Agreement, (iii) any matter related to research and development of the Compound prior to the Effective Date in the Territories, (iv) the Development or Manufacturing, Packaging and Labeling of the Product in the Territories hereunder and the Commercialization of the Product in the Emergent Territory (including, for clarity, product liability Losses resulting therefrom) by Emergent or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensees, (v) any Sole-Funded Activities conducted by Emergent, or (vi) any claim of patent infringement brought by a Third Party on the basis of a patent that (A)(1) claims a bispecific binding domain molecule having a binding domain specific for PSMA and a binding domain specific for CD3; or (2) claims a bispecific binding domain molecule having a CD3 domain derived from the [**] antibody, and (for each of (1) and (2)) (B) claims benefit of a priority date earlier than April 20, 2012; in each case except to the extent that such Losses are subject to indemnification by MorphoSys pursuant to Section 11.2.

11.2 Indemnification by MorphoSys. MorphoSys hereby agrees to save, indemnify, defend and hold Emergent, its Affiliates, its sublicensees and their respective directors, agents and employees harmless from and against any and all Losses arising in connection with any and all Third Party Claims resulting or otherwise arising from (i) any breach by MorphoSys of any of its representations, warranties, covenants or obligations pursuant to this Agreement, (ii) the negligence or willful misconduct by MorphoSys or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensees in performing any obligations under this Agreement, (iii) the Development or Manufacturing (in the event of Manufacturing License Occurrence), Packaging and Labeling (only to the extent actually done by or on behalf of MorphoSys) in the Territories hereunder or Commercialization of the Product in the MorphoSys Territory (including, for clarity, any product liability Losses resulting therefrom) by MorphoSys or its Affiliates or their respective officers, directors, employees, agents, consultants, subcontractors or sublicensees, (iv) any Sole-Funded Activities conducted by MorphoSys, or (v) the exercise by MorphoSys of its final decision making authority pursuant to Section 3.5.2(a) with respect to a matter in a manner inconsistent with the position taken by Emergent's Chief Executive Officer with respect to such matter, *provided* that Emergent's Chief Executive Officer, within the dispute procedure set forth in Section 3.5.2, in good faith has expressly objected to a decision because the related Development Activity either violates applicable Laws or raises concerns regarding patient safety; in each case except to the extent that such Losses are subject to indemnification by Emergent pursuant to Section 11.1.

11.3 Indemnification Procedures.

11.3.1 Notice of Claim. All indemnification claims in respect of any indemnitee seeking indemnity under Sections 11.1 or 11.2, as applicable (collectively, the "**Indemnitees**" and each an "**Indemnitee**") will be made solely by the corresponding Party (the "**Indemnified Party**"). The Indemnified Party will give the indemnifying Party (the "**Indemnifying Party**") prompt written notice (an "**Indemnification Claim Notice**") of any Losses and any legal proceeding initiated by a Third Party against the Indemnified Party as to which the Indemnified Party intends to make a request for indemnification under Sections 11.1 or 11.2, as applicable, but in no event will the Indemnifying Party be liable for any Losses that result from any delay in providing such notice which materially prejudices the defense of such proceeding. Each Indemnification Claim Notice shall contain a description of the claim and the nature and amount of such Loss (to the extent that the nature and amount of such Loss are known at such time). Together with the Indemnification Claim Notice, the Indemnified Party will furnish promptly to the Indemnifying Party copies of all notices and documents (including court papers) received by any Indemnitee in connection with the Third Party Claim.

11.3.2 Control of Defense. The Indemnifying Party, at its option, may assume the defense of any Third Party Claim subject to indemnification as provided for in Sections 11.1 or 11.2, as applicable, by giving written notice to the Indemnified Party within thirty (30) calendar days after the Indemnifying Party's receipt of an Indemnification Claim Notice. Upon assuming the defense of a Third Party Claim, the Indemnifying Party may appoint as lead counsel in the defense of the Third Party Claim any legal counsel it selects, and such Indemnifying Party shall thereafter continue to defend such Third Party Claim in good faith. Should the Indemnifying Party assume the defense of a Third Party Claim (and continue to defend such Third Party Claim in good faith), the Indemnifying Party will not be liable to the Indemnified Party or any other Indemnitee

for any legal expenses subsequently incurred by such Indemnified Party or other Indemnitee in connection with the analysis, defense or settlement of the Third Party Claim, unless the Indemnifying Party has failed to assume the defense and employ counsel in accordance with this Section 11.3 or in case the matter is subject to indemnification under Section 11.1(vi).

11.3.3 Right to Participate in Defense. Without limiting Section 11.3.2, any Indemnitee will be entitled to participate in the defense of a Third Party Claim for which it has sought indemnification hereunder and to employ counsel of its choice for such purpose; provided, however, that such employment will be at the Indemnitee's own expense unless (i) the employment thereof has been specifically authorized by the Indemnifying Party in writing, (ii) the Indemnifying Party has failed to assume the defense (or continue to defend such Third Party Claim in good faith) and employ counsel in accordance with this Section 11.3, in which case the Indemnified Party will be allowed to control the defense, or (iii) any matter that is subject to indemnification under Section 11.1 (vi), in which case the reasonable cost of such employment of counsel shall be at the Indemnifying Party's expense.

11.3.4 Settlement. With respect to any Losses relating solely to the payment of money damages in connection with a Third Party Claim and that will not result in the Indemnitee becoming subject to injunctive or other relief or otherwise adversely affect the business of the Indemnitee in any material manner, and as to which the Indemnifying Party will have acknowledged in writing the obligation to indemnify the Indemnitee hereunder, the Indemnifying Party will have the sole right to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, on such terms as the Indemnifying Party, in its reasonable discretion, deems appropriate; *provided, however*, that such terms shall include a complete and unconditional release of the Indemnified Party from all liability with respect thereto, and will transfer to the Indemnified Party all amounts which such Indemnified Party is liable to pay prior to the time of the entry of judgment. With respect to all other Losses in connection with Third Party Claims, where the Indemnifying Party has assumed the defense of such Third Party Claim in accordance with Section 11.3.2, the Indemnifying Party will have authority to consent to the entry of any judgment, enter into any settlement or otherwise dispose of such Loss, provided it obtains the prior written consent of the Indemnified Party (which consent will be at the Indemnified Party's reasonable discretion). The Indemnifying Party that has assumed the defense of (and continues to defend) such Third Party Claim in accordance with Section 11.3.2 will not be liable for any settlement or other disposition of a Loss by an Indemnitee that is reached without the written consent of such Indemnifying Party. Regardless of whether the Indemnifying Party chooses to defend or prosecute any Third Party Claim, no Indemnitee will admit any liability with respect to, or settle, compromise or discharge, any Third Party Claim without first offering to the Indemnifying Party the opportunity to assume the defense of such Third Party Claim in accordance with Section 11.3.2.

11.3.5 Cooperation. If the Indemnifying Party chooses to defend or prosecute any Third Party Claim, the Indemnified Party will, and will cause each other Indemnitee to, cooperate in the defense or prosecution thereof and will furnish such records, information and testimony, provide such witnesses and attend such conferences, discovery proceedings, hearings, trials and appeals as may be reasonably requested in connection with such Third Party Claim. Such cooperation will include access during normal business hours afforded to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information that are

reasonably relevant to such Third Party Claim, and making Indemnitees and other employees and agents available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, and the Indemnifying Party will reimburse the Indemnified Party for all its reasonable out-of-pocket expenses incurred in connection with such cooperation.

11.3.6 Expenses of the Indemnified Party. Except as provided above, the reasonable and verifiable costs and expenses, including fees and disbursements of counsel, incurred by the Indemnified Party in connection with any Third Party Claim will be reimbursed on a calendar quarter basis by the Indemnifying Party, without prejudice to the Indemnifying Party's right to contest the Indemnified Party's right to indemnification and subject to refund in the event the Indemnifying Party is ultimately held not to be obligated to indemnify the Indemnified Party.

11.4 Limitation of Liability. NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY CONSEQUENTIAL, INCIDENTAL, OR INDIRECT DAMAGES UNDER OR IN CONNECTION WITH THIS AGREEMENT, REGARDLESS OF ANY NOTICE OF THE POSSIBILITY OF SUCH DAMAGES. NOTWITHSTANDING THE FOREGOING, NOTHING IN THIS SECTION 11.4 IS INTENDED TO OR SHALL LIMIT OR RESTRICT THE INDEMNIFICATION RIGHTS OR OBLIGATIONS OF ANY PARTY UNDER SECTION 11.1 OR 11.2, OR DAMAGES AVAILABLE FOR A PARTY'S BREACH OF CONFIDENTIALITY OBLIGATIONS UNDER ARTICLE 12 OR FOR A PARTY'S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD.

11.5 Insurance. Each Party shall have and maintain such type and amounts of liability insurance as is normal and customary in the pharmaceutical industry generally for parties similarly situated and shall upon request provide the other Party with a copy of its policies of such insurance, along with any amendments thereto. It is understood that such insurance shall not be construed to create a limit of either Party's liability with respect to its indemnification obligations under this Article 11. Each Party shall provide the other Party with written notice at least thirty (30) calendar days prior to the cancellation, nonrenewal or material change in such insurance or self-insurance which materially adversely affects the rights of the other Party hereunder. Upon request, each Party will promptly provide the other Party with certificates of insurance evidencing such coverages. The certificates shall specify the dates such coverage expires. In furtherance of the foregoing, the Parties shall share in accordance with Section 4.4.1(a) the cost of (i) Emergent's insurance policy for the Phase I/II Clinical Trial, *provided* that MorphoSys is named as an additional insured in such insurance policy and (ii) an insurance policy obtained by either Party following discussion and agreement by the Parties for other Development Activities under the Development Plan (with respect to which policy the other Party shall be named as an additional insured); *provided* that if neither Party is able to obtain an insurance policy for such Development Activities, under which the other Party may be named as an additional insured, then each Party may obtain its own insurance policy at its own cost.

ARTICLE 12
Confidentiality

12.1 Confidential Information. As used in this Agreement, the term "**Confidential Information**" means all information, whether it be in written form, visually or orally, including all production schedules, lines of products, volumes of business, processes, new product developments, product designs, formulae, technical information, laboratory data, clinical data, patent information, know-how, trade secrets, financial and strategic information, marketing and promotional information and data, and other material relating to any products, projects or processes of one Party (the "**Disclosing Party**"), that is provided to, or otherwise obtained by, the other Party (the "**Receiving Party**") in connection with this Agreement (including information exchanged prior to the date hereof in connection with the transactions set forth in this Agreement, including any information disclosed by either Party pursuant to the Mutual Disclosure Agreement between the Parties dated August 28, 2013, as amended on May 1, 2014). Notwithstanding the foregoing sentence, Confidential Information shall not include any information or materials that:

(a) were already known to the Receiving Party (other than under an obligation of confidentiality) at the time of disclosure by the Disclosing Party, to the extent such Receiving Party has documentary evidence to that effect;

(b) were generally available to the public or otherwise part of the public domain at the time of disclosure thereof to the Receiving Party;

(c) became generally available to the public or otherwise part of the public domain after disclosure or development thereof, as the case may be, and other than through any act or omission of a Party in breach of such Party's confidentiality obligations under this Agreement;

(d) were disclosed to a Party, other than under an obligation of confidentiality, by a Third Party who had no obligation to the Disclosing Party not to disclose such information to others; or

(e) were independently discovered or developed by or on behalf of the Receiving Party without the use of the Confidential Information belonging to the other Party, to the extent such Receiving Party has documentary evidence to that effect.

12.2 Confidentiality Obligations. Each of MorphoSys and Emergent shall keep all Confidential Information received from or on behalf of the other Party with the same degree of care with which it maintains the confidentiality of its own Confidential Information, but in all cases no less than a reasonable degree of care. Neither Party shall use such Confidential Information for any purpose other than in performance of this Agreement or disclose the same to any other Person other than to such of its and its Affiliates' directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors who have a need to know such Confidential Information to implement the terms of this Agreement or enforce its rights under this Agreement and who are bound by confidentiality obligations not less strict than those contained herein; *provided, however,* that a Receiving Party shall advise any of its and its Affiliates' directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors who receives such Confidential Information of the confidential nature thereof and of the obligations contained in this Agreement relating thereto, and the Receiving Party shall ensure (including, in the case of a Third Party, by means of a written agreement with such Third Party having terms at least as protective as those contained in this Article 12) that all such directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors comply with such obligations. It is understood that receipt of Confidential Information under this Agreement will not limit the Receiving Party from assigning its employees to any particular job or task in any way it may choose, subject to the terms and conditions of this Agreement.

12.3 Extended Protection Confidential Information. Emergent Platform Know-How, Emergent Platform Inventions, Emergent Manufacturing Know How and Emergent Manufacturing Inventions shall be considered the Confidential Information of Emergent (the "**Extended Protection Confidential Information**"). MorphoSys acknowledges that the Extended Protection Confidential Information is to be treated with a higher level of confidentiality and that in addition to the obligations set forth in this Article 12 the Extended Protection Confidential Information shall be subject to the additional obligations set forth in this Section 12.3. MorphoSys shall use Commercially Reasonable Efforts to limit the number of persons that have access to the Extended Protection Confidential Information. MorphoSys shall inform all recipients of the Extended Protection Confidential Information of the confidential nature of the Extended Protection Confidential Information and of the confidentiality undertakings of MorphoSys contained herein. MorphoSys covenants that it shall maintain security practices (which include appropriate administrative, physical and technical safeguards, including underlying operating system and network security controls) designed to meet generally accepted industry practice (meaning those reasonably expected of a biotechnology company where the biotechnology company is in possession of highly sensitive information) and are designed to ensure the security, confidentiality and integrity of the Extended Protection Confidential Information which may include (i) restriction of use and copying of Extended Protection Confidential Information on a "need-to-know" basis and only at authorized locations or (ii) regular monitoring of password procedures.

12.4 Return of Confidential Information. Upon termination of this Agreement, the Receiving Party shall return or destroy all documents, tapes or other media containing Confidential Information of the Disclosing Party that remain in the possession of the Receiving Party or its directors, officers, managers, employees, independent contractors, agents, consultants, (potential) sublicensees or (potential) investors, except that the Receiving Party may keep one (1) copy of the Confidential Information in the legal department files of the Receiving Party, solely for archival purposes. Such archival copy shall be deemed to be the property of the Disclosing Party, and shall continue to be subject to the provisions of this Article 12. The provisions of this Section 12.3 shall not apply to copies of electronically exchanged Confidential Information made as a matter of routine information technology backup, provided, that it is not otherwise accessible to Receiving Party other than its information technology representatives responsible for maintaining the Receiving Party's electronic backup systems, and to Confidential Information or copies thereof which must be stored according to provisions of mandatory applicable Laws.

12.5 Permitted Disclosure and Use. Notwithstanding Section 12.2: (i) either Party may disclose Confidential Information belonging to the other Party only to the extent such disclosure is reasonably necessary to: (a) comply with or enforce any of its obligations or rights under this Agreement: or comply with applicable Laws; and (ii) either Party may disclose Confidential Information belonging to the other Party related to a Product only to the extent such disclosure is reasonably necessary to obtain or maintain Regulatory Approvals of a Product to the extent such disclosure is made to a Governmental Authority. If a Party deems it necessary to disclose Confidential Information of the other Party pursuant to this Section 12.4, such Party shall

give reasonable advance written notice of such disclosure to the other Party to permit such other Party sufficient opportunity to object to such disclosure or to take measures to ensure confidential treatment of such information, including seeking a protective order or other appropriate remedy.

12.6 Notification. The Receiving Party shall notify the Disclosing Party promptly upon discovery of any unauthorized use or disclosure of the Disclosing Party's Confidential Information, and will cooperate with the Disclosing Party in any reasonably requested fashion to assist the Disclosing Party to regain possession of such Confidential Information and to prevent its further unauthorized use or disclosure.

12.7 Publicity; Filing of this Agreement.

12.7.1 Publicity. The press release to be issued in connection with the transactions is set forth on Schedule 12.7.1. Except as otherwise provided in this Section 12.7, each Party shall maintain the confidentiality of all provisions of this Agreement, and without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed, neither Party nor its respective Affiliates shall make any press release or other public announcement of or otherwise disclose the provisions of this Agreement to any Third Party, except for: (i) disclosure to those of its directors, officers, employees, accountants, attorneys, underwriters, lenders and other financing sources, (potential) strategic partners, advisors, agents and (potential) sublicensees whose duties reasonably require them to have access to this Agreement; provided that such directors, officers, employees, accountants, attorneys, underwriters, lenders and other financing sources, advisors, agents, (potential) strategic partners or (potential) sublicensees are required to maintain the confidentiality of this Agreement; (ii) disclosures required by New York Stock Exchange regulation, Frankfurt stock exchange regulation or any listing agreement with a national securities exchange, in which case the disclosing Party shall provide the nondisclosing Party with at least forty eight (48) hours' notice unless otherwise not practicable, but in any event no later than the time the disclosure required by such New York Stock Exchange regulation or Frankfurt stock exchange regulation or listing agreement is made; (iii) disclosures as may be required by Law, in which case the disclosing Party shall provide the nondisclosing Party with prompt advance notice of such disclosure and cooperate with the nondisclosing Party to seek a protective order or other appropriate remedy, including a request for confidential treatment in the case of a filing with the Securities and Exchange Commission; (iv) the report on Form 8-K, which may be filed by Emergent or an Affiliate of Emergent setting forth the press release referred to above, and/or this Agreement in redacted form as provided in Section 12.7.2; (v) disclosures that are consistent with or complementary to those described in clause (iv) but which do not contain any Confidential Information of the other Party; and (vi) other disclosures for which consent has previously been given. A Party may publicly disclose without regard to the preceding requirements of this Section 12.7 any information that was previously publicly disclosed pursuant to this Section 12.7. The Parties however acknowledge that for so-called "ad hoc" announcements that a Party is legally required to make under the German Securities Act, no prior notice is possible.

12.7.2 Redacted Agreement. The Parties acknowledge that, if legally required, either or both Parties may be obligated to file a copy of this Agreement with the SEC or other Governmental Authorities. Each Party shall be entitled to make such a required filing; provided that it initially files a redacted copy of this Agreement approved by both Parties ("**Redacted Agreement**") and requests confidential treatment of the terms redacted from this Agreement for a reasonable period of time. In the event of any such filing, each Party shall (i) permit the other party to review and comment upon such request for confidential treatment and any subsequent correspondence with respect thereto at least seven (7) calendar days in advance of its submission to the SEC or such other Governmental Authorities, (ii) reasonably consider and incorporate the other Party's comments thereon to the extent consistent with the then-current legal requirements governing redaction of information from material agreements that must be publicly filed, (iii) promptly deliver to the other Party any written correspondence received by it or its representatives from such Governmental Authority, if any, with respect to such confidential treatment request and promptly advise the other Party of any other communications between it or its representatives with such Governmental Authority with respect to such confidential treatment request, (iv) upon the written request of the other Party, request an appropriate extension of the term of the confidential treatment period, where available and (v) if such Governmental Authority requests any changes to the redactions set forth in the Redacted Agreement, use commercially reasonable efforts to support the redactions in the Redacted Agreement as originally filed (to the extent consistent with the then-current legal requirements governing redaction of information from material agreements that must be publicly filed) and, to the extent reasonably practicable, not agree to any changes to the Redacted Agreement without first discussing such changes with the other Party and taking the other Party's comments into consideration when deciding whether to agree to such changes. Each Party shall be responsible for its own legal and other external costs in connection with any such filing, registration or notification.

12.8 Publication. The Parties intend to publish or present the conduct and the outcomes of Clinical Trials and will use Commercially Reasonable Efforts to align such publication or presentation to the public. Each Party shall submit, through the JSC, for the other Party's approval, such approval not to be unreasonably withheld, conditioned or delayed, copies of each proposed academic, scientific, medical and other publication or presentation that contains or refers to the Emergent Technology, MorphoSys Applied Technology or otherwise relates to the Product or any research or Development Activities under this Agreement to the other Party at least thirty (30) calendar days in advance of submitting such proposed publication or presentation to a publisher or other Third Party. The other Party shall have the right to review and comment on each such proposed publication or presentation and the publishing Party shall consider any comments in good faith. The other Party shall have the right to remove any of its own Confidential Information prior to submission for publication or presentation by the publishing Party. The publishing Party shall redact or otherwise modify the proposed publication or presentation to remove any such Confidential Information of the other Party. In addition, in the event that the document includes data, information or material generated by the other Party's scientists, and professional standards for authorship would be consistent with including the other Party's scientists as co-authors of the document, the names of such scientists will be included as coauthors. MorphoSys shall not publish or present information that contains the Emergent Platform Technology or Emergent Manufacturing Technology, without the prior written consent of Emergent.

12.9 Use of Names. Except as otherwise set forth in this Agreement, neither Party shall use the name of the other Party in relation to this transaction in any public announcement, press release or other public document without the written consent of such other Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, that subject to Section 12.7, either Party may use the name of the other Party in any document filed with any Regulatory Authority or Governmental Authority, including the FDA, EMA and the Securities and Exchange Commission and the German Federal Financial Supervisory Authority (BaFin).

12.10 Survival. The obligations and prohibitions contained in this Article 12 as they apply to Confidential Information shall survive the expiration or termination of this Agreement for a period of ten (10) years; *provided, that*, if the Confidential Information is of the nature that could reasonably be expected to qualify as a trade secret pursuant to 21 CFR § 20.61, including Confidential Information relating to the development and manufacture of Compounds and Products, quality control measures, production, sales, distribution and similar data and information, and compilations of data and results, the obligations contained in this Article 12 as they apply to Confidential Information shall survive as long as such Confidential Information qualifies as a trade secret pursuant to 21 CFR § 20.61.

ARTICLE 13
Term and Termination

13.1 Term. This Agreement shall become effective on the Effective Date and, unless earlier terminated pursuant to this Article 13, shall remain in effect, on a country-by-country basis, until the expiration of the Royalty Term in such country in the Territories (the "**Term**").

13.2 MorphoSys Termination for Convenience. Subject to Section 14.1, at any time after completion of the stage 1 dose escalation of the Phase I/II Clinical Trial set forth in the Initial Development Plan (the "**Phase I/II Clinical Trial Dose Escalation Phase**"), MorphoSys shall have the right to terminate this Agreement in its sole discretion by providing six (6) months' prior written notice to Emergent. The Phase I/II Clinical Trial Dose Escalation Phase is deemed to be "completed" upon dosing of [**] day cycles of the last patient in stage 1. In the event that MorphoSys grants a sublicense under the rights granted to it pursuant to Section 2.1 to Develop the Product for Commercialization, Commercialize or Manufacture of the Product for use or sale in United Kingdom, France, Germany, Italy, Spain, Japan or China, and Emergent did not expressly consent to such sublicensee (whether or not such consent was required pursuant to Section 2.5.3), then, unless such sublicense is terminable by Emergent upon termination of this Agreement, MorphoSys shall not have the right to terminate this Agreement pursuant to this Section 13.2 for the first [**] months after the effective date of the such sublicense (which effective date shall not be earlier than the execution date thereof).

13.3 Termination for Breach, **Bankruptcy and Patent Challenge**. Without prejudice to any other remedies available to it at law or in equity or under this Agreement,

13.3.1 Emergent may terminate this Agreement:

(a) in the event that MorphoSys shall have materially breached or defaulted in the performance of any of its obligations, MorphoSys shall have one hundred twenty (120) calendar days after written notice thereof was provided to MorphoSys by Emergent to cure such breach or default. Unless MorphoSys has cured such breach or default prior to the expiration of such one hundred twenty (120) calendar day period, such termination shall become effective upon receipt of the written notice of termination to be given within ten (10) calendar days of the end of such one hundred twenty (120) calendar day period;

(b) as a result of the filing for or institution of bankruptcy, reorganization, liquidation or receivership proceeding, or upon an assignment of a substantial portion of the assets for the benefit of creditors of MorphoSys; *provided*, that such termination shall be effective only if such proceeding is not dismissed within ninety (90) calendar days after the filing thereof; or

(c) in case of MorphoSys' Patent Challenge subject to Section 9.9;

provided, *however*, that Emergent shall only have such right to terminate this Agreement, upon written notice to MorphoSys, until the later of (i) completion of the Phase I/II Clinical Trial and (ii) Emergent's receipt of MorphoSys' payment of the next Phase III Clinical Trial development milestone contemplated to be achieved by the then current Development Plan (i.e., development milestone [**]); *provided*, that such milestone payment may be paid by MorphoSys prior to achievement of its corresponding Development Milestone Event; and further *provided*, that this payment shall be credited against the first subsequent Phase III Clinical Trial milestone payment obligation that is triggered (the "Latest Emergent Termination Date"). The Phase I/II Clinical Trial is deemed to be "completed" upon dosing of the last patient of the stage 2 in accordance with the relevant study protocol. Notwithstanding anything to the contrary in this Agreement, the Parties agree that, in cases of a material breach or default of the breaching Party, the termination rights granted in this Article 13 and remedies in Article 14 are an adequate remedy for the non-breaching Party; and

13.3.2 MorphoSys may terminate this Agreement:

(a) in the event that Emergent shall have materially breached or defaulted in the performance of any of its obligations, Emergent shall have one hundred twenty (120) calendar days after written notice thereof was provided to Emergent by MorphoSys to cure such breach or default. Unless Emergent has cured such breach or default prior to the expiration of such one hundred twenty (120) calendar day period, such termination shall become effective upon receipt of the written notice of termination to be given within ten (10) calendar days of the end of such one hundred twenty (120) calendar day period;

(b) as a result of the filing for or institution of bankruptcy, reorganization, liquidation or receivership proceeding, or upon an assignment of a substantial portion of the assets for the benefit of creditors of Emergent; *provided*, that such termination shall be effective only if such proceeding is not dismissed within ninety (90) calendar days after the filing thereof; or

(c) in case of Emergent's Patent Challenge subject to Section 9.9; *provided*, *however*, that MorphoSys shall only have such right to terminate this Agreement, upon written notice to Emergent, until completion of the Phase I/II Clinical Trial Dose Escalation Phase.

13.4 Covenant Not to Amend Development Plan After Notice of Termination is Delivered; Responsibilities for Development Costs Until Termination. MorphoSys shall no longer have the right to exercise its casting vote on the JSC in accordance with Sections 3.5.2(a) or 3.5.3 for any purpose, including to amend the Development Plan by adding additional Development Activities, after notice of termination is given by MorphoSys pursuant to Section

13.2 or by Emergent pursuant to Section 13.3, and all decisions of the JSC thereafter shall be taken by mutual agreement of the Parties. Without limiting either Party's obligations under Article 14, each Party shall be responsible for paying its share of Development Costs and Joint Regulatory Costs in accordance with Section 4.4.1 until the effective date of termination. Neither Party shall have any obligation to bear Development Costs for any Clinical Trial under the Development Plan that has not commenced as of the date written notice of termination was delivered in accordance with this Article 13.

ARTICLE 14
Effects of Termination and Other Remedies for Material Breach or Default, Bankruptcy, Patent Challenge or Termination for Convenience

14.1 Termination by MorphoSys for Convenience, **and Termination by Emergent for MorphoSys' Breach**, **Bankruptcy or Patent Challenge Prior to Latest Emergent Termination Date**. Without limiting any other legal or equitable remedies that a Party may have, if this Agreement is terminated (i) by MorphoSys in accordance with Section 13.2, or (ii) by Emergent in accordance with Section 13.3.1, then the following provisions shall apply:

14.1.1 Termination of Licenses granted to MorphoSys. For clarity, all rights and licenses granted to MorphoSys under this Agreement shall immediately terminate and be of no further force and effect and MorphoSys shall cease Developing and Commercializing the Product. Notwithstanding the foregoing, any sublicenses granted by MorphoSys will remain in full force and effect; provided that the sublicensee is not then in breach of its sublicense agreement and the sublicensee agrees to be bound to Emergent under the terms and conditions of the sublicense agreement and that Emergent shall not be bound to perform any duties or obligations set forth in any sublicenses that extend beyond the duties and obligations of Emergent set forth in this Agreement.

14.1.2 Continuation of Contribution. If this Agreement is terminated by MorphoSys in accordance with Section 13.2 or by Emergent in accordance with Section 13.3, MorphoSys shall continue to be responsible for its share of Development Costs and Joint Regulatory Costs in accordance with the allocation set forth in Section 4.4.1(a) and one hundred percent (100%) of MorphoSys Sole-Funded Activities until attainment of a previously specified point within any such Clinical Trial set forth in the Development Plan that has multiple stages and decision points for progression from one stage to the next or termination of such Clinical Trial, from which point in time MorphoSys shall no longer be responsible for its share of Development Costs in accordance with the allocation set forth in Section 4.4.1(a) with respect to such Development Activity, *provided*, *however*, that in no event shall MorphoSys be responsible for costs and expenses exceeding the costs and expenses occurring for such Clinical Trial in accordance with the Development Plan later than twelve (12) months after the effective date of the termination of this Agreement in accordance with the allocation set forth in Section 4.4.1(a) or, if longer, until and to the extent such Clinical Trial can be terminated in accordance with applicable Law. For clarity, notwithstanding its obligations in Article 12, Emergent shall be allowed, from receipt of the termination notice, to seek another license partner for the MorphoSys Territory as set forth further below. If, within one (1) year after such termination becomes effective, Emergent has entered into an agreement with a Third Party subject to which such Third Party receives a license to Develop and/or Commercialize the Product in the Field, under which good faith and arm's

length agreement such Third Party is obligated to pay to Emergent upfront fees and near-term (six (6) years but in any case until such Clinical Trial is completed (study report approved)) milestone payments and any additional license fees, funding or reimbursement, with such fees and milestone payments, any additional license fees, funding or reimbursement being in the aggregate at least [**] times the amount of Development Costs paid by MorphoSys under this Section 14.1.2, then, promptly following receipt by Emergent of, at least, such aggregate payments from such Third Party, Emergent will reimburse MorphoSys the amount of Development Costs paid by MorphoSys under this Section 14.1.2.

14.1.3 Assignments. If this Agreement is terminated in accordance with Section 13.2 or with Section 13.3, except to the extent of any sublicense, on a country by country basis which will remain in full force and effect pursuant to Section 14.1.1 and as necessary for the performance of such sublicense, Emergent shall have the right to request in writing within forty-five (45) calendar days after the later of the effective date of such termination or receipt of the applicable contract, to the extent reasonably necessary for Emergent to continue the Development, Manufacture and/or Commercialization of the Product in the MorphoSys Territory:

(a) to the extent permitted under the relevant contract, assign to Emergent all of MorphoSys' right, title and interest in and to any agreements (or portions thereof) between MorphoSys and Third Parties that relate to the Development or Commercialization of the Product;

(b) assign to Emergent all of MorphoSys' right, title and interest in and to any Promotional Materials and copyrights and trademarks (including the Product Marks in the MorphoSys Territory), including any goodwill associated therewith, and any registrations and design patents for the foregoing, and any Internet domain name registrations for such trademarks and slogans, all to the extent solely related to the Product; *provided*, *however,* that, in the event Emergent exercises such right to have assigned such Promotional Materials, MorphoSys shall grant a royalty-free right and license to any housemarks, trademarks, names and logos of MorphoSys contained therein for a period of six (6) months in order to use such Promotional Materials in connection with the Commercialization of the Product in the MorphoSys Territory;

(c) if termination occurs while Development Activities are ongoing, assign to Emergent, the management and continued performance of any Clinical Trials for the Product ongoing hereunder as of the effective date of such termination;

(d) transfer to Emergent all of MorphoSys' right, title and interest in and to any and all regulatory filings, Regulatory Approvals and other Regulatory Materials for the Product (to the extent such transfer is possible); *provided*, *however*, that such applications are provided on an "AS IS" basis. Emergent releases MorphoSys of all liabilities arising after the effective date of such transfer from the Development of the Product;

(e) transfer to Emergent all of MorphoSys' right, title and interest in and to any and all Development Data, promotional materials, marketing strategies and market research data relating to MorphoSys' Commercialization of the Product in the MorphoSys Territory and information resulting from MorphoSys' Commercialization of the Product in the MorphoSys Territory; and

(f) provide a copy of (i) the material tangible embodiments of the foregoing and (ii) any other material books, records, files and documents Controlled by MorphoSys solely to the extent related to the Product and which may be redacted to exclude Confidential Information of MorphoSys;

provided, however, that, to the extent any agreement or other asset described in this Section 14.1.3 is not assignable by MorphoSys, then such agreement or other asset will not be assigned, and, upon the request of Emergent, MorphoSys will take such steps as may be reasonably necessary to allow Emergent to obtain and to enjoy the benefits of such agreement or other asset.

Except to the extent of any sublicense, on a country by country basis which will remain in full force and effect pursuant to Section 14.1.1 and as necessary for the performance of such sublicense, (1) Emergent shall have the right to request that MorphoSys take any or all of the foregoing actions in whole or in part, or with respect to all or any portion of the assets set forth in the foregoing provisions, and (2) to the extent Emergent requests MorphoSys to transfer its right, title and interest in the items set forth in this Section 14.1.3 to Emergent, MorphoSys shall also cause its Affiliates and sublicensees (subject to Section 14.1.1) to transfer and assign to Emergent all of such Affiliates' and sublicensees' right, title and interest in and to the foregoing items set forth in this Section 14.1.3.

14.1.4 License Grant to Emergent. If this Agreement is terminated in accordance with Section 13.2 or with Section 13.3, MorphoSys hereby grants to Emergent an exclusive, irrevocable, perpetual, worldwide license or sublicense, as applicable, with the right to sublicense, under the MorphoSys Applied Technology to develop (including obtaining and maintaining Regulatory Approval), make, use, import, export, offer for sale and sell the Product in the Field in the MorphoSys Territory and in the Emergent Territory; *provided,* that Emergent shall pay any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable by MorphoSys to Third Party licensors of MorphoSys attributable to the exercise of such license with respect to the Product in the Field.

14.1.5 Royalties. As further consideration for the foregoing assignments and transfers and licenses or contributions, in case (A) this Agreement is terminated by Emergent in accordance with Section 13.3, for the Royalty Term *mutatis mutandis* but only until MorphoSys has recouped [**] percent ([**]%) of (i) the Development Costs allocated to it pursuant to Section 4.4.1(a) which were incurred in accordance with the Development Plan, (ii) the Development Costs borne by MorphoSys pursuant to Section 4.4.4(b) and not recouped by MorphoSys under this Agreement and (iii) the Development Costs which were borne by MorphoSys pursuant to Section 14.1.2, or (B) this Agreement is terminated by MorphoSys in accordance with Section 13.2 then, for the Royalty Term *mutatis mutandis,* Emergent shall pay to MorphoSys Royalty Payments for Net Sales of the Product in the Territories for all or any portion of the Calendar Year falling within the Royalty Term as follows: (i) if termination is effective before achievement of the earlier of (a) Development Milestone Event 2 (b) Development Milestone Event 3 or (c) Development Milestone Event 5, at a rate of twenty percent (20%) of the Emergent Royalty Payment as specified in Section 8.13, or (ii) if termination is effective after achievement of the earlier of (a) Development Milestone Event 2, (b) Development Milestone Event 3 or (c) Development Milestone Event 5, and before achievement of Regulatory Milestone Event 1, at a rate of [**] percent ([**]%) of the Emergent Royalty Payment as specified in Section 8.13, or (iii) if termination is effective after achievement of Regulatory Milestone Event 1 at a rate of [**] percent ([**]%) of the Emergent Royalty Payment as specified in Section 8.13.

14.1.6 Disclosure and Delivery. MorphoSys will promptly transfer to Emergent copies of any physical embodiment of any MorphoSys Applied Know-How, to the extent then used in connection with the Development or Commercialization of the Product; such transfer shall be effected by the delivery of material documents, to the extent such MorphoSys Applied Know-How is embodied in such documents, and to the extent that MorphoSys Applied Know-How is not fully embodied in such documents, MorphoSys shall make its employees and agents who have knowledge of such MorphoSys Applied Know-How in addition to that embodied in documents reasonably available to Emergent at Emergent's cost and expenses for interviews, demonstrations and training to effect such transfer in a manner sufficient to enable Emergent to practice such MorphoSys Applied Know-How.

14.1.7 Disposition of Inventory. If this Agreement is terminated by MorphoSys in accordance with Section 13.2, MorphoSys and its Affiliates will be entitled, during the period ending on the last calendar day of the sixth (6th) full month following the effective date of such termination, to sell any inventory of Product affected by such termination that remains on hand as of the effective date of the termination, so long as MorphoSys pays to Emergent the Royalty Payments and other amounts payable hereunder (including milestones) applicable to said subsequent sales, with respect to sales in the MorphoSys Territory, as applicable, in accordance with the terms and conditions set forth in this Agreement and otherwise complies with the terms set forth in this Agreement.

14.2 Remedies of Emergent for MorphoSys' Breach, **Bankruptcy or Patent Challenge after Latest Emergent Termination Date**. Without limiting any other legal or equitable remedies that Emergent may have, if, after Latest Emergent Termination Date:

(a) MorphoSys shall have materially breached or defaulted in the performance of any of its obligations under this Agreement and MorphoSys has not cured such breach or default prior to the expiration of such one hundred twenty (120) calendar day period after receipt of a written notice by Emergent thereof;

(b) MorphoSys undergoes filing for or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of its creditors; *provided*, that such proceeding is not dismissed within ninety (90) calendar days after the filing thereof; or

(c) in case of MorphoSys' Patent Challenge;

Emergent has the right to submit to MorphoSys a written notice which expressly refers to this Section 14.2 ("**Emergent Remedy Notice**"), such notice to be given within ninety (90) calendar days after Emergent receiving knowledge of the above events (a), (b) or (c), and Emergent shall be entitled to the following remedies:

(i) MorphoSys shall no longer have the casting vote on the JSC, including pursuant to Section 3.5.2(a) or Section 3.5.3, and the Parties will need to decide upon the matter in accordance with Sections 3.4 and 3.5.1, and if the Senior Officers are unable to resolve the issue within fifteen (15) calendar days after a dispute is first referred to them, by way of decision of the Chief Executive Officers subject to Section 3.5.2. If the Chief Executive Officers are unable to resolve the dispute by good faith negotiations within ten (10) calendar days after the dispute is referred to them, either Party may refer the matter for determination of the Expert in accordance with Section 3.6;

(ii) Emergent may, at its sole discretion, assume the responsibility for the performance of all or specific activities set forth in the Development Plan and, in case that a Manufacturing License Occurrence has occurred and MorphoSys is Manufacturing or having a Third Party contract manufacturer Manufacture the Product, the Manufacture of Product for supply of Development Activities and Emergent Sole-Funded Activities by way of technology transfer as set forth in Section 7.11((z); *provided*, that costs and expenses as set forth in Section 7.11 (x) and (y), shall be equally shared by each Party; *provided, however*, that neither Emergent nor the Expert can allocate new or additional responsibilities for the performance of activities to MorphoSys (but MorphoSys will continue to bear its share of Development Costs in accordance with Section 4.4.1(a));

(iii) MorphoSys' obligation to pay Emergent the MorphoSys Therapeutic Royalty Rates pursuant to Section 8.3 shall be increased from [**] percent ([**]%) to [**] percent ([**]%);

(iv) Emergent's obligation to pay MorphoSys the Emergent Therapeutic Royalty Rates pursuant to Section 8.13 shall be reduced by [**] percentage points for each royalty tier [**];

(v) MorphoSys shall continue to pay all milestone payments to Emergent in accordance with Section 8.2; and

(vi) in case MorphoSys materially breached or defaulted in the performance of any of its Commercialization obligations (for clarity, whether such breach of Commercialization obligations triggering Emergent's Remedy Notice or another (further) material breach), and MorphoSys has not cured such material breach or default prior to the expiration of ninety (90) calendar days after receipt of a written notice by Emergent thereof, MorphoSys shall pay to Emergent for each period of three (3) months (consecutive or not) in which MorphoSys is in such breach of Commercialization obligations an amount of [**] percent ([**]%) of Emergent's Development Costs allocated to it pursuant to Section 4.4.1(a) which were incurred in accordance with the Development Plan; *provided*, that MorphoSys shall only be obligated to make such payments until Emergent has recouped all such Development Costs by receipt of such payments pursuant to this Section 14.2 (vi) and of MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates already paid by MorphoSys to Emergent pursuant to Section 8.3 or this Section 14.2 (vi). For clarity, the obligation to make payments under this Section 14.2 (vi) shall not relieve MorphoSys of the obligation to pay MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates. Payments due and payable under this Section 14.2 (vi) for periods of three (3) months will be reduced by the amount of MorphoSys Therapeutic Royalty Rates and MorphoSys Diagnostic Royalty Rates paid by MorphoSys in this time period.

14.3 Termination by MorphoSys for Emergent's Breach, **Bankruptcy or Patent Challenge Prior to Completion of Phase I/II Clinical Trial Dose Escalation Phase**. Without limiting any other legal or equitable remedies that a Party may have, if this Agreement is terminated by MorphoSys in accordance with Section 13.3.2, then the provisions of Sections 14.1.1, 14.1.2, 14.1.3, 14.1.4, 14.1.5 (A), 14.1.6 and 14.1.7 shall apply mutatis mutandis.

14.4 Remedies of MorphoSys for Emergent's Breach, **Bankruptcy or Patent Challenge**. Without limiting any other legal or equitable remedies that MorphoSys may have, if

(a) Emergent shall have materially breached or defaulted in the performance of any of its obligations under this Agreement and Emergent has not cured any such breach or default prior to the expiration of such one hundred twenty (120) calendar day period after receipt of a written notice by MorphoSys thereof,

(b) Emergent undergoes filing for or institution of bankruptcy, reorganization, liquidation or receivership proceedings, or upon an assignment of a substantial portion of the assets for the benefit of its creditors; provided, that proceeding is not dismissed within ninety (90) calendar days after the filing thereof, or

(c) in case of Emergent's Patent Challenge MorphoSys has the right to submit to Emergent a written notice which expressly refers to this Section 14.3 ("MorphoSys Remedy Notice"), such notice to be given within ninety (90) calendar days after Emergent receiving knowledge of the above events (a), (b) or (c), MorphoSys shall be entitled to the following remedies:

(i) MorphoSys may, at its sole discretion, assume the responsibility for the performance of all or specific activities set forth in the Development Plan, including the Manufacturing Development Activities (but Emergent will continue to bear its share of Development Costs in accordance with Section 4.4.1(a)) and, without limiting any other remedies set out in Article 7, the Manufacture of Product for supply of Development Activities and MorphoSys Sole-Funded Activities by way of sublicensing (subject to Section 2.1.2 and Section 2.5.3(a)) and technology transfer as set forth in Section 7.11(w) and (z); *provided*, that costs and expenses as set forth in Section 7.11 (x) and (y) for the aforementioned technology transfer shall be equally shared by each Party. The Supply Agreement will set forth the circumstances of technology transfer to MorphoSys for Manufacture of commercial supply for the MorphoSys Territory;

(ii) MorphoSys shall no longer have an obligation to pay Emergent the MorphoSys Therapeutic Royalty Rates pursuant to Section 8.3;

(iii) MorphoSys shall only pay [**] percent ([**]%) of the milestone payments as regulated in Section 8.2; and

(iv) Emergent's obligation to pay MorphoSys the Emergent Therapeutic Royalty Rates pursuant to Section 8.13 shall be increased by [**] percentage points for each royalty tier; in case Emergent materially breached or defaulted in the performance of any of its Commercialization obligations, for clarity, such breach of the Commercialization obligations

triggering MorphoSys Remedy Notice or another (further) breach, and Emergent has not cured such breach or default prior to the expiration of ninety (90) calendar days after receipt of a written notice by MorphoSys thereof, Emergent shall pay to MorphoSys for each period of three (3) months (consecutive or not) in which Emergent is in such ongoing or a new breach of the Commercialization obligations an amount of [**] percent of MorphoSys' Development Costs allocated to it pursuant to Section 4.4.1(a) which were incurred in accordance with the Development Plan and the Development Cost borne by MorphoSys pursuant to Section 4.4.4(a), *provided that* Emergent shall only be obligated to make such payments as long as MorphoSys has recouped all such Development Costs by receipt of such payments pursuant to this Section 14.4(iv) and Emergent Therapeutic Royalty Rates already paid by MorphoSys to Emergent pursuant to Section 8.13. For clarity, the obligation to make payments under this Section 14.4 (iv) does not relieve Emergent to pay Emergent Therapeutic Royalty Rates and Emergent Diagnostic Royalty Rates. Payments due and payable under this Section 14.4 (iv) for periods of three (3) months will be reduced by the amount of Emergent Therapeutic Royalty Rates and Emergent Diagnostic Royalty Rates paid by Emergent in this time period.

14.5 Expiration of this Agreement. Upon expiration of this Agreement pursuant to Section 13.1 with respect to a given country in the MorphoSys Territory, MorphoSys will have a non-exclusive, fully paid, perpetual, royalty-free right and license under the licenses in Section 2.1 to Develop, Commercialize and to Manufacture the Product in the MorphoSys Territory and upon expiration of this Agreement pursuant to Section 13.1 with respect to a given country in the Emergent Territory, Emergent will have a nonexclusive, fully paid, perpetual, royalty-free right and license under the licenses in Section 2.2 to Develop, Commercialize and to Manufacture the Product in the Emergent Territory; *provided*, that the respective Party receiving such license shall pay any and all amounts (including upfront payments, milestone payments, license fees, royalties or other payments) payable by the other party to Third Party licensors of such other Party attributable to the exercise of such license with respect to the Product in the Field in the respective Territory. Upon request by MorphoSys, Emergent will transfer to MorphoSys copies of any physical embodiment of any Emergent Manufacturing Know-How, to the extent then used in connection with the Manufacture of the Product, and to the extent that Emergent Manufacturing Know-How is not fully embodied in such documents, Emergent shall make its employees and agents who have knowledge of such Emergent Manufacturing Know-How in addition to that embodied in documents reasonably available to MorphoSys at MorphoSys' cost and expenses for interviews, demonstrations and training to effect such transfer in a manner sufficient to enable MorphoSys to practice such Emergent Manufacturing Know-How. Notwithstanding the foregoing, MorphoSys shall be responsible for bearing Third Party Manufacturing Payments payable under the Third Party Manufacturing Agreements.

14.6 Accrued Rights. Termination or expiration of this Agreement for any reason will be without prejudice to any rights that will have accrued to the benefit of a Party prior to the effective date of such termination. Such termination will not relieve a Party from obligations that are expressly indicated to survive the termination or expiration of this Agreement.

14.7 Survival. Notwithstanding anything to the contrary contained herein, the following provisions shall survive any expiration or termination of this Agreement: Articles: Article 1, Article 14, Article 15 and Article 16 and Sections: 4.5, 4.6.1, 4.9, 5.4, 7.7, 8.4 (for any Calendar Quarter in which there are payment obligations) 8.6, 8.7, 8.8, 8.9, 8.10 (for any Calendar Quarter in which there are payment obligations), 8.11, 9.1.1, 9.1.2, 9.1.3, 9.1.4, 11.1-11.4, 12.1-12.6 and 12.8-12.10, . Except as set forth in this Article 14 or otherwise expressly set forth herein, upon termination or expiration of this Agreement all other rights and obligations of the Parties shall cease.

14.8 Joint Patents. Upon termination of this Agreement for any reason, Emergent shall, at its sole cost and expense, have the sole right to prosecute, maintain, enforce and defend the Joint Technology.

1**4.9 Rights in Bankruptcy**. All rights and licenses granted under or pursuant to this Agreement by Emergent and MorphoSys are, and shall otherwise be deemed to be, for purposes of Section 365(n) of the U.S. Bankruptcy Code, licenses of right to "intellectual property" as defined under Section 101 of the U.S. Bankruptcy Code. The Parties agree that each Party, as licensee of certain rights under this Agreement, shall retain and may fully exercise all of its rights and elections under the U.S. Bankruptcy Code. The Parties further agree that, in the event of the commencement of a bankruptcy proceeding by or against a Party (such Party, the "**Bankrupt Party**") under the U.S. Bankruptcy Code, (a) the other Party shall be entitled to a complete duplicate of (or complete access to, as appropriate) any intellectual property licensed to such other Party and all embodiments of such intellectual property, which, if not already in such other Party's possession, shall be promptly delivered to it (x) upon any such commencement of a bankruptcy proceeding upon such other Party's written request therefore, unless the Bankrupt Party elects to continue to perform all of its obligations under this Agreement or (y) if not delivered under clause (x), following the rejection of this Agreement by the Bankrupt Party upon written request therefore by the other Party and (b) the Bankrupt Party shall not unreasonably interfere with the other Party's rights to intellectual property and all embodiments of intellectual property, and shall assist and not unreasonably interfere with the other Party in obtaining intellectual property and all embodiments of intellectual property from another entity. The "embodiments" of intellectual property includes all tangible, intangible, electronic or other embodiments of rights and licenses hereunder, including all compounds and products embodying intellectual property, Products, filings with Regulatory Authorities and related rights and Emergent Know-How in the case that Emergent is the Bankrupt Party and MorphoSys Applied Know-How in the case MorphoSys is the Bankrupt Party.

ARTICLE 15
Dispute Resolution

15.1 Disputes. The Parties recognize that, from time to time during the Term, disputes may arise as to certain matters which relate to either Party's rights and/or obligations hereunder. It is the objective of the Parties to establish procedures to facilitate the resolution of disputes arising under this Agreement in an expedient manner by mutual cooperation and without resort to litigation. To accomplish this objective, the Parties agree to follow the procedures set forth in this Article 15 to resolve any controversy or claim arising out of, relating to or in connection with any provision of this Agreement (other than a dispute to be resolved by an Expert which shall be addressed as set forth therein in Section 3.6).

15.2 Arising Between the Parties. With respect to all disputes arising between the Parties or their representatives and not arising from the JSC under Sections 3.4 and 3.5, including any alleged failure to perform, or breach, of this Agreement, or any issue relating to the interpretation or application of this Agreement, if the Parties are unable to resolve such dispute within thirty (30) calendar days after such dispute is first identified by either Party in writing to the other, the Parties shall refer such dispute to the Chief Executive Officers of each of the Parties, for attempted resolution by good-faith negotiations within thirty (30) calendar days after such notice is received.

15.3 Dispute Resolutions. If the Chief Executive Officers are not able to resolve such dispute referred to them under Section 15.2 within such thirty (30) calendar day period, then either Party shall have the right, but not the obligation, to submit such controversy or claim to non-binding mediation. If the Parties are unable to resolve such dispute within thirty (30) calendar days after such dispute is referred to non-binding mediation in accordance with this Section 15.3 or within thirty (30) calendar days after the dispute is referred to the Chief Executive Officers under Section 15.2, as the case may be, then either Party may refer the matter to expedited arbitration in accordance with Section 15.5 unless such any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any patent rights covering the manufacture, use or sale of any Product or of any trademark rights relating to any Product in which case it shall be resolved in accordance with Section 15.4.

15.4 Patent and Trademark Dispute Resolution. Any dispute, controversy or claim relating to the scope, validity, enforceability or infringement of any patent rights covering the manufacture, use or sale of any Product or of any trademark rights relating to any Product shall be submitted to a court or patent authority of competent jurisdiction in the Territories in which such patent or trademark rights were granted or arose.

15.5 Arbitration. Any dispute relating to the validity, performance, construction or interpretation of this Agreement, which cannot be resolved amicably between the Parties, shall be determined by arbitration in accordance with the Arbitration Rules of the American Arbitration Association (AAA). The decision of the arbitrators shall be final and binding upon the Parties and enforceable in any court of competent jurisdiction. Place of arbitration is Vienna, Austria. The number of arbitrators is three (3). The language of the arbitration proceeding is English. Judgment upon any award made by the arbitrators may be entered in any court having jurisdiction thereof.

15.6 Injunctive Relief. Nothing herein may prevent either Party from seeking a preliminary injunction or temporary restraining order, in any court of competent jurisdiction, so as to prevent any Confidential Information from being disclosed in violation of this Agreement.

ARTICLE 16
Miscellaneous

16.1 Entire Agreement; Amendment. This Agreement, including the Schedules hereto, sets forth the complete, final and exclusive agreement and all the covenants, promises, agreements, warranties, representations, conditions and understandings between the Parties hereto with respect to the subject matter hereof and supersedes, as of the Effective Date, all prior agreements and understandings between the Parties with respect to the subject matter hereof, including the Confidential Disclosure Agreement between the Parties dated August 28, 2013 as amended on May 1, 2014 (which shall remain effective prior to the Effective Date). There are no

covenants, promises, agreements, warranties, representations, conditions or understandings, either oral or written, between the Parties other than as are set forth herein and therein. No subsequent alteration, amendment, change or addition to this Agreement shall be binding upon the Parties unless reduced to writing and signed by an authorized representative of each Party.

16.2 Force Majeure. A Party shall be excused from the performance of its obligations under this Agreement to the extent that such performance is prevented by force majeure and the nonperforming Party promptly provides notice of the prevention to the other Party. Such excuse shall be continued so long as the condition constituting force majeure continues and the nonperforming Party makes reasonable efforts to remove the condition. For purposes of this Agreement, force majeure shall include conditions beyond the reasonable control of the Parties, including an act of God, war, civil commotion, terrorist act, epidemic, failure or default of public utilities or common carriers, destruction of production facilities or materials by fire, earthquake, storm or like catastrophe. Notwithstanding the foregoing, a Party shall not be excused from making payments owed hereunder because of force majeure affecting such Party. When such circumstances arise, the Parties shall discuss what, if any, modification of the terms of this Agreement may be required in order to arrive at an equitable solution. Notwithstanding anything to the contrary in the foregoing, if a condition covered by this Section 16.2 results in a delay by Emergent in supplying Finished Product to MorphoSys in accordance with the terms of this Agreement, and such delay lasts for six (6) months or more, then the procedure set forth in Section 7.8 shall apply accordingly.

16.3 Notices. Any notice required or permitted to be given under this Agreement shall be in writing, shall specifically refer to this Agreement, and shall be addressed to the appropriate Party at the address specified below or such other address as may be specified by such Party in writing in accordance with this Section 16.3, and shall be deemed to have been given for all purposes (i) when delivered, if hand-delivered or sent by facsimile on a Business Day, (ii) on the next Business Day if sent by a reputable international overnight courier service, or (iii) five (5) Business Days after mailing, if mailed by first-class certified or registered airmail, postage prepaid, return receipt requested. Unless otherwise specified in writing, the mailing addresses of the Parties shall be as described below:

If to Emergent:

Emergent Product Development Seattle, LLC
2401 4th Ave. Suite 1050
Seattle, Washington 98121
Attention: Site Head Fax: [**]

and to:

Emergent BioSolutions Inc.
2273 Research Blvd., Suite 400
Rockville, MD 20850
Attention: General Counsel
Fax: [**]

With a copy to:	Morgan, Lewis & Bockius LLP 502 Carnegie Center Princeton, New Jersey 08540 Attn: [**] Fax: [**]
If to MorphoSys:	MorphoSys AG Lena-Christ-Strasse 48 82152 Martinsried/Planegg Germany Attention: CEO Fax: [**]
With a copy to:	MorphoSys AG Lena-Christ-Strasse 48 82152 Martinsried/Planegg Germany Attention: General Counsel Fax: [**]

16.4 No Strict Construction; Interpretation. This Agreement has been prepared jointly and shall not be strictly construed against either Party. Ambiguities, if any, in this Agreement shall not be construed against any Party, irrespective of which Party may be deemed to have authored the ambiguous provision. The headings of each Article and Section in this Agreement have been inserted for convenience of reference only and are not intended to limit or expand on the meaning of the language contained in the particular Article or Section.

16.5 Assignment. Neither Party may assign or transfer this Agreement or any rights or obligations hereunder without the prior written consent of the other Party, except that (i) Emergent may make such an assignment without MorphoSys' consent to (a) Affiliates (*provided, however* that (x) Emergent provides prior written information of any planned assignment to an Affiliate, (y) will remain jointly and severally liable with, and will guarantee in written form vis- à-vis MorphoSys the performance of, the relevant Affiliate under this Agreement, and (z) the relevant Affiliate assignee, will assume in writing vis-à-vis MorphoSys all of Emergent's obligations under this Agreement) and (b) a successor to substantially all of the business of Emergent to which this Agreement relates, whether in a merger, sale of stock, sale of assets or other transaction and (ii) MorphoSys may make such an assignment without Emergent's consent to (a) Affiliates (provided, however that (x) MorphoSys provides prior written information of any planned assignment to an Affiliate, (y) will remain jointly and severally liable with, and will guarantee in written form vis- à-vis Emergent the performance of, the relevant Affiliate under this Agreement, and the relevant Affiliate assignee, will assume in writing vis-à-vis Emergent all of MorphoSys' obligations under this Agreement) and (b) a successor to substantially all of the business of MorphoSys whether in a merger, sale of stock, sale of assets or other transaction; *provided however*, that Patents and Know-How of any such transferee or successor entity (if other than one of the Parties to this Agreement) and Patents and Know-How of any Affiliate of a Party that became an Affiliate as a result of a Change of Control of a Party shall not be included in the Patents and Know-How licensed hereunder or otherwise subject to this Agreement other than MorphoSys Applied Technology incorporated into the Product. Any permitted assignment shall be binding on the successors of the assigning Party. Any assignment or attempted assignment by either Party in violation of the terms of this Section 16.5 shall be null, void and of no legal effect.

16.6 Further Actions. Each Party agrees to execute, acknowledge and deliver such further instruments, and to perform all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

16.7 Severability. If any one or more of the provisions of this Agreement are held to be invalid or unenforceable by any court of competent jurisdiction from which no appeal can be or is taken, such provision or provisions shall be considered severed from this Agreement and shall not serve to invalidate any remaining provisions hereof. The Parties shall make a good-faith effort to replace any invalid or unenforceable provision with a valid and enforceable one such that the objectives contemplated by the Parties when entering this Agreement may be realized.

16.8 No Waiver. Any delay in enforcing a Party's rights under this Agreement or any waiver as to a particular default or other matter shall not constitute a waiver of such Party's rights to the future enforcement of its rights under this Agreement, except with respect to an express written and signed waiver relating to a particular matter for a particular period of time.

16.9 Independent Contractors. Each Party shall act solely as an independent contractor, and nothing in this Agreement shall be construed to give either Party the power or authority to act for, bind, or commit the other Party in any way. Nothing herein shall be construed to create the relationship of partners, principal and agent, or joint-venture partners between the Parties.

16.10 English Language; Governing Law. This Agreement was prepared in the English language, which language shall govern the interpretation of, and any dispute regarding, the terms of this Agreement. This Agreement and all disputes arising out of or related to this Agreement or any breach hereof shall be governed by and construed under the substantive laws of the State of New York, without giving effect to any choice of law principles that would require the application of the laws of a different state.

16.11 Counterparts. This Agreement may be executed in two (2) counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[*No Further Text on This Page*]

IN WITNESS WHEREOF, the Parties have executed this Agreement by their duly authorized representatives as of the Effective Date.

MORPHOSYS AG

By: /s/ S.E. Moroney
Name: S.E. Moroney
Title: C.E.O.

By: /s/ M. Sproll
Name: M. Sproll
Title: CSO

EMERGENT PRODUCT DEVELOPMENT SEATTLE, **LLC**

By: /s/ Barry A. Labinger
Name: Barry A. Labinger
Title: Executive VP and President, Biosciences Division

(Signature Page to the License and Co-Development Agreement)

SCHEDULE 1.28

EMERGENT MANUFACTURING PATENTS

Country	Serial Number	Publication Number	Emergent Reference Number
[**]			
[**]	[**]		[**]

SCHEDULE 1.30

EMERGENT PATENTS

Country	Serial Number	Publication Number	Emergent Reference Number
[**]			
[**]	[**]		[**]
[**]	[**]	[**]	[**]
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SCHEDULE 1.34

EMERGENT PLATFORM PATENTS

Country	Serial Number	Publication Number	Emergent Reference Number

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of two pages were omitted. [**]

SCHEDULE 1.92

PHASE I/II CLINICAL TRIAL
Synopsis of the Phase I/II Clinical Trial

Name of Sponsor Company:

Emergent Product Development Seattle LLC

Name of Investigational Product:

ES414

Name of Active Ingredient:

ES414

Title of Study:

A Phase 1 Study of ES414 in Patients with Metastatic Castration-Resistant Prostate Cancer (mCRPC)

Objective: for Stage 1:

Primary:

[**]

Secondary:

[**].

Objectives for Stage 2:

Primary:

[**]

Secondary:

[**]

Study Design:

The study will be conducted in 2 Stages. Stage 1 is a dose-escalation study to determine the [**] for Stage 2. Stage 2 is an [**].

[**]

Stage 1 – Dose Escalation: Dosing will start at [**].

Stage 2 – [**].

Number of Patients (planned):

Approximately [**] patients will be enrolled in Stage 1. [**] patients will be enrolled in Stage 2.

Selected Entry Criteria:

Inclusion Criteria:

[**]

Exclusion Criteria:

[**]

Investigational Product, **Dosage and Mode of Administration:**

ES414 will be [**].

Duration of Treatment:

Patients will be dosed until [**].

Reference Therapy, **Dosage and Mode of Administration:**

[**]

Assessments:

Safety

Safety will be assessed by [**].

Pharmacokinetics

The PK of ES414 will be examined [**].

Clinical Activity

The clinical activity endpoints include [**].

Statistical Methods:

Descriptive statistics will be [**].

SCHEDULE 4.3.2

INITIAL DEVELOPMENT PLAN

[**]

Note: the Initial Development Plan as of the Effective Date describes activities and timelines for clinical studies using an [**] of ES414 for ES414 in prostate cancer.

Estimated Development Costs for Initial Development Plan:

[Million USD, rounded]	2014	2015	2016	2017	2018-2025	Total
Annual Estimated Development Costs	[**]	[**]	[**]	[**]	[**]	432
MorphoSys Share of Development Costs (64%)	[**]	[**]	[**]	[**]	[**]	276
Emergent Share of Development Costs (36%)	[**]	[**]	[**]	[**]	[**]	156

Note: The cost summary above is calculated for Development and use of ES414 as an [**]. For clarity, Development Costs as listed above include [**].

Phase I/II Clinical Trial

Scope: Emergent shall conduct the Phase I/II Clinical Trial according to the clinical study protocol; protocol 401 of which the synopsis is set out in schedule 1.92, and any such future agreed amendments.

Clinical trial sites for Phase I/II Clinical Trial:

For stage 1 of the Phase I/II Clinical Trial clinical trial sites [**].

For stage 2 of the Phase I/II Clinical Trial, [**].

[**]

SCHEDULE 7.2.2

DEVELOPMENT SUPPLY PRICE (ES414 CLINICAL SUPPLY COSTS SUMMARY)

	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
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[**]	[**]		[**]	[**]	
[**]	[**]		[**]	[**]	
[**]					

SCHEDULE 10.2

DISCLOSURES

The information set forth in this Disclosure Schedule, which relates to the representations, warranties, covenants and agreements of the Agreement, is subject to the following qualifications:

This Disclosure Schedule is qualified in its entirety by reference to the specific provisions of the Agreement, and is not intended to constitute, and shall not be construed as constituting, representations, warranties, covenants or agreements of Emergent, except as and to the extent provided in the Agreement. Inclusion of information in this Disclosure Schedule shall not be construed as an admission of liability or fault with respect to the matters covered by such information.

The exceptions and disclosures set forth in the part or subpart of this Disclosure Schedule qualify the particular section or subsection in the Agreement in which such representation and warranty appears.

The headings contained in this Disclosure Schedule are for convenience of reference only, shall not be deemed to be a part of the Agreement and shall not be referred to in connection with the construction or interpretation of the Agreement.

Section 10.2.12

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of one page was omitted. [**]

Section 10.2.13 – All studies performed with ES414 which were not performed to GXP are listed below:

Location in Data Room	ES414	Fileroom	File type	GLP Status
3.1.1.1	[**]	[**]	[**]	[**]
3.1.2.1	[**]	[**]	[**]	[**]
3.1.3.1	[**]	[**]	[**]	[**]
3.1.3.2	[**]	[**]	[**]	[**]
3.1.3.3	[**]	[**]	[**]	[**]
3.1.4.1	[**]	[**]	[**]	[**]
3.1.4.2	[**]	[**]	[**]	[**]
3.1.5.1	[**]	[**]	[**]	[**]
3.1.6.1	[**]	[**]	[**]	[**]
3.2.1.1.1.1	[**]	[**]	[**]	[**]
3.2.1.1.1.2	[**]	[**]	[**]	[**]
3.2.1.1.2.1	[**]	[**]	[**]	[**]
3.2.1.1.2.2	[**]	[**]	[**]	[**]
3.2.1.1.3.1	[**]	[**]	[**]	[**]
3.2.1.1.3.2	[**]	[**]	[**]	[**]
3.2.1.2.1.1	[**]	[**]	[**]	[**]
3.2.1.2.1.2	[**]	[**]	[**]	[**]
3.2.1.2.2.1	[**]	[**]	[**]	[**]
3.2.1.3.1	[**]	[**]	[**]	[**]
3.2.2.1	[**]	[**]	[**]	[**]
3.2.2.2	[**]	[**]	[**]	[**]

Location in Data Room	ES414	Fileroom	File type	GLP Status
3.2.3.1	[**]	[**]	[**]	[**]
3.3.1.1	[**]	[**]	[**]	[**]
3.3.1.2	[**]	[**]	[**]	[**]
3.3.2.1	[**]	[**]	[**]	[**]
3.3.2.2	[**]	[**]	[**]	[**]
3.3.2.3	[**]	[**]	[**]	[**]
3.3.3.1.1	[**]	[**]	[**]	[**]
3.3.3.1.2	[**]	[**]	[**]	[**]
3.3.3.1.3	[**]	[**]	[**]	[**]
3.3.3.1.4	[**]	[**]	[**]	[**]
3.3.3.1.5	[**]	[**]	[**]	[**]
3.3.3.2	[**]	[**]	[**]	[**]
3.3.3.2.1	[**]	[**]	[**]	[**]
3.3.3.3.1	[**]	[**]	[**]	[**]
3.3.4.1.1	[**]	[**]	[**]	[**]
3.3.4.2.1	[**]	[**]	[**]	[**]
3.3.4.2.2	[**]	[**]	[**]	[**]
3.3.4.2.3	[**]	[**]	[**]	[**]
3.3.4.2.4	[**]	[**]	[**]	[**]
3.3.4.2.5	[**]	[**]	[**]	[**]
3.3.4.3.1	[**]	[**]	[**]	[**]
3.3.4.3.2	[**]	[**]	[**]	[**]
3.3.4.3.3	[**]	[**]	[**]	[**]
3.3.4.3.4	[**]	[**]	[**]	[**]

Location in Data Room	ES414	Fileroom	File type	GLP Status
3.3.4.3.5	[**]	[**]	[**]	[**]
3.3.4.3.6	[**]	[**]	[**]	[**]
3.3.5.1.1.1	[**]	[**]	[**]	[**]
3.3.5.1.1.2	[**]	[**]	[**]	
3.3.5.1.1.3	[**]	[**]	[**]	
3.3.5.1.1.4	[**]	[**]	[**]	
3.3.5.5.4.4	[**]	[**]	[**]	[**]
3.3.5.5.4.11	[**]	[**]	[**]	[**]
3.3.5.5.4.12	[**]	[**]	[**]	[**]
3.5.1	[**]	[**]	[**]	[**]
3.5.2	[**]	[**]	[**]	[**]
3.6.1	[**]	[**]	[**]	[**]
4.1.2.1	[**]	[**]	[**]	[**]
4.2.1.1.1	[**]	[**]	[**]	[**]
4.2.1.2.1	[**]	[**]	[**]	[**]
4.2.1.2.2	[**]	[**]	[**]	[**]
4.2.1.3.1.1	[**]	[**]	[**]	[**]
4.2.1.3.1.2	[**]	[**]	[**]	[**]
4.2.1.3.1.3	[**]	[**]	[**]	[**]
4.2.1.3.1.4	[**]	[**]	[**]	[**]
4.2.1.3.1.5	[**]	[**]	[**]	[**]
4.2.1.3.1.6	[**]	[**]	[**]	[**]
4.2.1.3.1.7	[**]	[**]	[**]	[**]

Location in Data Room	ES414	Fileroom	File type	GLP Status
4.2.1.3.2.1	[**]	[**]	[**]	[**]
4.2.1.3.2.2	[**]	[**]	[**]	[**]
4.2.1.4.1	[**]	[**]	[**]	[**]
4.2.1.4.2	[**]	[**]	[**]	[**]
4.2.1.4.3	[**]	[**]	[**]	[**]
4.2.1.4.4	[**]	[**]	[**]	[**]
4.2.2.1	[**]	[**]	[**]	[**]
4.2.3.1	[**]	[**]	[**]	[**]
4.2.4.2	[**]	[**]	[**]	[**]
4.2.5.1	[**]	[**]	[**]	[**]
4.3.2.2	[**]	[**]	[**]	[**]
4.4.1	[**]	[**]	[**]	[**]
4.4.2	[**]	[**]	[**]	[**]
4.4.3	[**]	[**]	[**]	[**]
4.4.8	[**]	[**]	[**]	[**]
4.4.10	[**]	[**]	[**]	[**]

SCHEDULE 12.7.1

PRESS RELEASE

[For the MorphoSys Press Release see the following page]

Media Release

Martinsried/Munich, Germany, and Rockville, MD, USA, 19 August 2014

MorphoSys and Emergent BioSolutions Sign License Agreement to Co-Develop and Commercialize Prostate Cancer Drug Candidate ES414

MorphoSys to Hold Public Conference Call (in English) on Wednesday, 20 August 2014, at 2:00pm CEST (1:00pm BST/8:00am EDT)

MorphoSys AG (FSE: MOR; Prime Standard Segment, TecDAX, OTC: MPSYY) and Emergent BioSolutions Inc. (NYSE: EBS) today announced an agreement for the joint development and commercialization of ES414. The compound, to be renamed MOR209/ES414, is an anti-PSMA/anti-CD3 bi-specific antibody targeting prostate cancer, which was developed by Emergent using its proprietary ADAPTIR™ (modular protein technology) platform. Preclinical *in vitro* and *in vivo* studies have shown that MOR209/ES414 redirects T-cell cytotoxicity towards prostate cancer cells expressing Prostate Specific Membrane Antigen (PSMA), an antigen commonly found on such cells.

Under the terms of the agreement, MorphoSys gains worldwide commercialization rights excluding the U.S. and Canada, where Emergent will retain rights. Emergent will receive an upfront payment of US$20 million and will be eligible to receive potential milestone payments of up to US$163 million. The milestone payments are linked to specific events, including successful development of MOR209/ES414 in several indications and securing approval in certain territories. MorphoSys and Emergent will jointly develop MOR209/ES414, with MorphoSys bearing 64% and Emergent 36% of the total costs. Emergent will manufacture and supply clinical material from its manufacturing facilities in Baltimore, Maryland. Emergent will receive low single digit royalties on product sales in MorphoSys's territory and MorphoSys will receive tiered royalties from mid-single digit up to 20% on product sales in Emergent's territory. Additional financial details were not disclosed.

Dr. Arndt Schottelius, Chief Development Officer of MorphoSys, added: "We are pleased to be working with Emergent BioSolutions. We believe MOR209/ES414 has the potential to be an important therapy for prostate cancer, where there is a pressing need for better treatments. The preclinical data suggest that the molecule has a number of potential advantages over other drug candidates in this indication. Our goal is to combine our capabilities with those of Emergent to enable the fastest possible development and commercialization of MOR209/ES414."

Barry Labinger, Executive Vice President and President Biosciences Division at Emergent BioSolutions, stated: "Emergent looks forward to collaborating with MorphoSys to potentially address important unmet needs amongst patients suffering from prostate cancer. Our companies bring complementary capabilities, compatible cultures and values, and a shared commitment to the highest quality development and commercialization of MOR209/ES414. We expect to begin clinical development within the next six months. We are encouraged by our partnership with MorphoSys and the continued interest of multiple parties in our ADAPTIR platform."

MorphoSys and Emergent plan to initiate a Phase 1 clinical trial evaluating MOR209/ES414 in patients with metastatic castration-resistant prostate cancer (mCRPC) within the next six months. The initial phase of the trial will be conducted in the U.S. and Australia, with Emergent as the sponsor.

(i) MorphoSys will hold a public conference call **tomorrow, 20 August 2014, at 02:00 p.m. CEST** (08:00 a.m. EDT, 01:00 p.m. BST), to present key information on the agreement with Emergent BioSolutions.

(ii) **Dial-in number for the Conference Call (listen-only):**

(iii) Germany: +49 (0) 89 2444 32975

(iv) For U.K. residents: +44 (0) 20 3003 2666

(v) For U.S. residents: +1 202 204 1514

(vi)

(vii) Please dial in 10 minutes before the beginning of the conference.

(viii) In addition, MorphoSys offers participants the opportunity to follow the presentation through a simultaneous slide presentation online at http://www.morphosys.com.

(ix) A live webcast, slides, webcast replay and transcript will be made available at http://www.morphosys.com.

(x) Approximately two hours after the press conference, a slide-synchronized audio replay of the conference will be available on http://www.morphosys.com.

About MOR209/ES414

MOR209/ES414 is a targeted immunotherapeutic protein, which activates host T cell immunity specifically against prostate cancer cells expressing Prostate Specific Membrane Antigen (PSMA), an antigen commonly overexpressed on prostate cancer cells. The MOR209/ES414 molecule was constructed using Emergent's ADAPTIR technology platform and selectively binds to the T cell receptor on cytotoxic T cells and PSMA on tumor cells. MOR209/ES414 contains two pairs of binding domains, each targeting a unique antigen, linked to opposite ends of an immunoglobulin Fc domain to extend the half-life and enable use of a purification process typical of lg-based molecules. In preclinical studies, MOR209/ES414 has been shown to redirect T cell cytotoxicity towards prostate cancer cells expressing PSMA.

About the ADAPTIR™ Platform

ADAPTIR bispecific proteins are modular, single chain polypeptides that comprise two separate binding domains, a hinge segment, and an effector domain (huFc). They have a differentiated structure from monoclonal antibodies and can generate a unique signaling response. Some ADAPTIR molecules, like MOR209/ES414, may mediate T cell cytotoxicity by redirecting T cells against tumor cells. In addition, monospecific ADAPTIR proteins may mediate complement dependent cytotoxicity and Fc dependent cytotoxicity, similar to monoclonal antibodies.

About Prostate Cancer

Prostate cancer is the most common cancer in men with approximately 230,000 new cases annually in the United States or 900,000 new cases annually worldwide. Screening, radiation, surgery and hormone ablation therapy have greatly improved the detection and treatment of early stage prostate cancer. However, the new therapies only improve life expectancy by a few months for patients with metastatic castration-resistant prostate cancer.

About MorphoSys

MorphoSys developed HuCAL, the most successful antibody library technology in the pharmaceutical industry. By successfully applying this and other patented technologies, MorphoSys has become a leader in the field of therapeutic antibodies, one of the fastest-growing drug classes in human healthcare.

Together with its pharmaceutical partners, MorphoSys has built a therapeutic pipeline of more than 80 human antibody drug candidates for the treatment of cancer, rheumatoid arthritis, and Alzheimer's disease, to name just a few. With its ongoing commitment to new antibody technology and drug development, MorphoSys is focused on making the healthcare products of tomorrow. MorphoSys is listed on the Frankfurt Stock Exchange under the symbol MOR. For regular updates about MorphoSys, visit http://www.morphosys.com.

About Emergent BioSolutions

Emergent BioSolutions is a global specialty biopharmaceutical company seeking to protect and enhance life by offering specialized products to healthcare providers and governments to address medical needs and emerging health threats. Additional information about us may be found at www.emergentbiosolutions.com. Follow us on twitter: @emergentbiosolu.

MorphoSys Safe Harbor Statement

This communication contains certain forward-looking statements concerning the MorphoSys group of companies. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve risks and uncertainties. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. MorphoSys does not intend to update any of these forward-looking statements as far as the wording of the relevant press release is concerned.

Emergent BioSolutions Safe Harbor Statement

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements in this press release include statements about the potential and therapeutic opportunity of the MOR209/ES414 molecule and potential milestone and royalty payments for development, regulatory approval and sales of the product candidate. These forward-looking statements are based on our current intentions, beliefs and expectations regarding future events. We cannot guarantee that any forward-looking statement will be accurate. Investors should realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could differ materially from our expectations. Investors are, therefore, cautioned not to place undue reliance on any forward-looking statement. Any forward-looking statement speaks only as of the date of this press release, and, except as required by law, we do not undertake to update any forward-looking statement to reflect new information, events or circumstances.

There are a number of important factors that could cause the company's actual results to differ materially from those indicated by such forward-looking statements, including the success of clinical trials for MOR209/ES414; the timing of and our ability to obtain and maintain regulatory approvals for MOR209/ES414; the rate and degree of market acceptance and clinical utility of MOR209/ES414 as a product; and our commercialization, marketing and manufacturing capabilities and strategy with respect to MOR209/ES414. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from our expectations in any forward-looking statement. Investors should consider this cautionary statement, as well as the risk factors identified in our periodic reports filed with the SEC, when evaluating our forward-looking statements.

For more information, please contact: MorphoSys AG
Dr. Claudia Gutjahr-Löser
Head of Corporate Communications & IR

Mario Brkulj
Associate Director Corporate Communications & IR

Alexandra Goller
Specialist Corporate Communications & IR

Jessica Rush
Specialist Corporate Communications & IR
Tel: +49 (0) 89 / 899 27-404
investors@morphosys.com

Emergent BioSolutions
Investors Contact:
Robert G. Burrows
Vice President, Investor Relations
Tel: +1 301-795-1877
BurrowsR@ebsi.com

Media Contact:
Tracey Schmitt
Vice President, Global Public Affairs and Corporate Responsibility
Tel: +1 301-795-1847
SchmittT@ebsi.com

[For the Emergent Press Release see the following page]

Media Release:

Rockville, MD, USA and Martinsried/Munich, Germany, 19 August 2014

Emergent BioSolutions and MorphoSys Sign License Agreement to Co-Develop and Commercialize Prostate Cancer Drug Candidate ES414

Emergent BioSolutions Inc. (NYSE: EBS) and MorphoSys AG (FSE: MOR; Prime Standard Segment, TecDAX, OTC: MPSYY) today announced an agreement for the joint development and commercialization of Emergent's preclinical bi-specific antibody, ES414, targeting prostate cancer. Under the terms of the agreement, Emergent will receive an upfront payment of US$20 million and milestone payments of up to US$163 million. These milestone payments are linked to specific events, including successful development of ES414 in several indications and securing approval in certain territories. Emergent and MorphoSys will jointly develop ES414, with MorphoSys bearing 64% and Emergent 36% of the total costs. Emergent will retain commercialization rights in the U.S. and Canada, with a tiered royalty obligation to MorphoSys, from mid-single digit up to 20%. MorphoSys will gain worldwide commercialization rights excluding the U.S. and Canada, with a low single digit royalty obligation to Emergent. Emergent will manufacture and supply clinical material from its manufacturing facilities in Baltimore, Maryland. Additional financial details were not disclosed.

ES414, which will be renamed MOR209/ES414, was developed by Emergent using its proprietary ADAPTIR™ (modular protein technology) platform. Preclinical *in vitro* and *in vivo* studies have shown that ES414 redirects T-cell cytotoxicity towards prostate cancer cells expressing Prostate Specific Membrane Antigen (PSMA), an antigen commonly found on such cells.

Barry Labinger, Executive Vice President and President Biosciences Division at Emergent BioSolutions, stated: "Emergent looks forward to collaborating with MorphoSys to potentially address important unmet needs amongst patients suffering from prostate cancer. Our companies bring complementary capabilities, compatible cultures and values, and a shared commitment to the highest quality development and commercialization of ES414. We expect to begin clinical development within the next six months. Progress with ES414 will help validate our ADAPTIR platform, which we believe has broad potential to generate additional novel treatments for cancer and other important diseases. We are encouraged by our partnership with MorphoSys and the continued interest of multiple parties in our ADAPTIR platform."

Arndt Schottelius, Chief Development Officer of MorphoSys, added: "We are pleased to be working with Emergent BioSolutions. We believe ES414 has the potential to be an important therapy for prostate cancer, where there is a pressing need for better treatments. The preclinical data suggest that the molecule has a number of potential advantages over other drug candidates in this indication. Our goal is to combine our capabilities with those of Emergent to enable the fastest possible development and commercialization of ES414."

Emergent and MorphoSys plan to initiate a Phase 1 clinical trial evaluating ES414 in patients with metastatic castration-resistant prostate cancer (mCRPC) within the next six months. The initial phase of the trial will be conducted in the U.S. and Australia, with Emergent as the sponsor.

About ES414

ES414 is a targeted immunotherapeutic protein, which activates host T-cell immunity specifically against prostate cancer cells expressing Prostate Specific Membrane Antigen (PSMA), an antigen commonly overexpressed on prostate cancer cells. The ES414 molecule was constructed using Emergent's ADAPTIR technology platform and selectively binds to the T cell receptor on cytotoxic T cells and PSMA on tumor cells. ES414 contains two pairs of binding domains, each targeting a unique antigen, linked to opposite ends of an immunoglobulin Fc domain to extend the half-life and enable use of a purification process typical of lg-based molecules. In preclinical studies, ES414 has been shown to redirect T-cell cytotoxicity towards prostate cancer cells expressing PSMA.

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ADAPTIR bispecific proteins are modular, single chain polypeptides that comprise two separate binding domains, a hinge segment, and an effector domain (huFc). They have a differentiated structure from monoclonal antibodies and can generate a unique signaling response. Some ADAPTIR molecules, like ES414, may mediate T-cell cytotoxicity by redirecting T cells against tumor cells. In addition, monospecific ADAPTIR proteins may mediate complement dependent cytotoxicity and Fc dependent cytotoxicity, similar to monoclonal antibodies.

About Prostate Cancer

Prostate cancer is the most common cancer in men with approximately 230,000 new cases annually in the United States or 900,000 new cases annually worldwide. Screening, radiation, surgery and hormone ablation therapy have greatly improved the detection and treatment of early stage prostate cancer. However, the new therapies only improve life expectancy by a few months for patients with metastatic castration-resistant prostate cancer.

About Emergent BioSolutions

Emergent BioSolutions is a global specialty biopharmaceutical company seeking to protect and enhance life by offering specialized products to healthcare providers and governments to address medical needs and emerging health threats. Additional information about us may be found at www.emergentbiosolutions.com. Follow us on twitter: @emergentbiosolu.

About MorphoSys

MorphoSys developed HuCAL, the most successful antibody library technology in the pharmaceutical industry. By successfully applying this and other patented technologies, MorphoSys has become a leader in the field of therapeutic antibodies, one of the fastest-growing drug classes in human healthcare.

Together with its pharmaceutical partners, MorphoSys has built a therapeutic pipeline of more than 80 human antibody drug candidates for the treatment of cancer, rheumatoid arthritis, and Alzheimer's disease, to name just a few. With its ongoing commitment to new antibody technology and drug development, MorphoSys is focused on making the healthcare products of tomorrow. MorphoSys is listed on the Frankfurt Stock Exchange under the symbol MOR. For regular updates about MorphoSys, visit http://www.morphosys.com.

Emergent BioSolutions Safe Harbor Statement

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements in this press release include statements about the potential and therapeutic opportunity of the ES414 molecule and potential milestone and royalty payments for development, regulatory approval and sales of the product candidate. These forward-looking statements are based on our current intentions, beliefs and expectations regarding future events. We cannot guarantee that any forward-looking statement will be accurate. Investors should realize that if underlying assumptions prove inaccurate or unknown risks or uncertainties materialize, actual results could differ materially from our expectations. Investors are, therefore, cautioned not to place undue reliance on any forward-looking statement. Any forward-looking statement speaks only as of the date of this press release, and, except as required by law, we do not undertake to update any forward-looking statement to reflect new information, events or circumstances.

There are a number of important factors that could cause the company's actual results to differ materially from those indicated by such forward-looking statements, including the success of clinical trials for ES414; the timing of and our ability to obtain and maintain regulatory approvals for ES414; the rate and degree of market acceptance and clinical utility of ES414 as a product; and our commercialization, marketing and manufacturing capabilities and strategy with respect to ES414. The foregoing sets forth many, but not all, of the factors that could cause actual results to differ from our expectations in any forward-looking statement. Investors should consider this cautionary statement, as well as the risk factors identified in our periodic reports filed with the SEC, when evaluating our forward-looking statements.

MorphoSys Safe Harbor Statement

This communication contains certain forward-looking statements concerning the MorphoSys group of companies. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve risks and uncertainties. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. MorphoSys does not intend to update any of these forward-looking statements as far as the wording of the relevant press release is concerned.

For more information, please contact:

Emergent BioSolutions

Investors Contact:
Robert G. Burrows
Vice President, Investor Relations
Tel: +1 301-795-1877
BurrowsR@ebsi.com

Media Contact:
Tracey Schmitt
Vice President, Global Public Affairs and
Corporate Responsibility
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Associate Director Corporate
Communications & IR

Alexandra Goller
Specialist Corporate Communications & IR

Jessica Rush
Specialist Corporate Communications & IR
Tel: +49 (0) 89 / 899 27-404
investors@morphosys.com

Exhibit 10.21

Confidential Materials omitted and filed separately with the
Securities & Exchange Commission. Double asterisk denote omissions.

MorphoSys AG
Lena-Christ-Strabe 48
82152 Martinsried / Planegg
Germany
Telefon: +49 (0)89 899 27-0
Fax: +49 (0)89 899 27-222
Email: info@morphosys.com
Internet: www morphosys.com

MorphoSys AG • Postfach 16 58 • 82145 Planegg
Emergent Product Development Seattle, LLC
2401 4th Ave. Suite 1050
Seattle, Washington 98121

CONFIDENTIAL

19 June 2015

For the attention of: Site Head

First Amendment ("First Amendment") to the License and Co-Development Agreement ("Agreement") dated as of August 19, 2014 and entered into by and between

1. **MorphoSys AG**, a German company having a place of business at Lena-Christ-Strasse 48, 82152 Martinsried/Planegg, Germany ("**MorphoSys**"), and
2. **Emergent Product Development Seattle, LLC**, a Delaware limited liability corporation with offices at 2401 4th Ave. Suite 1050, Seattle, Washington 98121, USA ("**Emergent**").

This First Amendment is supplemental to the terms of the Agreement and intends to postpone certain timelines and to clarify compliance of certain obligations of the Agreement.

Therefore, the Parties wish to clarify and agree on the following:

1. **Satisfaction of certain obligations under Section 2.1.2 of the Agreement**

   The Parties agree that both companies used best efforts in trying to obtain the Second Third Party Manufacturing Amendment within the timeline set forth in Section 2.1.2 of the Agreement (i.e. six months after the Effective Date). MorphoSys may now seek and obtain a direct license from Existing Manufacturing Licensor pursuant to Section 2.1.2 of the Agreement. For the avoidance of doubt, Section 2.1.2 remains in full force and effect.

2. **Section 4.3.3 (a) of the Agreement**

   The Parties agree to change the timeline for approval of the Development Plan and the Development Budget from September 30th to October 31st. Therefore, Section 4.3.3 (a) of the Agreement shall be deleted in its entirety and be replaced by the following:

"(a) On or before October 31st of each year during the Term, the JSC shall review, update and approve the Development Plan (including the Development Budget contained therein) which shall cover the Development Activities to be conducted during the upcoming Calendar Year, and the JSC shall, on at least an annual basis, review and update, as appropriate, the then-current Development Plan (including the Development Budget) to reflect any changes, reprioritizations of, or additions to the Development Plan; provided, however, that any disputes with respect thereto shall be resolved pursuant to Sections 3.4 and 3.5."

3. Section 5.4.1 of the Agreement

The Parties acknowledge the JSC approval of the clinical safety reporting plan (file named "Clinical Safety Reporting Plan MOR209/ES414 Protocol: 401," final version 1.0), approved by team members of both Parties and effective as of November 05th, 2014, complies with the requirements set forth in Section 5.4.1 of the Agreement in regard to the execution of a pharmacovigilance agreement prior to first dosing of the first patient in the first Clinical Trial. In addition, the JSC has agreed as required in Section 5.4.1 of the Agreement that Emergent will maintain the global safety database for the Product for the current stage of clinical development.

4. Section 6.5 of the Agreement

The following language shall be added at the end of Section 6.5.1.

The Parties clarify and acknowledge that their policies and internal guidelines may be updated from time to time and that currently it is not feasible to provide the guidelines for trademark usage valid at the time of creation of Promotional Materials. The Parties agree to exchange the valid guidelines for trademark usage before the creation of Promotional Material. Except as provided herein, Section 6.5 of the Agreement shall remain unaffected in its entirety.

5. Section 7.5 of the Agreement

The Parties agree to postpone the timeline for execution of the quality agreement for development supply of the Product until July 31, 2015. The Parties also agree that, in the interest of complying with all Laws, internal controls, and the requirements of Section 7.5, an additional document (**Quality Technical Agreement**) will be executed by the Parties not later than August 31, 2015 setting forth the roles and responsibilities of each Party relative to those activities related to but not covered by the Quality Agreement. Therefore, Section 7.5 of the Agreement shall be deleted in its entirety and be replaced by the following:

"**7.5 Quality Agreements**. The Parties shall execute a (i) Quality Agreement for development supply of the Product not later than July 31st, 2015 and (ii) a quality agreement for commercial supply of the Product within ninety (90) calendar days of execution of the Supply Agreement, which shall set forth the Parties' quality and compliance obligations with respect to Manufacture of the Finished Product (both quality agreements, the "**Quality Agreements**"). MorphoSys and Emergent agree to comply with the requirements and provisions set forth in the Quality Agreements."

For purposes of this Agreement "**Quality Agreement**" shall mean a legally binding agreement that establishes the obligations and responsibilities of the quality units of the Parties. The Quality Agreement for development supply is established for clinical phase MorphoSys-sponsored activities and does not apply to commercial supply. The Quality Agreement describes which cGMP activities will be carried out by each Party per applicable regulations and defines in detail the GMP responsibilities, including the quality measures, of each Party.

7.5.1 Quality Technical Agreements. The Parties shall execute a (i) Quality Technical Agreement for development supply of the Product not later than August 31st, 2015 and (ii) quality technical agreement for commercial supply of the Product within ninety (90) calendar days of execution of the Supply Agreement, which shall set forth the Parties' quality and compliance obligations with respect to Manufacture of the Finished Product not otherwise covered by the Quality Agreements (both quality technical agreements, the "**Quality Technical Agreements**"). MorphoSys and Emergent agree to comply with the requirements and provisions set forth in the Quality Technical Agreements."

For purposes of this Agreement "Quality Technical Agreement" shall mean a legally binding agreement that describes which cGMP activities will be carried out by Emergent and MorphoSys for clinical phase Emergent-sponsored activities per applicable regulations and defines in detail the GMP responsibilities, including the quality measures, of each Party. The Quality Technical Agreement for development supply is established for all clinical phase activities and does not apply to commercial supply.

6. Section 8.12 of the Agreement

The Parties agree to correct a deviation of the stated FTE rate in numbers from the one in words. Therefore, Section 8.12 of the Agreement shall be deleted in its entirety and be replaced by the following:

"**8.12 FTE Costs**. With respect to those costs under Article 4 and Article 5 or with respect to costs for which this Agreement expressly refers to this Section 8.12 which a Party is obligated to bear internally and then submit to the other Party for sharing, or reimbursement, as the case may be, each Party shall calculate its internal costs using an FTE rate of [**] Dollar ($[**]) per year. The FTE rate covers employee salary, employee specific benefits, travel costs and materials. After the [**] anniversary of the Effective Date, the FTE rates shall be subject to adjustments to reflect changes in the Producer Price Index for the Pharmaceutical Sector as reported by the U.S. Bureau of Labor Statistics for the previous twelve (12) months."

7. Section 16.3 of the Agreement

The language currently reading:

"and to:

Emergent BioSolutions Inc.
2273 Research Blvd., Suite 400
Rockville, MD 20850
Attention: General Counsel
Fax: [**]"

shall be deleted in its entirety and replaced by the following:

"and to:

Emergent Biosolutions Inc.
400 Professional Drive, Suite 400
Gaithersburg, MD 20879
Attention: General Counsel
e-Fax: [**]"

[Remainder of page intentionally left blank, signatures follow on next page]

The terms of the Agreement continue in full force and effect and unchanged except to the extent clarified above.

Please indicate Emergent's acceptance and agreement to this First Amendment by arranging for authorized representatives of Emergent to sign both copies of this First Amendment and returning one signed original to MorphoSys.

MorphoSys AG

/s/ Dr. Arndt Schottelius
Dr. Arndt Schottelius
Chief Development Officer

/s/ Dr. Marlies Sproll
Dr. Marlies Sproll
Chief Scientific Officer

AGREED and ACCEPTED on behalf of Emergent:
Emergent Product Development Seattle, LLC

(signature)
Name: /s/ [Illegible]
Title/Position: CMO, SVP
Date: 7/7/2015

(signature)
Name: /s/ [Illegible]
Title/Position: S. VP & CSO
Date: 7/8/15

cc. Emergent BioSolutions Inc. (General Counsel)
Morgan, Lewis & Bockius LLP ([**])

MorphoSys AG
Lena-Christ-Strße 48
82152 Martinsried / Planegg

Germany

Telefon: +49 (0)89 899 27-0
Fax: +49 (0)89 899 27-222
Email: info@morphosys.com
Internet: www.morphosys.com

MorphoSys AG • Postfach 16 58 • 82145 Planegg

Emergent Product Development Seattle, LLC
2401 4th Ave. Suite 1050
Seattle, Washington 98121

CONFIDENTIAL

Letter Extension Term Development Plan 2016

October 27, 2015

For the attention of: Site Head

Reference is made to the License and Co-Development Agreement dated as of August 19, 2014, as amended by first amendment dated June 19, 2015 ("Agreement"), entered into by and between **MorphoSys AG**, ("**MorphoSys**"), and **Emergent Product Development Seattle, LLC**, ("**Emergent**")

Emergent and MorphoSys intend to extend the timeline set forth in Section 4.3.3 (a) of the Agreement, to review, discuss and approve the Development Plan for the year 2016, therefore the Parties agree on the following:

Solely with respect to the Development Plan (including the Development Budget contained therein) for the year 2016, the Parties agree to extend the timeline to review, discuss and approve such 2016 Development Plan from October 31st, 2015 to December 28th, 2015.

All other terms of the Agreement shall remain unchanged and, except for the specific timeline extended hereby, the Agreement, including Section 4.3.3 shall continue in full force and effect. This Letter Agreement is supplemental to the Agreement. In the event of any conflict or inconsistency between the Agreement and this Letter Agreement with respect to the timeline extended hereby, the latter shall prevail. This Letter Agreement shall become effective upon Emergent's countersignature below.

If the foregoing terms are agreeable to Emergent, please countersign and date this letter here below and return the original to MORPHOSYS.

With kind regards

MorphoSys AG

(i.A, i.V.)

Name
Function or Department

(i.A, i.V.)

Name
Function or Department

AGREED and ACCEPTED on behalf of
Emergent:
Emergent Product Development Seattle, LLC

(signature)
Name: /s/ Scott C. Stromatt
Scott C. Stromatt
Title/Position: SVP CMO

Date: 10/29/2015

(signature)
Name: /s/ W. James Jackson

Title/Position: SVP, CSO

Date: 11/04/15

Confidential Materials omitted & filed separately with the
SEC. Double asterisks denote omissions.

SECOND AMENDMENT
TO LICENSE AND CO-DEVELOPMENT AGREEMENT

THIS SECOND AMENDMENT ("***Second Amendment***") effective as of December 7 2015 ("***Effective Date***"), is made by and between **MorphoSys AG**, a German corporation (registered at the District Court of Munich, HRB121023) having an office and place of business at Lena-Christ-Str. 48, 82152 Martinsried/Planegg, Germany, (collectively with its affiliates, "***MorphoSys***") and **Emergent Product Development Seattle, LLC**, a US corporation (registered in Delaware, N° 4858233) having an office and place of business at 2401 Fourth Avenue, Suite 1050, Seattle, Washington, USA ("***Emergent***").

WHEREAS, Emergent and MorphoSys entered into that License and Co-Development Agreement dated as of August 19, 2014, as amended by first amendment effective as of July 8, 2015 ("***Agreement***"); and

WHEREAS, by letter agreement dated October 20, 2015 Emergent and MorphoSys agreed to extend the term for approval of the Development Plan for the Calendar Year 2016; and

WHEREAS, Emergent and MorphoSys now desire to amend the Agreement as set forth herein.

NOW, **THEREFORE**, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Emergent and MorphoSys hereby agree as follows:

1. **Incorporation of Recitals; Capitalized Terms**. The Recitals set forth above are deemed to be true and accurate in all respects and are hereby incorporated into this Second Amendment by reference. Capitalized terms used herein shall have the same meanings ascribed to them in the Agreement unless otherwise expressly defined herein.

2. **Section 3.5.3 of the Agreement shall be deleted in its entirety and replaced as follows:**

3.5.3 Subject to Section 3.7, all matters set forth in Section 3,1 properly brought to the JSC for approval as specifically set forth in Section 3.1 shall be decided by the casting vote of MorphoSys in accordance with Section 3.5.2. Notwithstanding the foregoing, subject to Section 3.7, for matters set forth in Section 3.1 properly brought to the JSC for approval as specifically set forth in Section 3.1 and that are with respect to implementation of the 2016 Development Plan, Emergent shall have the casting vote (instead of MorphoSys) in accordance with Section 3.5.2.

3. **Section 4.4.1(a) of the Agreement shall be deleted in its entirety and replaced as follows**:

4.4.1 General.

(a)

(i) Calendar Year 2016. Emergent shall bear seventy-five percent (75%) of all Development Costs for the Calendar Year 2016 and MorphoSys shall bear twenty-five percent (25%) of all Development Costs for the Calendar Year 2016 (whether incurred by Emergent or MorphoSys or their respective Affiliates, sublicensees or subcontractors) set forth in the Development Budget for the Calendar Year 2016 with respect to any Development Activities for the Calendar Year 2016 (including Manufacturing Development Activities); *provided*, *however*, that Development Costs for the Calendar Year 2016 incurred by Emergent or its Affiliates, sublicensees or subcontractors (and shared by MorphoSys twenty-five percent (25%)), will be limited to [**] Dollars ($[**]) in 2016 and Development Costs for the Calendar Year 2016 incurred by MorphoSys or its Affiliates, sublicensees or subcontractors (and shared by Emergent seventy-five (75%)) will be limited to [**] Dollars ($[**]). If expenses incurred by either Party in Calendar Year 2016 exceed those listed above, then the additional expenses shall be paid by the Party incurring them unless the other Party agrees in advance to share the additional expenses according to the percentages given above.

(ii) Calendar Years 2017 and 2018. Emergent shall bear forty-nine percent (49%) of all Development Costs for the Calendar Years 2017 and 2018 and MorphoSys shall bear fifty-one percent (51%) of all Development Costs for the Calendar Years 2017 and 2018 (whether incurred by Emergent or MorphoSys or their respective Affiliates, sublicensees or subcontractors) set forth in the Development Budget for the Calendar Years 2017 and 2018 (including Manufacturing Development Activities).

(iii) Calendar Years 2019 and beyond. Emergent shall bear thirty-six percent (36%) of all Development Costs for the Calendar Year 2019 and all subsequent Calendar Years and MorphoSys shall bear sixty-four percent (64%) of all Development Costs for the Calendar Year 2019 and all subsequent Calendar Years (whether incurred by Emergent or MorphoSys or their respective Affiliates, sublicensees or subcontractors) set forth in the applicable Development Budget with respect to any Development Activities for the Calendar Year 2019 and all subsequent Calendar Years (including Manufacturing Development Activities). Notwithstanding the foregoing, beginning in Calendar Year 2019 Emergent's obligation to bear its thirty-six percent (36%) share of all Development Costs is subject to the Development Cost Cap.

4. **Article 4.4.4(a) shall be deleted in its entirety and replaced as follows**:

(a) Notwithstanding anything contained in this Agreement to the contrary, Emergent shall have no obligation to bear Development Costs in excess of thirty-six percent (36%) of Four Hundred Sixty Million Dollars ($460,000,000) for Calendar Years 2019 and beyond, in accordance with Section 4.4.1(a)(iii) (the "**Development Cost Cap**"). However, Emergent has the right to unilaterally increase the Development Cost Cap by written notice to MorphoSys which expressly refers to Section 4.4.1(a)(iii) and

Section 4.4.4, within thirty (30) days after any decision of the JSC to increase the Development Budget or increases of the Development Budget pursuant to Section 4.4.2 for Calendar Years 2019 and beyond in excess of the Development Cost Cap, by the amount of such increase for certain Development Activities, and in such event such increased amount of Development Costs in the Development Budget shall be deemed to apply as the "Development Cost Cap" of which Emergent shall bear its thirty six percent (36%) share.

5. **Article 4.7.4 shall be deleted in its entirety and replaced as follows**:

4.7.4 The JSC shall meet to review and discuss a Development Proposal within sixty (60) calendar days after such Development Proposal is submitted by the proposing Party, and if the non-proposing Party agrees to add such MorphoSys Territory Required Development Activities, MorphoSys Territory Discretionary Development Activities, Emergent Territory Required Development Activities or Emergent Territory Discretionary Development Activities to the Development Plan and the Parties agree as to which Party will be responsible for performing such Development activities, then, notwithstanding Section 4.4.1(b) or 4.4.1(c), Emergent shall be responsible for its share of Development Costs in accordance with the allocation set forth in Section 4.4.1 (a) and MorphoSys shall be responsible for its share of Development Costs in accordance with the allocation set forth in Section 4.4.1 (a).

6. **Article 8.2 of the Agreement shall be deleted in its entirety and replaced by the following one**:

8.2 Milestone Payments. MorphoSys shall pay to Emergent the milestone payments described in this Section 8.2 upon achievement (first occurrence) of the corresponding milestone event; *provided*, *however*, that a [**]. MorphoSys shall promptly notify Emergent in writing of, but in no event later than ten (10) calendar days after, the achievement, or in case of a MorphoSys sublicensee achieving such milestone no later than ten (10) calendar days after receipt of notice by such sublicensee, of each such milestone event (each, a "**Milestone Notification Notice**") achieved by it and Emergent shall provide a respective invoice to MorphoSys. MorphoSys shall pay the applicable milestone payment by wire transfer of immediately available funds into an account designated by Emergent within sixty (60) calendar days after receipt of such written undisputed invoice pursuant to Section 8.8; provided, however, that in no event shall a failure to deliver a Milestone Notification Notice relieve MorphoSys of its obligation to pay Emergent the milestone payments described in this Section 8.2. Each such payment is nonrefundable and noncreditable against any other payments due hereunder and is only payable on the first Product to achieve such milestone event. Each milestone payment shall only be due for the first Product to achieve the applicable milestone, on an Indication-by-Indication basis, irrespective of the number of Products that may subsequently achieve the applicable milestone event. For clarity, all milestone payments will be made once only.

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Development Milestone Event for the first Product achieving any such Development Milestone Event	*Milestone Payment*
1. [intentionally left blank]	[intentionally left blank]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

Regulatory Milestone Event for the first Product achieving any such Regulatory Milestone Event	*Milestone Payment*
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

For clarity, for the fourth and subsequent Indications, no further development milestone payments shall be due under this Agreement. If milestone event 5 described in the preceding table under the heading "Development Milestone Event" is achieved before the achievement of milestone event 4 listed under such heading, then milestone event 4 shall be deemed automatically achieved, and the corresponding milestone payment shall be due and payable together with the payment of the milestone payment for the subsequent milestone event. If milestone event 7 described in the preceding table under the heading "Development Milestone Event" is achieved before the achievement of milestone event 6 listed under the such heading, then milestone event 6 shall be deemed automatically achieved, and the corresponding milestone payment shall be due and payable together with the payment of the milestone payment for the subsequent milestone event.

7. Article 13.2 of the Agreement shall be deleted in its entirety and replaced as follows:

13.2 MorphoSys Termination for Convenience.

a) Subject to Section 14.1, at any time after completion of the stage 1 dose escalation of the Phase I/II Clinical Trial set forth in the Initial Development Plan and as amended pursuant to the protocol amendment 1 ("ES414 Protocol 401 Amendment 1") and as further amended pursuant to protocol amendment 2 "ES414 Protocol 401 Amendment 2" (dose escalation of MOR209/ES414 by continuous infusion as monotherapy) (the "Phase I/II Clinical Trial Dose Escalation Phase"), MorphoSys shall have the right to terminate this Agreement in its sole discretion by providing six (6) months' prior written notice to Emergent. The Phase I/II Clinical Trial Dose Escalation Phase is deemed to be "completed" upon dosing of [**] day cycles (or the relevant number of cycles and days on treatment foreseen in ES414 Protocol 401 Amendment 2) of the last

patient in stage 1, or if patients can be enrolled in stage 2. For clarity, the Phase I/II Clinical Trial Dose Escalation Phase is also deemed to be "completed" if (i) no further patient is enrolled in such Phase I/II Clinical Trial Dose Escalation Phase, (ii) following completion of enrollment patients do not complete the relevant number of cycles and days on treatment foreseen in ES414 Protocol 401 Amendment 2 because they have withdrawn from the study, (iii) such Phase I/II Clinical Trial Dose Escalation Phase is stopped or suspended, or can only be continued or initiated again upon implementation of an additional protocol amendment (ES414 Protocol 401 Amendment 3) or a new ES414 Protocol. In the event that MorphoSys grants a sublicense under the rights granted to it pursuant to Section 2.1 to Develop the Product for Commercialization, Commercialize or Manufacture of the Product for use or sale in United Kingdom, France, Germany, Italy, Spain, Japan or China, and Emergent did not expressly consent to such sublicensee (whether or not such consent was required pursuant to Section 2.5.3), then, unless such sublicense is terminable by Emergent upon termination of this Agreement, MorphoSys shall not have the right to terminate this Agreement pursuant to this Section 13.2 for the first [**] months after the effective date of such sublicense (which effective date shall not be earlier than the execution date thereof).

b) MorphoSys shall also have the right to terminate the Agreement at its sole unfettered discretion by written notice either (i) with immediate effect (i.e. with no notice period) within one week after the ADA test results from six (6) subjects participating under the ES414 Protocol 401 Amendment 2 of the Phase I/II Clinical Trial Dose Escalation Phase that have been treated for [**] day cycles (or the relevant number of cycles and days on treatment foreseen in ES414 Protocol 401 Amendment 2), have been obtained and have been discussed at a JSC meeting, or (ii) at any time during the last two (2) weeks of December 2016 with effect as of December 31, 2016, but regardless whether (i) or (ii) occurs first. For the avoidance of doubt continuous payment obligations from MorphoSys to Emergent pursuant to Article 14.1.2 shall not apply if MorphoSys terminates the Agreement pursuant to this Article 13.2 (b).

8. **Article 14.1.2 shall be deleted in its entirety and replaced by the following**:

14.1.2 Continuation of Contribution. If this Agreement is terminated by MorphoSys in accordance with Section 13.2(a) or by Emergent in accordance with Section 13.3, MorphoSys shall continue to be responsible for its share of Development Costs and Joint Regulatory Costs in accordance with the allocation set forth in Section 4.4.1(a) and one hundred percent (100%) of MorphoSys Sole-Funded Activities until attainment of a previously specified point within any such Clinical Trial set forth in the Development Plan that has multiple stages and decision points for progression from one stage to the next or termination of such Clinical Trial, from which point in time MorphoSys shall no longer be responsible for its share of Development Costs in accordance with the allocation set forth in Section 4.4.1(a) with respect to such Development Activity, provided, however, that in no event shall MorphoSys be responsible for costs and expenses exceeding the costs and expenses occurring for such Clinical Trial in accordance with the Development Plan later than twelve (12) months after the effective date of the termination of this Agreement in

accordance with the allocation set forth in Section 4.4.1(a) or, if longer, until and to the extent such Clinical Trial can be terminated in accordance with applicable Law. For clarity, if this Agreement is terminated by MorphoSys in accordance with Section 13.2(a) or by Emergent in accordance with Section 13.3 notwithstanding its obligations in Article 12, Emergent shall be allowed, from receipt of the termination notice, to seek another license partner for the MorphoSys Territory as set forth further below. If, within one (1) year after such termination becomes effective, Emergent has entered into an agreement with a Third Party subject to which such Third Party receives a license to Develop and/or Commercialize the Product in the Field, under which good faith and arm's length agreement such Third Party is obligated to pay to Emergent upfront fees and near-term (six (6) years but in any case until such Clinical Trial is completed (study report approved)) milestone payments and any additional license fees, funding or reimbursement, with such fees and milestone payments, any additional license fees, funding or reimbursement being in the aggregate at least [**] times the amount of Development Costs paid by MorphoSys under this Section 14.1.2, then, promptly following receipt by Emergent of, at least, such aggregate payments from such Third Party, Emergent will reimburse MorphoSys the amount of Development Costs paid by MorphoSys under this Section 14.1.2.

9. **Interpretation; Full Force And Effect; Counterparts**. Except as expressly amended hereby, the Agreement shall continue in full force and effect. This Second Amendment is incorporated and made a part of the Agreement between MorphoSys and Emergent. In the event of any conflict or inconsistency between the Agreement and this Second Amendment, the latter shall prevail. This Second Amendment may be executed by the Parties hereto in one or more counterparts, all of which shall be valid and binding on the Party or Parties executing them and all counterparts shall constitute one and the same document for all purposes. Each Party hereto represents and warrants that this Second Amendment has been duly authorized, executed and delivered by or on behalf of such Party.

IN WITNESS WHEREOF, Emergent and Morphosys have entered into this Amendment as of the Effective Date.

Emergent Product Development Seattle, LLC

By: /s/ Barry Labinger
Name: Barry Labinger
Title: EVP & President, Biosciences Div.
Date: 7/12/2015

MorphoSys AG

By: /s/ Jens Holstein
Name: Jens Holstein
Title: CEO
Date: 7/12/2015

By: /s/ Dr. Marlies Sproll
Name: Dr. Marlies Sproll
Title: CSO
Date: 7/12/2015

Confidential Materials omitted and filed separately with the
Securities and Exchange Commission. Double asterisks denote omissions.

AMENDED AND RESTATED LICENSE AGREEMENT

This amended and restated LICENSE AGREEMENT is entered into this 28 day of November, 2008 (the "EFFECTIVE DATE") between The University of North Carolina at Chapel Hill having an address at Campus Box 4105, 308 Bynum Hall, Chapel Hill, North Carolina, 27599-4105 ("UNIVERSITY") and Inspiration Biopharmaceuticals, Inc., a corporation organized and existing under the laws of the State of Delaware and having its principle office/place of business at 28202 Cabot Road, Suite 300, Laguna Niguel, CA 92677 ("LICENSEE").

WITNESSETH

WHEREAS, UNIVERSITY and LICENSEE have entered into a license agreement dated September 6, 2006, as amended in the First Amendment dated February 16, 2007, and the Second Amendment dated March 31, 2008 (the "Original License"), which grants LICENSEE certain rights to inventions developed and patented by UNIVERSITY; and

WHEREAS, LICENSEE and UNIVERSITY wish to amend and restate the Original License in its entirety; and

WHEREAS, LICENSEE and UNIVERSITY wish to further modify the Original License in accordance with the terms set forth below; and

WHEREAS, UNIVERSITY owns and controls valuable inventions known as (i) [**] (collectively, the "INVENTIONS"), as further described in Appendix A attached hereto; and

WHEREAS, the INVENTIONS were developed by (i) [**] (collectively the "INVENTORS"); and

WHEREAS, UNIVERSITY is interested in licensing its information and technology concerning the INVENTIONS in a manner that will benefit the public, and the grant of a license best facilitates the distribution of useful products and the utilization of new processes; and

WHEREAS, LICENSEE desires to obtain a license to use the INVENTIONS as herein provided and commits to using its best efforts and resources in a diligent program of commercializing products and processes based upon or embodying said INVENTIONS under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and mutual promises and covenants contained in this LICENSE AGREEMENT and for good and valuable consideration, it is agreed by and between UNIVERSITY and LICENSEE as follows:

ARTICLE 1: DEFINITIONS

1.1 **"AFFILIATE"** means (a) any person or entity which owns or controls at least fifty percent (50%) of the equity or voting stock of LICENSEE, or (b) any person or entity fifty percent (50%) of whose equity or voting stock is owned or controlled by LICENSEE, or (c) any person or entity of which at least fifty percent (50%) of the equity or voting stock is owned or controlled by the same person or entity owning or controlling at least fifty percent (50%) of the equity or voting stock of LICENSEE.

1.2 **"LICENSED FIELD"** means, and is limited to, the practice of the INVENTIONS for the production of Factors IX [**], for therapeutic use.

1.3 **"LICENSED PRODUCTS"** means any method or process, composition, product, or component part thereof covered in whole or in part by a VALID CLAIM and whose manufacture, use or sale includes any use of UNIVERSITY TECHNOLOGY or PATENT RIGHTS.

1.4 **"LICENSED TERRITORY"** means worldwide.

1.5 **"NET SALES"** mean the gross revenues invoiced by LICENSEE, its AFFILIATES, and sublicensees in connection with the sale, lease or other transfer for value of LICENSED PRODUCTS; in all cases after deduction of:

(a) customary trade and quantity discounts actually allowed and taken

(b) amounts actually allowed or credited due to returns of Licensed Products previously sold as reflected in written invoices (and not to exceed the original invoice amount) consistent with LICENSEE'S or sublicensee's return policy;

(c) shipping, freight and insurance, to the extent separately invoiced and charged;

(d) credits, allowances and rebates actually given pursuant to federal, state and/or government-mandated programs, which require a manufacturer/distributor rebate (including Medicare and Medicaid); and

(e) value added or import/export taxes, sales tax, excise taxes or custom duties, to the extent applicable to such sale, and included in the invoice in respect of such sale and actually paid.

1.6 **"PATENT RIGHTS"** means any United States, foreign or international patents and/or patent applications covering the INVENTIONS owned or controlled by UNIVERSITY prior to or during the term of this LICENSE AGREEMENT and which UNIVERSITY has the right to provide to LICENSEE, as well as any continuations, continuations-in-part, divisionals, provisionals, continued prosecution applications, reissues, reexaminations, renewals, or extensions thereof, and any foreign counterpart of any of the foregoing.

1.7 **"UNIVERSITY TECHNOLOGY"** means any confidential and unpublished research and development information, know-how, and technical data in the possession of INVENTOR(S) prior to the EFFECTIVE DATE of this LICENSE AGREEMENT which relates to and is necessary for the practice of the INVENTIONS and which UNIVERSITY has the right to provide to LICENSEE.

1.8 **"VALID CLAIM"** means either (a) a claim of an issued and unexpired patent within the PATENT RIGHTS which has not (i) expired or been canceled, or (ii) been declared unpatentable, invalid or unenforceable by a court or other appropriate body of competent jurisdiction from which no appeal is taken, or unenforceable through reissue, reexamination, disclaimer, or otherwise; or (b) a claim filed and kept pending in good faith that is included in a patent application within the PATENT RIGHTS, provided that UNIVERSITY has been diligent in prosecuting the patent application claims and any delay in the conversion of the patent application into an issued patent is attributable to delays at the patent prosecution office and has not been caused by UNIVERSITY'S acts or omissions which do not reflect usual and customary patent prosecution practices undertaken by similar institutions.

ARTICLE 2: GRANT OF LICENSE

2.1 UNIVERSITY hereby grants to LICENSEE, to the extent of the LICENSED TERRITORY, a non-exclusive right and license to use UNIVERSITY TECHNOLOGY in the LICENSED FIELD, with the right to sublicense as set forth in Article 6, provided that each such sublicense is granted concurrently with the grant of a license to PATENT RIGHTS, if any, subject to all the terms and conditions of this LICENSE AGREEMENT. LICENSEE may only grant a sublicense to UNIVERSITY TECHNOLOGY concurrent with a sublicense of PATENT RIGHTS to the same sublicensee.

2.2 UNIVERSITY hereby grants to LICENSEE, to the extent of the LICENSED TERRITORY, an exclusive license under the PATENT RIGHTS to make, have made, use, offer for sale, sell and import LICENSED PRODUCTS in the LICENSED FIELD, with the right to sublicense as set forth in Article 6, subject to all the terms and conditions of this LICENSE AGREEMENT.

Notwithstanding the foregoing, LICENSEE shall have the right to grant a sublicense under the rights set forth in Sections 2.1 and 2.2 to any AFFILIATE (as determined as of the date of such grant), which sublicense shall not be subject to Sections 3.8(a), 6.1, or 6.2 of this LICENSE AGREEMENT, but shall be subject to all other terms and conditions of this LICENSE AGREEMENT. With respect to any sublicense granted to an AFFILIATE hereunder, such AFFILIATE shall be responsible for the payment of all royalties, minimum payments, milestones and other payments due to UNIVERSITY under the LICENSE AGREEMENT which arise from the development and commercialization of LICENSED PRODUCTS in the LICENSED FIELD. Such AFFILIATE shall also be responsible for the payment of any further sublicensing fees due to UNIVERSITY under the LICENSE AGREEMENT which arise from the further sublicensing of the PATENT RIGHTS and/or UNIVERSITY TECHNOLOGY by such AFFILIATE to a third party. Such AFFILIATE shall remit all such royalties, milestone, sublicensing and other payments directly to the UNIVERSITY.

LICENSEE acknowledges that AstraZeneca AB holds a non-exclusive license under U.S. Patent 5,268,275, as set forth in that certain license agreement by and between UNIVERSITY and AstraZeneca AB, dated March 10th, 2005. UNIVERSITY shall not grant any further commercial licenses under the PATENT RIGHTS in the LICENSED FIELD.

2.3 UNIVERSITY reserves the right to practice under the PATENT RIGHTS, to use UNIVERSITY TECHNOLOGY and to make, use and provide LICENSED PRODUCTS for research, public service, clinical, teaching and educational purposes, without payment of royalties. Furthermore, UNIVERSITY shall be free to publish UNIVERSITY TECHNOLOGY as it sees fit. For purposes of clarification, in the event UNIVERSITY publishes any UNIVERSITY TECHNOLOGY, such technology shall no longer be considered UNIVERSITY TECHNOLOGY under this LICENSE AGREEMENT.

2.4 Notwithstanding the foregoing, any and all licenses and other rights granted hereunder are limited by and subject to the rights and requirements of the United States Government which arise out of its sponsorship, if any, of the research which led to the conception or reduction to practice of the INVENTIONS covered by PATENT RIGHTS. The United States Government is entitled, as a right, under the provisions of 35 U.S.C. §§ 200-212 and applicable regulations of Title 37 of the Code of Federal Regulations, to a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced for or on the behalf of the United States Government any of the PATENT RIGHTS throughout the world.

2.5 LICENSEE shall obtain no implied license rights to UNIVERSITY TECHNOLOGY or the PATENT RIGHTS. Any rights not expressly granted to LICENSEE shall be retained by UNIVERSITY.

ARTICLE 3: CONSIDERATION

3.1 LICENSEE will pay a license fee in the form of the reimbursement of all documented attorney's fees, expenses, official fees, and other charges arising out of the preparation, prosecution, and maintenance of the PATENT RIGHTS, pursuant to Article 8 of this LICENSE AGREEMENT. The reimbursement of patenting costs shall be non-refundable and shall not be a credit against any other amounts due hereunder except as may be provided for elsewhere in this LICENSE AGREEMENT. Reimbursement of patenting costs shall be due within thirty (30) days of receipt of billing by UNIVERSITY.

3.2 Beginning on the EFFECTIVE DATE of this LICENSE AGREEMENT and continuing for a term as provided in Section 7.1, LICENSEE will pay UNIVERSITY a running royalty of [**] percent ([**]%) for the first $[**] of NET SALES of LICENSED PRODUCTS and [**] percent ([**]%) for all NET SALES of LICENSED PRODUCTS in excess of $[**] in the aggregate. LICENSEE shall pay to UNIVERSITY said royalties on the LICENSED PRODUCTS sold by LICENSEE and sublicensees, respectively, concurrently with the making of quarterly written reports, as provided in Section 4.1 below. This royalty obligation shall expire on a country-by-country basis upon the last to expire VALID CLAIM in each country in the LICENSED TERRITORY.

3.3 In the event that more than one VALID CLAIM is applicable to any LICENSED PRODUCT subject to royalties hereunder, then only one royalty shall be paid to UNIVERSITY in respect of such LICENSED PRODUCT. This Section 3.3 shall not apply to royalties paid in respect to new inventions added by amendment to this LICENSE AGREEMENT unless otherwise indicated in the amendment.

3.4 No royalty will be paid hereunder with respect to disposition of LICENSED PRODUCTS for use for clinical trials, research, or development purposes, or as samples if such disposition is made without remuneration in excess of LICENSEE'S total direct and indirect cost of manufacture.

3.5 In the event that LICENSEE is required to pay royalties to one or more third parties [**] by the manufacture, use, or sale of any LICENSED PRODUCT, or [**], then LICENSEE may deduct a pro rata amount, relative to the royalty burden imposed by all other third party licensors of LICENSEE with respect to such LICENSED PRODUCT, of such excess from the royalty owing to UNIVERSITY for sales of that LICENSED PRODUCT, provided that in no event shall the royalties due UNIVERSITY be less than [**] percent ([**]%).

3.6 If in any calendar year during the term of this LICENSE AGREEMENT, the total amounts payable under Section 3.2 hereof are less than the minimum amount indicated in the schedule below corresponding to such calendar year, LICENSEE shall pay UNIVERSITY the difference between the amounts payable for such calendar year and said minimum amount within thirty (30) days after the end of such calendar year.

SCHEDULE

Calendar Year	Minimum Amounts
2012-2016	$[**]
2017 and all subsequent years	$[**]

3.7 Should this LICENSE AGREEMENT become effective, terminate or expire during a calendar year, the minimum amount under Section 3.6 for such portion of a year shall be determined by multiplying the minimum amount set forth in said paragraph for the year in which this LICENSE AGREEMENT becomes effective, terminates or expires, by a fraction, the numerator of which shall be the number of days during such calendar year for which this LICENSE AGREEMENT is in effect and the denominator of which shall be three hundred and sixty-five (365).

3.8 Sublicensing Income

(a) Subject to the terms and conditions of this Article 3, in respect to sublicenses granted by LICENSEE under Article 6 below, LICENSEE shall pay to UNIVERSITY an amount in royalties equal to the amount LICENSEE would have been required to pay UNIVERSITY had such sublicense sales been made directly by LICENSEE. In addition, if LICENSEE receives any payment other than royalties, including any sublicense fees or other payments in consideration for any rights in the PATENT RIGHTS and or UNIVERSITY TECHNOLOGY granted under a sublicense agreement ("Non-royalty Income"), except with respect to any sublicense granted by LICENSEE to an AFFILIATE under Section 2.2 of this LICENSE AGREEMENT, then

LICENSEE shall pay the following percentage of any such Non-royalty Income, based upon the timing of the payment(s) received by LICENSEE from an applicable sublicense pursuant to any such sublicense:

Signing Date of Sublicense	Sublicensing Percentage Due
Prior to the date on which LICENSEE shall have developed a viable, stable cell line for production of at least one protein covered by such sublicense	[**]%
Subsequent to the date on which LICENSEE shall have developed a viable, stable cell line for production of at least one protein covered by such sublicense and prior to the date on which LICENSEE has completed *in vivo* proof-of-concept animal studies with such protein	[**]%
Subsequent to completion by LICENSEE of *in vivo* proof-of-concept animal studies for at least one protein covered by such sublicense and prior to initiation of Phase I clinical trials in the US	[**]%
Subsequent to initiation by LICENSEE of a U.S. Phase I clinical trial for at least one protein covered by such sublicense	[**]%

Non-royalty Income shall not include the following payments, in cash or equity, received by LICENSEE or its AFFILIATES that are granted a sublicense pursuant to Section 2.2 above: (i) payments for future research and development activities, as itemized in such sublicense, (ii) payments for any reimbursement received by LICENSEE from sublicensees for properly documented prior research and development undertaken by LICENSEE, (iii) payments for the performance of management, technical, scientific, clinical, manufacturing, supplier, or regulatory services or consulting received by LICENSEE from sublicensees and/or milestones related thereto; (iv) amounts creditable against royalties payable on LICENSED PRODUCTS, (v) pre-paid royalties (it is understood that UNIVERSITY would receive its royalty on NET SALES of LICENSED PRODUCTS, as set forth in Section 3.2 above), (vi) amounts received in consideration for LICENSEE'S or its AFFILIATE'S equity, and (vii) amounts received in consideration for the sale of all or substantially all of the business or assets of LICENSEE or its AFFILIATES relating to this LICENSE AGREEMENT whether by merger, acquisition, sale of assets, stock, or otherwise.

Payments due under this Section 3.8(a) and Section 3.9 below shall be due concurrently with the making of quarterly written reports as provided in Section 4.1 below.

(b) With respect to any sublicense granted to an AFFILIATE pursuant to Section 2.2 above, such AFFILIATE shall be responsible for the payment of all royalties, minimum payments, milestones and other payments due to UNIVERSITY under the LICENSE AGREEMENT which arise from the development and commercialization of the LICENSED PRODUCTS in the LICENSED FIELD. Such AFFILIATE shall also be responsible for the payment of all sublicensing fees due to UNIVERSITY under the LICENSE AGREEMENT which arise from the further sublicensing of the PATENT RIGHTS and/or UNIVERSITY TECHNOLOGY by such AFFILIATE to a third party. Such AFFILIATE shall remit all such royalties, milestone, sublicensing and other payments directly to UNIVERSITY.

3.9 Combination Sublicenses

(a) Notwithstanding anything herein to the contrary, in the event that PATENT RIGHTS are sublicensed in combination with other patent rights or technology for which no payment would be due hereunder if licensed separately, the amounts due to UNIVERSITY from such combination license for purposes of calculating the amounts due under Section 3.8 above shall be as determined by good faith negotiation between UNIVERSITY and LICENSEE, based upon the relative importance and proprietary protection of the PATENT RIGHTS and such other patent rights and technology in comparable arms-length transactions.

(b) Pursuant to subsection 3.9(a), UNIVERSITY and LICENSEE hereby agree, after having negotiated in good faith, that in the event that the PATENT RIGHTS are sublicensed in combination with all, or the majority of, those patent rights (or the foreign counterparts thereof) set forth on Appendix C (the "LICENSEE Portfolio"), then the amounts due to UNIVERSITY from such combination license shall be [**]. In the event that any patent rights are added to or subtracted from the LICENSEE Portfolio, the Parties will renegotiate such amounts due hereunder pursuant to subsection 3.9(a).

3.10 All fees, royalties, and other payments due to UNIVERSITY under this LICENSE AGREEMENT shall be made in United States Dollars.

3.11 In the event royalty payments or fees due under this Article 3 are not received by UNIVERSITY when due, LICENSEE shall pay to UNIVERSITY interest and charges at the maximum rate of interest allowed by law on the total royalties or fees due.

3.12 In the event of default in payment of any payment owing to UNIVERSITY under the terms of this LICENSE AGREEMENT, and if it becomes necessary for UNIVERSITY to undertake legal action to collect said payment, LICENSEE shall pay all legal fees and costs incurred by UNIVERSITY in connection therewith, provided LICENSEE is found to be obligated to make said payment.

ARTICLE 4: REPORTS AND RECORDS

4.1 LICENSEE agrees to make quarterly written reports to UNIVERSITY within forty-five (45) days after the end of each calendar quarter during the life of this LICENSE AGREEMENT and as of such dates, stating in each such report the number, description, and aggregate selling prices of LICENSED PRODUCTS sold or otherwise disposed of by LICENSEE during the preceding three calendar months and upon which royalty is payable as provided in Section 3.2 hereof, as well as a record of all sublicensing income receiving by LICENSEE during the preceding three calendar months received pursuant to Sections 3.8 and 3.9 above. Until LICENSEE has achieved a first commercial sale of a LICENSED PRODUCT, a report shall be submitted by LICENSEE at the end of each calendar quarter after the EFFECTIVE DATE of this LICENSE AGREEMENT and will include a full written report describing LICENSEE'S technical and other efforts made towards such first commercial sale for all LICENSED PRODUCTS under development, as well as a record of all sublicensing income received pursuant to Sections 3.8 and 3.9 above.

4.2 LICENSEE will keep complete, true and accurate books of account and records for the purpose of showing the derivation of all amounts payable to UNIVERSITY under this LICENSE AGREEMENT. Such books and records will be kept at LICENSEE'S principal place of business for at least two (2) years following the end of the calendar quarter to which they pertain, and will be open at all reasonable times for inspection by a representative of UNIVERSITY for the purpose of verifying LICENSEE'S royalty statements or LICENSEE'S compliance in other respects with this LICENSE AGREEMENT. The representative will be obliged to treat as confidential all relevant matters.

4.3 Inspections made under Section 4.2 shall be at the expense of UNIVERSITY, unless a variation or error in any amount payable to UNIVERSITY under this LICENSE AGREEMENT exceeding an underpayment of one thousand dollars ($1,000), or the equivalent, is discovered in the course of any such inspection, whereupon all costs relating thereto shall be paid by LICENSEE.

4.4 LICENSEE will promptly pay to UNIVERSITY the full amount of any underpayment, together with interest thereon at the maximum rate of interest allowed by law.

ARTICLE 5: DUE DILIGENCE

5.1 LICENSEE shall use its best efforts and due diligence to proceed earnestly and assiduously with the research, development and commercialization, including manufacture and sale, of LICENCED PRODUCTS during the period of this LICENSE AGREEMENT. In particular, LICENSEE shall meet all obligations under the performance milestones set forth in Appendix B, which is attached hereto.

5.2 LICENSEE shall pay to UNIVERSITY the following milestone payments for the first LICENSED PRODUCT within thirty (30) days after LICENSEE or a sublicensee meets the milestones set forth below.

MILESTONE	PAYMENT DUE
[**]	[**]
[**]	[**]
[**]	[**]
[**]	[**]

ARTICLE 6: SUBLICENSING

6.1 LICENSEE may sublicense any or all of the rights licensed hereunder, provided that LICENSEE notifies UNIVERSITY in writing and provides UNIVERSITY with a copy of those parts of each sublicense agreement and each amendment thereto applicable to LICENSEE'S and sublicensee's obligations hereunder (and redacted as necessary to protect the confidentiality of information included therein unrelated to the performance of such obligations) within thirty (30)

days after their execution. Notwithstanding the foregoing, the right to sublicense granted herein shall not include the right to sublicense further unless prior written consent has been received by LICENSEE from UNIVERSITY; provided, however, that in the event that LICENSEE sublicenses any or all of the rights hereunder to [**], then [**] of this LICENSE AGREEMENT.

6.2 LICENSEE shall not receive from sublicensees anything of value other than cash payments in consideration for any rights in the PATENT RIGHTS and or UNIVERSITY TECHNOLOGY granted under a sublicense agreement under this LICENSE AGREEMENT, without the express prior written permission of UNIVERSITY.

6.3 LICENSEE shall require that all sublicense agreements (1) be consistent with the terms, conditions and limitations of this LICENSE AGREEMENT, (2) contain the sublicensee's acknowledgment of the disclaimer of warranty and limitation on UNIVERSITY'S liability, as provided by Article 10 below, and (3) contain no provisions less favorable to UNIVERSITY than in this LICENSE AGREEMENT. If any sublicense agreement does not comport with above requirements, then that sublicense agreement shall be in breach hereof.

6.4 Upon execution of each sublicense agreement, LICENSEE agrees to be fully responsible for the performance of it sublicensees hereunder.

6.5 LICENSEE shall cause every sublicense agreement to provide LICENSEE the right to assign its rights under the sublicense to UNIVERSITY in the event that this LICENSE AGREEMENT terminates. All sublicenses granted by LICENSEE hereunder shall survive termination of this LICENSE AGREEMENT and will be assigned to UNIVERSITY in the event that this LICENSE AGREEMENT terminates; provided, however, that where such sublicense agreements would require UNIVERSITY, as licensor, to assume duties that are impractical or inconsistent with its research, educational, and public service mission or that are impermissible for an agency of the State of North Carolina, UNIVERSITY shall not be required to assume such duties or obligations, and UNIVERSITY and sublicensee shall negotiate in good faith to amend such sublicense agreement accordingly.

6.6 After the second anniversary of the EFFECTIVE DATE either party shall inform the other within ten (10) days of all requests for a sublicense to develop a LICENSED PRODUCT in a LICENSED FIELD covered by the PATENT RIGHTS ("PROPOSED PRODUCT") made by a third party ("PROSPECTIVE SUBLICENSEE"). If LICENSEE is not then developing, producing, or using a LICENSED PRODUCT in the same LICENSED FIELD as the PROPOSED PRODUCT, and the development or sublicensing of such a LICENSED PRODUCT is not within LICENSEE's business plans or activities, LICENSEE shall elect one of the following options within sixty (60) days of receipt of notice from UNIVERSITY that it desires LICENSEE to negotiate with the PROSPECTIVE SUBLICENSEE for the purpose of granting a sublicense under the PATENT RIGHTS to develop and commercialize the PROPOSED PRODUCT:

(a) provide UNIVERSITY with written notice in the form of a reasonable business development plan that it has initiated, or intends to initiate within eighteen (18) months of the date said written notice is provided to UNIVERSITY, a development plan for the PROPOSED PRODUCT; or

(b) begin good faith negotiations with the PROSPECTIVE SUBLICENSEE;

or

(c) grant back to UNIVERSITY its rights under this LICENSE AGREEMENT to the LICENSED FIELD in which such PROPOSED PRODUCT will infringe the PATENT RIGHTS.

6.6 If LICENSEE elects to negotiate with the PROSPECTIVE SUBLICENSEE for a sublicense to develop and commercialize the PROPOSED PRODUCT as provided for in Section 6.6 (b), LICENSEE shall make a good faith effort to complete negotiations with the PROSPECTIVE SUBLICENSEE within one hundred and eighty (180) days from the date on which it began negotiations. This one hundred and eighty (180) day period may be extended by UNIVERSITY upon documentation provided to UNIVERSITY by LICENSEE that such extension is reasonable in view of the circumstances. For the purposes of this Section, LICENSEE will have made a good faith effort to complete negotiations if it has offered a sublicense to the PROSPECTIVE SUBLICENSEE the terms of which include (i) reasonable financial terms taking into account the field in which the sublicense is being offered and LICENSEE's obligations to UNIVERSITY pursuant to this LICENSE AGREEMENT; (ii) minimum performance requirements which would not be unreasonably burdensome upon the PROSPECTIVE SUBLICENSEE; and (iii) non-financial terms which are consistent with LICENSEE's obligations to UNIVERSITY pursuant to this LICENSE AGREEMENT. In the event that LICENSEE shall fail to make a good faith effort as required by this Section, LICENSEE shall immediately grant back to UNIVERSITY its rights under this LICENSE AGREEMENT solely to such PROPOSED PRODUCT and such failure by LICENSEE shall not constitute a breach for which this LICENSE AGREEMENT may be terminated as provided for in Article 7.

ARTICLE 7: TERM AND TERMINATION

7.1 The term of this LICENSE AGREEMENT shall commence on the EFFECTIVE DATE and shall remain in effect until the expiration of all royalty obligations set forth in Sections 3.2 and 3.8, unless earlier terminated as provided herein.

7.2 Upon the expiration of all royalty obligations set forth in Sections 3.2 and 3.8 (but not upon earlier termination of this Agreement or the licenses granted under this LICENSE AGREEMENT pursuant to Sections 7.3, 7.4, 7.5, or 7.6) in each applicable country, UNIVERSITY hereby grants LICENSEE a fully-paid-up, non-exclusive, royalty-free, perpetual, non-cancelable, sublicensable license in the LICENSED FIELD under UNIVERSITY TECHNOLOGY to develop, make, have made, import, export, use, offer to sell, sell and have sold LICENSED PRODUCT(s) in such country.

7.3 UNIVERSITY may, by written notice to LICENSEE, terminate this LICENSE AGREEMENT during any April subsequent to the year 2014, if LICENSEE or its sublicensee(s), if any, have not practiced the INVENTIONS during each calendar year which precedes each such April to the extent of generating earned royalties under Section 3.2 of this LICENSE AGREEMENT in the amount of $[**].

7.4 It is expressly agreed that, notwithstanding the provisions of any other paragraph of this LICENSE AGREEMENT, if LICENSEE should materially breach this LICENSE AGREEMENT and fail to cure any such breach within forty-five (45) days of receipt of written notice from UNIVERSITY describing such breach, or, in the case of a missed performance milestone, fails to diligently provide UNIVERSITY with a plan to cure such breach and commence efforts to cure such breach within forty-five (45) days of receipt of written notice from UNIVERSITY describing such breach, then UNIVERSITY shall have the right to terminate this LICENSE AGREEMENT immediately upon written notice. A material breach is a violation of or failure to keep or perform any covenant, condition, or undertaking of this LICENSE AGREEMENT, including, but not limited to, the failure to deliver to UNIVERSITY any royalty or other payment at the time or times that the same should be due to UNIVERSITY under this LICENSE AGREEMENT, failure to provide reports as specified in Section 4.1, failure to meet or achieve performance milestones as set forth in Appendix B, failure of any executed sublicense to comport with Section 6.3 and failure to possess and maintain insurance as set forth in Section 11.3. Notwithstanding the foregoing, in the event that any failure to meet or achieve performance milestones as set forth in Appendix B is due to unexpected delays caused by scientific or technical outcomes or regulatory actions, then UNIVERSITY and LICENSEE shall re-negotiate in good faith a revised milestone based on the parties' then-current understanding with respect to such delay.

7.5 If LICENSEE becomes bankrupt or insolvent, files a petition for or is the subject of a petition for bankruptcy, or is placed in the hands of a receiver, assignee, or trustee for the benefit of creditors, whether by the voluntary act of LICENSEE or otherwise, then UNIVERSITY shall have the right to terminate this LICENSE AGREEMENT immediately.

7.6 LICENSEE may terminate this LICENSE AGREEMENT at any time upon giving written notice of not less than sixty (60) days to UNIVERSITY.

7.7 Upon cancellation of this LICENSE AGREEMENT or upon termination in whole or in part, LICENSEE shall provide UNIVERSITY with a written inventory of all UNIVERSITY TECHNOLOGY and LICENSED PRODUCTS in the process of manufacture, in use or in stock. Except with respect to termination pursuant to Section 7.5, LICENSEE shall have the privilege of disposing of the inventory of such LICENSED PRODUCTS within the product expiration period for such LICENSED PRODUCTS (the "Disposition Period"). LICENSEE will also have the right to complete performance of all contracts for the sale of LICENSED PRODUCTS by LICENSEE requiring use of UNIVERSITY TECHNOLOGY, PATENT RIGHTS (except in the case of termination pursuant to Section 7.5) or LICENSED PRODUCTS within the Disposition Period. All LICENSED PRODUCTS which are not disposed of as provided above shall be delivered to UNIVERSITY or otherwise disposed of, in UNIVERSITY'S sole discretion, and at LICENSEE'S sole expense.

7.8 Any termination or cancellation under any provision of this LICENSE AGREEMENT shall not relieve LICENSEE of its obligation to pay any royalty or other fees (including without limitation attorney's fees pursuant to Section 8.1 hereof) due or owing at the time of such termination or cancellation.

ARTICLE 8: PATENT PROSECUTION AND MAINTENANCE

8.1 During the term of this LICENSE AGREEMENT, LICENSEE shall bear the cost of all patent expenses, past and future, associated with the preparation, filing, prosecuting, issuance and maintenance of U.S. Patent applications and U.S. Patents included within the PATENT RIGHTS. Such filings and prosecution shall be by counsel of UNIVERSITY'S choosing and shall be in the name of UNIVERSITY. UNIVERSITY shall keep LICENSEE advised as to the prosecution of such applications by forwarding to LICENSEE copies of all official correspondence, (including, but not limited to, Applications, Office Actions, responses, etc.) relating thereto. LICENSEE shall have the right to comment and advise UNIVERSITY as to the conduct of such prosecution and maintenance; provided, however, that UNIVERSITY shall have the right to make the final decisions for all matters associated with such prosecution and maintenance.

8.2 As regards prosecution and maintenance of foreign patent applications corresponding to the U.S. Patent applications described in Section 8.1 above, LICENSEE shall designate in writing that country or those countries, if any, in which LICENSEE desires such corresponding patent application(s) to be filed. LICENSEE shall reimburse UNIVERSITY for all costs and legal fees associated with the preparation, filing, prosecuting, issuance and maintenance of such designated foreign patent applications and foreign patents. All such applications shall be in UNIVERSITY'S name.

8.3 By written notification to UNIVERSITY at least thirty (30) days in advance of any filing or response deadline, or fee due date, LICENSEE may elect not to have a patent application filed in any particular country or not to pay expenses associated with prosecuting or maintaining any patent application or patent, provided that LICENSEE pays for all costs incurred up to UNIVERSITY'S receipt of such notification. Failure to provide such notification (provided UNIVERSITY has provided LICENSEE with the date if such deadline in a timely manner) can be considered by UNIVERSITY to be LICENSEE'S notice that it no longer wishes to support any particular patent(s) or patent application(s). Upon such notice, UNIVERSITY may file, prosecute, and/or maintain such patent applications or patents at its own expense and for its own benefit, and any rights or license granted hereunder held by LICENSEE, AFFILIATE or sublicensee(s) relating to the PATENT RIGHTS which comprise the subject of such patent applications or patent and/or apply to the particular country, shall terminate.

8.4 UNIVERSITY may elect to file corresponding patent applications in countries other than those designated by LICENSEE, but in that event UNIVERSITY shall be responsible for all costs associated with such non-designated filings. In such event, LICENSEE shall forfeit its rights under this LICENSE AGREEMENT in the country(ies) where UNIVERSITY exercises its option to file such corresponding patent applications.

ARTICLE 9: INFRINGEMENT

9.1 If the production, sale or use of LICENSED PRODUCTS under this LICENSE AGREEMENT by LICENSEE results in any claim for patent infringement against LICENSEE, LICENSEE shall promptly notify UNIVERSITY thereof in writing, setting forth the facts of such claim in reasonable detail. As between the parties to this LICENSE AGREEMENT, LICENSEE shall have the first and primary right and responsibility at its own expense to defend and control the defense of any such claim against LICENSEE, by counsel of its own choice. It is understood that any settlement, consent judgment or other voluntary disposition of such actions must be approved by UNIVERSITY, such approval not being unreasonably withheld. Subject to the policies of the Board of Governors of the University of North Carolina, UNIVERSITY agrees to cooperate with LICENSEE in any reasonable manner deemed by LICENSEE to be necessary in defending any such action. LICENSEE shall reimburse UNIVERSITY for any out of pocket expenses incurred in providing such assistance.

9.2 In the event that any PATENT RIGHTS licensed to LICENSEE are infringed by a third party, LICENSEE shall have the primary right, but not the obligation, to institute, prosecute and control any action or proceeding with respect to such infringement, by counsel of its choice, including any declaratory judgment action arising from such infringement. It is understood that any settlement, consent judgment or other voluntary disposition of such actions must be approved by UNIVERSITY, such approval not to be unreasonably withheld. If LICENSEE recovers monetary damages then such damages awarded shall first be applied to reimbursement of legal fees and expenses incurred by either party, and the remainder shall be divided between the parties as follows: (A) if the monetary damages are in the form of lost profits from a third party infringer, then (i) LICENSEE shall receive an amount equal to the damages the court determines LICENSEE has suffered as a result of the infringement less the amount of any royalties that would have been due to UNIVERSITY, and (ii) UNIVERSITY shall receive an amount equal to the royalties it would have received if not for the infringement; and (B) if LICENSEE recovers monetary damages in the form of a reasonable royalty, then LICENSEE shall remit to UNIVERSITY [**] percent ([**] %) of the reasonable royalty awarded.

9.3 If LICENSEE elects not to enforce any patent within the PATENT RIGHTS, then LICENSEE shall notify UNIVERSITY in writing within sixty (60) days of receiving notice that an infringement exists. UNIVERSITY may, at its own expense and control, take steps to defend or enforce any patent within the PATENT RIGHTS and recover, for its own account, any damages, awards or settlements resulting therefrom, subject to the consent of LICENSEE, such consent not being reasonably withheld.

9.4 Notwithstanding the foregoing, and in UNIVERSITY'S sole discretion, UNIVERSITY shall be entitled to participate through counsel of its own choosing in any legal action involving the INVENTIONS and PATENT RIGHTS. Nothing in the foregoing sections shall be construed in any way which would limit the authority of the Attorney General of North Carolina.

ARTICLE 10: REPRESENTATIONS

10.1 UNIVERSITY represents that to the best of its knowledge as of the EFFECTIVE DATE, the entire right, title, and interest in the INVENTIONS, the UNIVERITY TECHNOLOGY, and the PATENT RIGHTS have been assigned to it free and clear of all liens, claims, and encumbrances of any inventor or any non-governmental third party and UNIVERSITY has all requisite power and authority to grant the licenses contained in this LICENSE AGREEMENT under said INVENTIONS, UNIVERSITY TECHNOLOGY, and PATENT RIGHTS.

10.2 UNIVERSITY represents that to the best of its knowledge, except as provided for in Section 2.1 above, (i) that it is not a party to or bound by any license or agreement that grants any person or entity any rights with respect to the PATENT RIGHTS in the LICENSED FIELD; (ii) that the grant of the licenses hereunder does not conflict with any agreement to which UNIVERSITY is a party.

10.3 UNIVERSITY represents that its has received no notification that the PATENT RIGHTS are invalid or the exercise by LICENSEE of the rights granted hereunder will infringe on any patent or other proprietary right of any third party.

10.4 UNIVERSITY makes no warranties that any patent will issue on UNIVERSITY TECHNOLOGY or INVENTIONS. UNIVERSITY does not warrant the validity of any patent included in the PATENT RIGHTS or that practice under such patents shall be free of infringement.

10.5 UNIVERSITY DISCLAIMS ALL WARRANTIES WITH REGARD TO PRODUCT(S) AND SERVICE(S) LICENSED UNDER THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ALL WARRANTIES, EXPRESSED OR IMPLIED, OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, UNIVERSITY ADDITIONALLY DISCLAIMS ALL OBLIGATIONS AND LIABILITIES ON THE PART OF UNIVERSITY AND INVENTORS, FOR DAMAGES, INCLUDING, BUT NOT LIMITED TO, DIRECT, INDIRECT, SPECIAL, AND CONSEQUENTIAL DAMAGES, ATTORNEYS' AND EXPERTS' FEES, AND COURT COSTS (EVEN IF UNIVERSITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, FEES OR COSTS), ARISING OUT OF OR IN CONNECTION WITH THE MANUFACTURE, USE, OR SALE OF THE PRODUCT(S) AND SERVICE(S) LICENSED UNDER THIS AGREEMENT. LICENSEE, AFFILIATE(S) AND SUBLICENSEE(S) ASSUME ALL RESPONSIBILITY AND LIABILITY FOR LOSS OR DAMAGE CAUSED BY A PRODUCT AND/OR SERVICE MANUFACTURED, USED, OR SOLD BY LICENSEE, ITS SUBLICENSEE(S) AND AFFILIATE(S) WHICH IS A LICENSED PRODUCT(S) AS DEFINED IN THIS AGREEMENT.

ARTICLE 11: INDEMNIFICATION AND INSURANCE

11.1 In exercising its rights under this LICENSE AGREEMENT, LICENSEE shall fully comply with the requirements of any and all applicable laws, regulations, rules and orders of any governmental body having jurisdiction over the exercise of rights under this LICENSE AGREEMENT. LICENSEE further agrees to indemnify and hold UNIVERSITY harmless from

and against any costs, expenses, attorney's fees, citation, fine, penalty and liability of every kind and nature which might be imposed by reason of any asserted or established violation of any such laws, order, rules and/or regulations.

11.2 LICENSEE agrees to indemnify, hold harmless and defend UNIVERSITY, its officers, employees, and agents, against any and all claims, suits, losses, damage, costs, fees, and expenses asserted by third parties, both government and private, resulting from or arising out of the exercise of this LICENSE AGREEMENT, except in the event of gross negligence or willful misconduct on the part of UNIVERSITY.

11.3 LICENSEE is required to maintain in force at its sole cost and expense, with reputable insurance companies, general liability insurance and products liability insurance coverage in an amount reasonably sufficient to protect against liability under Sections 11.1 and 11.2 above. The UNIVERSITY shall have the right to ascertain from time to time that such coverage exists, such right to be exercised in a reasonable manner.

11.4 Except for damages required to be indemnified under Sections 11.1 and 11.2, neither party hereof shall be liable for any indirect, consequential, incidental, punitive, special, or other damages suffered by the other party arising from this Agreement.

ARTICLE 12: MISCELLANEOUS

12.1 Confidentiality. LICENSEE shall keep confidential and not disclose any unpublished UNIVERSITY TECHNOLOGY or any unpublished patent applications furnished by UNIVERSITY pursuant to Sections 2.1 and 2.2 to third parties during the term of this LICENSE AGREEMENT or any time thereafter. Disclosure may be made to third parties of any such UNIVERSITY TECHNOLOGY or document related to or embodying PATENT RIGHTS at any time (a) with the prior written consent of UNIVERSITY or (b) after the same shall have become public through no fault of LICENSEE; provided, however, disclosure of such unpublished UNIVERSITY TECHNOLOGY or any unpublished patent applications may be made at any time to LICENSEE'S actual or potential investors, financiers, agents, contractors, sublicensees, or representatives under an obligation of confidentiality.

12.2 Assignability. This LICENSE AGREEMENT is binding upon and shall inure to the benefit of the UNIVERSITY, its successors and assigns. However, this LICENSE AGREEMENT shall be personal to LICENSEE, and it is not assignable by LICENSEE to any other person or entity without the written consent of UNIVERSITY, which consent shall not be unreasonably withheld. LICENSEE shall be free to assign this LICENSE AGREEMENT (i) in connection with any sale of substantially all of its assets without the consent of the UNIVERSITY and (ii) to any AFFILIATE of LICENSEE.

12.3 Waiver. It is agreed that no waiver by either party hereto of any breach or default of any of the covenants or agreements herein set forth shall be deemed a waiver as to any subsequent and/or similar breach or default.

12.4 Use of UNIVERSITY'S Name. The use of the name of UNIVERSITY, or any contraction thereof, in any manner in connection with the exercise of this LICENSE AGREEMENT is expressly prohibited without the prior written consent of UNIVERSITY. The foregoing notwithstanding, LICENSEE shall have the right to identify UNIVERSITY as the licensor and to disclose the terms hereof to prospective investors, sublicensees, investment bankers, and regulatory authorities, in connection with its financing, regulatory, development, and stockholder relations activities or that it may deem to be required in any prospectus, offering memorandum, or other document or filing prepared in connection with LICENSEE'S compliance obligations under applicable securities law or other application law or regulation.

12.5 Independent Contractor Status. Neither party hereto is an agent of the other for any purpose.

12.6 U.S. Manufacture. It is agreed, as required by 35 U.S.C. § 204, that any LICENSED PRODUCTS used or sold in the United States shall be substantially manufactured in the United States.

12.7 Notice. Any notice required or permitted to be given to the parties hereto shall be in writing and deemed to have been properly given if delivered in person or mailed by first-class mail to the other party at the appropriate address as set forth below. Other addresses may be designated in writing by the parties during the term of this LICENSE AGREEMENT.

UNIVERSITY	LICENSEE
Director Office of Technology Development CB #4105, 308 Bynum Hall UNC-CH Chapel Hill, NC 27599-4105	Inspiration Biopharmaceuticals, Inc. 28202 Cabot Road, Suite 300 Laguna Niguel, CA 92677

12.8 Governing Law and Venue. This LICENSE AGREEMENT shall be interpreted and construed in accordance with the laws of the State of North Carolina. The State and Federal Courts of North Carolina shall have exclusive jurisdiction to hear any legal action arising out of this LICENSE AGREEMENT.

12.9 Complete Agreement. It is understood and agreed between UNIVERSITY and LICENSEE that this license constitutes the entire agreement, both written and oral, between the parties, and that all prior agreements respecting the subject matter hereof, either written or oral, expressed or implied, shall be abrogated, canceled, and are null and void and of no effect. Any alteration, modification, or amendment to this LICENSE AGREEMENT must be in a writing signed by both parties. All exhibits and attachments hereto are incorporated herein by reference.

12.10 Severability. In the event that a court of competent jurisdiction holds any provision of this LICENSE AGREEMENT to be invalid, such holding shall have no effect on the remaining provisions of this LICENSE AGREEMENT, and they shall continue in full force and effect.

12.11 Survival of Terms. The provisions of Sections 2.3, 7.8, 12.4, 12.7, 12.8, 12.11 and Articles 4, 8, 9, 10 and 11 shall survive the expiration or termination of this LICENSE AGREEMENT.

IN WITNESS WHEREOF, both UNIVERSITY and LICENSEE have executed this LICENSE AGREEMENT on the EFFECTIVE DATE, in duplicate originals, by the duly authorized respective officers.

THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL	**INSPIRATION BIOPHARMACEUTICALS, INC.**
By: /s/ Catherine Innes	By: /s/ Mike Griffith
Catherine Innes	Mike Griffith
Director	President
12/5/08	11/28/2008
Date	Date

APPENDIX A

Priority Application # (filing date)	PCT (filing date)	Country	National Application #	Patent No.	Issue Date

Confidential Materials omitted and filed separately with the Securities and Exchange Commission. A total of two pages were omitted. [**]

APPENDIX B

Milestones	Date
[**]	[**]
[**]	[**]
[**]	[**]

APPENDIX C

Docket No.	Appl. No.	US Patent No.	Filing Date	Title
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
[**]	[**]	[**]	[**]	[**]
		[**]	[**]	[**]

AMENDMENT NO. 1 TO AMENDED AND RESTATED LICENSE AGREEMENT BETWEEN INSPIRATION BIOPHARMACEUTICALS, INC. AND THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

This Amendment No. 1 (the "Amendment") to the Amended and Restated License Agreement dated November 28, 2008 (the "Agreement"), by and between The University of North Carolina at Chapel Hill having an address at Campus Box 4105, 308 Bynum Hall. Chapel Hill, North Carolina, 27599-4105 ("UNIVERSITY) and Inspiration Biopharmaceuticals, Inc., with a principal place of business at One Kendall Square, Building 1400E, Cambridge, Massachusetts 02139 ("LICENSEE"), is effective as of June 14, 2012 ("Amendment Effective Date"). Terms not otherwise defined herein shall have the respective meanings attributed to them in the Agreement.

WITNESSETH

WHEREAS, UNIVERSITY and LICENSEE have entered into a license agreement dated September 6, 2006, as amended and restated in the Amended and Restated License Agreement dated November 28, 2008, which grants LICENSEE certain rights to inventions developed and patented by UNIVERSITY;

WHEREAS, UNIVERSITY and LICENSEE now wish to amend certain provisions of the Agreement;

NOW, THEREFORE, in consideration of the promises and agreements set forth herein, and for other good and valuable consideration, UNIVERSITY and LICENSEE hereby agree as follows:

1. Appendix B shall be amended and restated as set forth in the attached.

2. Except as expressly modified hereby, the terms of the Agreement remain unchanged and in full force and effect and shall govern and apply to all matters contemplated by this Amendment.

APPENDIX B

Milestones	Date
[**]	[**]
[**]	[**]
[**]	[**]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their duly respective authorized representatives as of the Amendment Effective Date.

INSPIRATION BIOPHARMACEUTICALS, INC.

By: /s/ John P. Butler
Name: John P. Butler
Title: CEO
Date:

UNIVERSITY OF NORTH CAROLINA
AT CHAPEL HILL

By: /s/ Catherine Innes
Name: Catherine Innes
Title: Director
Date: 6/15/12

CONFIDENTIAL

July 23, 2012

Director Office of Technology Development
CB #4105, 308 Bynum Hall
UNC-CH
Chapel Hill, NC 27599-4105 919-966-3929

Re: Amended and Restated License Agreement between Inspiration Biopharmaceuticals, Inc. ("Inspiration") and the University of North Carolina at Chapel Hill (the "University") dated as of November 28, 2008 (the "Agreement")

To Whom It May Concern:

This letter shall serve as an official request for the University's written consent to allow Inspiration to grant Ipsen Pharma S.A.S. ("Ipsen"), Inspiration's prospective sublicensee, the right to further sublicense Inspiration's rights under the Agreement.

Under Section 6.1 of the Agreement, Inspiration has the right to sublicense any or all of its rights under the Agreement. Inspiration's sublicense grant may include the right to grant further sublicenses, provided that Inspiration receives prior written consent from the University. Accordingly, Inspiration wishes to include the right to grant further sublicenses in its sublicense grant to Ipsen and respectfully requests the University's consent to do so. Please find an official consent form, attached as Exhibit A, for you to complete, execute and return to Inspiration at your earliest convenience. Time is of the essence, as the sublicense is part of a larger transaction that we are hoping to close by July 31, 2012.

We truly value the strong relationship we have with the University and sincerely appreciate your cooperation in this matter.

Very truly yours,

/s/ Nicole R. Hadas

Nicole R. Hadas,
Senior Vice President & General Counsel

cc: Henry P. Nowak, Assistant Director,
Office of Technology Development

Exhibit A

By signing the form below, the University hereby provides Inspiration with its irrevocable and unconditional consent to grant Ipsen the right to further sublicense its rights under the Amended and Restated License Agreement between Inspiration and the University dated as of November 28, 2008.

By:	/s/ Catherine Innes
Print Name:	Catherine Innes
Title:	Director, Office of Technology Development
Date:	7/25/12

protected by emergent biosolutions

Emergent BioSolutions Inc.
400 Professional Drive, Suite 400
Gaithersburg, MD 20879

t 240 631 3200
f 240 631 3203
www.emergentbiosolutions.com

March 17, 2016

University of North Carolina at Chapel Hill
CB #4105, 308 Bynum Hall
UNC-CH
Chapel Hill, NC
27599-4105
Attention: Director, Office of Technology Development

Re: Amended and Restated License Agreement by and between Cangene Corporation or its affiliate ("Cangene") (as assignee of Inspiration Biopharmaceuticals, Inc.) and University of North Carolina at Chapel Hill (the "Company") dated November 28, 2008 (as amended, modified, supplemented or replaced from time to time, the "Agreement")

To Director, Office of Technology Development:

As you may be aware, on August 6, 2015, Cangene's parent corporation, Emergent BioSolutions Inc., announced its intention to pursue a spin-off of its biosciences business into a separate, stand-alone publicly-traded company to be named Aptevo Therapeutics Inc. ("Aptevo").

The purpose of this letter is to notify you that, through one or more transactions, Cangene will assign the Agreement to Aptevo, and Aptevo will assume Cangene's obligations under the Agreement (such assignment and assumption, together with the spin-off described above, the "Transactions").

By countersigning this letter in the space below, the Company hereby (i) consents to the Transactions, (ii) waives any breach of, potential event of default under, termination of, or right of termination under, the Agreement arising from, caused by, or as a result of any of the Transactions, and (iii) waives any right it may have to receive any further notice in connection with any of the Transactions.

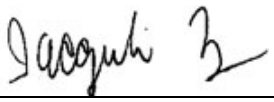
Please return the signed letter to Pamela King at kingp@ebsi.com by March 31, 2016 or contact her via e-mail or at 1.240.631.3240 with any questions or concerns. We appreciate your consideration of this request and your timely response.

Sincerely,

Eric Burt
Assistant Secretary

AGREED AND CONSENTED TO AS OF
3/28/2016:

UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

By: 

Name: Jacqueline Quay
Title: Director of Licensing
Date: 3/28/16

Exhibit 99

●, 2016

Dear Emergent BioSolutions Inc. Stockholder:

In August 2015, we announced our plan to spin off our biosciences business and therefore separate into two publicly-traded companies with distinct strategic plans, growth strategies, and operational and development priorities. We are pleased to report that we are on track to meet our goal of completing this spin-off transaction in mid-2016.

The separation is expected to create two strong, “pure play” companies with focused strategies, and to better align resources to achieve strategic priorities and unlock significant value for both companies.

The new biosciences company, Aptevo Therapeutics Inc., will focus on providing novel oncology and hematology therapeutics to meaningfully improve patients’ lives. The core technology of the biosciences company will be its ADAPTIR platform applied to immuno-oncology. Emergent BioSolutions will continue to operate as a global specialty life sciences company focused on providing specialty products for civilian and military populations that address intentional and naturally emerging public health threats.

The spin-off will enable each company to:

- tailor its business strategies to best address opportunities within its target market;
- enhance its business focus and better align resources to achieve strategic priorities;
- pursue distinct capital structures and capital allocation strategies; and
- target investors attracted to its business profile.

The separation will provide current Emergent stockholders with ownership interests in both Emergent and Aptevo. The separation is intended to be tax-free to Emergent stockholders for U.S. federal income tax purposes.

The separation will be in the form of a pro rata distribution of all of the outstanding shares of Aptevo common stock to Emergent stockholders. Each Emergent stockholder will receive ● shares of Aptevo common stock for each share of Emergent common stock held on ●, 2016, the record date for the distribution. You do not need to take any action to receive the common stock of Aptevo to which you are entitled as an Emergent stockholder.

We encourage you to read the attached information statement, which is being provided to all holders of shares of Emergent common stock as of ●, 2016. The information statement describes the separation in detail and contains important business and financial information about Aptevo.

We believe the separation provides tremendous opportunities for our businesses and our stockholders, as we work to continue to build long-term stockholder value. We appreciate your continuing support of Emergent and look forward to your future support of both companies.

Sincerely,

Daniel J. Abdun-Nabi
President and Chief Executive Officer
Emergent BioSolutions Inc.

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●, 2016

Dear Future Aptevo Therapeutics Inc. Stockholder:

We are pleased to welcome you as a future stockholder of our new company, Aptevo Therapeutics Inc., a biotechnology company focused on developing novel oncology and hematology therapeutics to meaningfully improve patients' lives.

Our management team is excited for Aptevo to establish itself as a high-growth, "pure play" biotechnology company in the highly attractive immuno-oncology field. Aptevo is well-positioned in the development of bispecific therapeutics utilizing its innovative ADAPTIR™ platform technology, as well as its unique approach to cancer immunotherapy.

Aptevo will soon operate independently as a research-based biotechnology company with a sustainable portfolio of commercial products, consisting of WinRho®, HepaGam B®, VARIZIG® and IXINITY®. For our longer-term future, we will seek to continue to build a robust product pipeline, including multiple bispecific therapeutics in clinical and pre-clinical development.

Aptevo's business model is fundamentally different from that of Emergent. The key driver of our success will be the development, commercialization and market penetration of new proprietary therapeutics—discovered or developed in our own laboratories or in collaboration with others. As a result of the separation, our stockholders will be able to evaluate the distinct merits, performance and future prospects of Aptevo.

We intend to apply to have Aptevo common stock authorized for listing on The NASDAQ Global Market under the symbol "●."

We invite you to learn more about Aptevo and our strategic initiatives by reading the attached information statement, which contains important business and financial information about Aptevo. We look forward to our future as a new publicly-traded company and thank you for your trust and support.

Sincerely,

Marvin L. White
Chief Executive Officer

Aptevo Therapeutics Inc.

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Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED APRIL 15, 2016

INFORMATION STATEMENT

Aptevo Therapeutics Inc.

This information statement is being furnished in connection with the distribution by Emergent BioSolutions Inc. to its stockholders of all of the outstanding shares of common stock of Aptevo Therapeutics Inc., which is currently a wholly-owned subsidiary of Emergent that will hold directly or indirectly certain of the assets and liabilities associated with Emergent's biosciences business. Upon completion of the distribution, Aptevo will become a separate and independent publicly-traded company. To implement the distribution, Emergent will distribute all of the shares of Aptevo common stock on a pro rata basis to Emergent stockholders in a manner that generally is intended to be tax-free for U.S. federal income tax purposes.

For each share of Emergent common stock held of record by you as of the close of business on ●, 2016, the record date for the distribution, you will receive ● shares of Aptevo common stock. You will receive cash in lieu of any fractional shares of Aptevo common stock that you would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your shares of Emergent common stock in the "regular-way" market after the record date and before the distribution date, you also will be selling your right to receive shares of Aptevo common stock in connection with the separation and distribution. Shares of Aptevo common stock are expected to be distributed by Emergent to you on ●, 2016. The date of distribution of the Aptevo common stock is referred to in this information statement as the "distribution date."

No vote of Emergent stockholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Emergent a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of Emergent common stock or take any other action to receive your shares of Aptevo common stock.

There is no current trading market for Aptevo common stock, although Aptevo expects that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and that "regular-way" trading of Aptevo common stock will begin on the first trading day following the completion of the distribution. Aptevo intends to apply to have its common stock authorized for listing on The NASDAQ Global Market under the symbol "●." Following the distribution, Emergent common stock will continue to trade on the New York Stock Exchange under the symbol "EBS."

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 20.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is ●, 2016.

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Presentation of Information

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Aptevo assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Aptevo," "we," "us," "our," "our company" and "the company" refer to Aptevo Therapeutics Inc., a Delaware corporation, and its combined subsidiaries as they will exist assuming the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. References to Aptevo's historical assets, liabilities, products, businesses or activities refer to the certain assets, liabilities, products, businesses or activities of Emergent's biosciences business as the business was conducted as part of Emergent upon completion of the internal reorganization in anticipation of the separation and prior to the completion of the separation. References in this information statement to "Emergent" and "Emergent BioSolutions" refer to Emergent BioSolutions Inc., a Delaware corporation, and its consolidated subsidiaries, unless the context otherwise requires.

"Distribution" or "distribution" refers to the distribution of all of Aptevo's issued and outstanding shares of common stock to Emergent stockholders as of the close of business on the record date for the distribution.

"Separation" or "separation" refers to the separation of the biosciences business from Emergent and the creation of an independent, publicly-traded company, Aptevo, holding the biosciences business through a distribution of shares of Aptevo common stock to Emergent stockholders as of the close of business on the record date.

Trademarks, Trade Names and Service Marks

Aptevo owns or is pursuing the rights to use the trademarks, service marks and trade names that it uses in conjunction with the operation of its business. Some of the trademarks that Aptevo owns or has rights to use that appear in this information statement include: APTEVO THERAPEUTICS™, APTEVO™, APTEVO BIOTHERAPEUTICS™, APTEVO RESEARCH AND DEVELOPMENT™, ADAPTIR™ (modular protein technology), HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], VARIZIG® [Varicella Zoster Immune Globulin (Human)], WinRho® SDF [Rho (D) Immune Globulin Intravenous (Human)] and IXINITY® [coagulation factor IX (recombinant)], which may be registered or trademarked in the United States and other jurisdictions. The preceding marks and any and all Aptevo Therapeutics Inc. brand, product, service and feature names, logos and slogans are trademarks or registered trademarks of Aptevo Therapeutics Inc. or its subsidiaries in the United States or other countries. Aptevo's rights to some of these trademarks may be limited to select markets. Solely for convenience, we only use the ™ or ® symbols the first time any trademark or trade name is mentioned. Each trademark, trade name or service mark of any other company appearing in this information statement is, to Aptevo's knowledge, owned by such other company.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Aptevo and why is Emergent separating Aptevo's business and distributing Aptevo's common stock?

Aptevo, which is currently a wholly-owned subsidiary of Emergent, was formed to hold certain assets of Emergent's biosciences business. The separation of Aptevo from Emergent and the distribution of Aptevo common stock are intended to provide you with equity investments in two separate and independent publicly-traded companies that will be able to focus on each of their respective businesses. Emergent and Aptevo expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section entitled "The Separation and Distribution—Reasons for the Separation."

Why am I receiving this document?	Emergent is delivering this document to you because you are a holder of record of shares of Emergent common stock. If you are a holder of record of shares of Emergent common stock as of the close of business on ●, 2016, you are entitled to receive ● shares of Aptevo common stock for each share of Emergent common stock that you held at the close of business on such date. This document will help you understand how the separation and distribution will affect your investment in Emergent and your investment in Aptevo after the separation.
How will the separation of Aptevo from Emergent work?	As part of the separation, and prior to the distribution, Emergent and its subsidiaries expect to complete an internal reorganization in order to transfer to Aptevo certain assets of the biosciences business that Aptevo will own following the separation. To accomplish the separation, Emergent will distribute all of the outstanding shares of Aptevo common stock to Emergent stockholders on a pro rata basis as a distribution.
Why is the separation of Aptevo structured as a distribution?	Emergent believes that a distribution of shares of Aptevo common stock to the Emergent stockholders in a manner that is generally intended to be tax-free for U.S. federal income tax purposes is an efficient way to separate its biosciences business in a manner that will create long-term value for Emergent, Aptevo and their respective stockholders.
What is the record date for the distribution?	The record date for the distribution will be ●, 2016.
When will the distribution occur?	It is expected that all of the shares of Aptevo common stock will be distributed by Emergent at ● on ●, 2016 to holders of record of shares of Emergent common stock at the close of business on ●, 2016, the record date for the distribution.
What do stockholders need to do to participate in the distribution?	**Stockholders of Emergent as of the record date will not be required to take any action to receive Aptevo common stock in the distribution, but you are urged to read this entire information statement carefully.** No stockholder approval of the distribution is required. **You are not being asked for a proxy**. You do not need to pay any consideration, exchange or surrender your existing shares of Emergent common stock or take any other action to receive your shares of Aptevo common stock. **Please do not send in your Emergent stock certificates**. The distribution will not affect the number of outstanding shares of Emergent common stock or any rights of Emergent stockholders, although it is expected to affect the market value of each outstanding share of Emergent common stock.
How will shares of Aptevo common stock be issued?	You will receive shares of Aptevo common stock through the same channels that you currently use to hold or trade shares of Emergent common stock, whether through a brokerage account, 401(k) plan or other channel. Receipt of shares of Aptevo common stock will be documented for you in the same manner that you typically receive stockholder updates, such as monthly broker statements and 401(k) statements.

If you own shares of Emergent common stock as of the close of business on the record date, including shares owned in certificated form, Emergent, with the assistance of Broadridge Financial Solutions, Inc., the distribution agent for the distribution, which we refer to as the "distribution agent," will electronically distribute shares of Aptevo common stock to you or to your brokerage firm on your behalf by way of direct registration in book-entry form. The distribution agent will mail you a book-entry account statement that reflects your shares of Aptevo common stock, or your bank or brokerage firm will credit your account for the shares.

How many shares of Aptevo common stock will I receive in the distribution?

Emergent will distribute to you ● shares of Aptevo common stock for each share of Emergent common stock held by you of record as of the close of business on ●, 2016, the record date for the distribution. Based on approximately ● shares of Emergent common stock outstanding as of ●, 2016, a total of approximately ● shares of Aptevo common stock will be distributed. For additional information on the distribution, see "The Separation and Distribution."

Will Emergent distribute fractional shares of Aptevo common stock in the distribution?

No. Emergent will not distribute fractional shares of Aptevo common stock in the distribution. Fractional shares that Emergent stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The receipt of cash in lieu of fractional shares will be taxable for U.S. federal income tax purposes to the recipient. For additional information, see the section entitled "Material U.S. Federal Income Tax Consequences."

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by Emergent in its sole and absolute discretion) of a number of conditions, including, among others:

- the continued validity of a private letter ruling received by Emergent from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions;
- the receipt of a tax opinion from counsel to Emergent substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code");
- the internal reorganization having been completed and the transfer of certain assets and liabilities of the biosciences business from Emergent to Aptevo having been completed in accordance with the separation agreement;

- no order, injunction, or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions being in effect;
- the actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws or blue sky laws and the rules and regulations thereunder having been taken or made, and, where applicable, having become effective or been accepted;
- all governmental approvals necessary to consummate the separation, the distribution and the transactions related thereto and to permit the operation of Aptevo's business after the distribution date having been obtained and being in full force and effect;
- the separation and the distribution not violating or resulting in a breach of applicable law or any material contract of Emergent or Aptevo or any of their respective subsidiaries;
- the approval for listing on The NASDAQ Global Market of the shares of Aptevo common stock to be delivered to the record holders in the distribution having been obtained, subject to official notice of issuance;
- the U.S. Securities and Exchange Commission declaring effective the registration statement on Form 10 of which this information statement is a part, which we refer to as the Form 10, with no order suspending the effectiveness of the Form 10 in effect and no proceedings for such purposes pending before or threatened by the SEC;
- this information statement and such other information concerning Aptevo, its business, operations and management, the distribution and such other matters as Emergent shall determine in its sole and absolute discretion and as may otherwise be required by law having been mailed to the holders of record of Emergent common stock on the record date;
- Emergent's board of directors authorizing and approving the distribution and not having withdrawn such authorization and approval;
- Emergent's board of directors approving the assets and liabilities included in the Aptevo balance sheet; and
- no other events or developments existing or having occurred that, in the judgment of Emergent's board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the transactions related thereto.

Emergent and Aptevo cannot assure you that any or all of these conditions will be met, or that the separation and distribution will be consummated even if all of the conditions are met. Emergent can decline at any time to complete the separation. For a complete discussion of all of the conditions to the distribution, see the section entitled "The Separation and Distribution—Conditions to the Distribution."

What is the expected date of completion of the separation?	The completion and timing of the separation are dependent upon a number of conditions. It is expected that the shares of Aptevo common stock will be distributed by Emergent on ●, 2016 to the holders of record of shares of Emergent common stock at the close of business on the record date. However, no assurance can be provided as to the timing of the separation or that all conditions to the separation will be met.
Can Emergent decide to cancel the distribution of Aptevo common stock even if all the conditions have been met?	Yes. Until the distribution has occurred, Emergent has the right to terminate the distribution, even if all of the conditions are satisfied.
What if I want to sell my Emergent common stock or my Aptevo common stock?	You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.
What is "regular-way" and "ex-distribution" trading of Emergent stock?	Beginning on or shortly before the record date and continuing up to and through the distribution date, it is expected that there will be two markets in shares of Emergent common stock: a "regular-way" market and an "ex-distribution" market. Shares of Emergent common stock that trade in the "regular-way" market will trade with an entitlement to shares of Aptevo common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to shares of Aptevo common stock distributed pursuant to the distribution. If you decide to sell any shares of Emergent common stock before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your shares of Emergent common stock with or without your entitlement to Aptevo common stock pursuant to the distribution.
Where will I be able to trade shares of Aptevo common stock?	Aptevo intends to apply to list its common stock on The NASDAQ Global Market under the symbol "●." Aptevo anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or shortly before the record date and will continue up to and through the distribution date and that "regular-way" trading in Aptevo common stock will begin on the first trading day following the completion of the separation. If trading begins on a "when-issued" basis, you may purchase or sell Aptevo common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. Aptevo cannot predict the trading prices for its common stock before, on or after the distribution date.
What will happen to the listing of Emergent common stock?	Shares of Emergent common stock will continue to trade on the NYSE after the distribution.
Will the number of shares of Emergent common stock that I own change as a result of the distribution?	No. The number of shares of Emergent common stock that you own will not change as a result of the distribution.

Will the distribution affect the market price of my shares of Emergent stock?	Yes. As a result of the distribution, Emergent expects the trading price of shares of Emergent common stock immediately following the distribution to be lower than the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the biosciences business held by Aptevo. There can be no assurance that the combined aggregate market value of Emergent common stock and Aptevo common stock following the separation will be higher than or equal to the aggregate market value of Emergent common stock if the separation did not occur. This means, for example, that the combined trading prices of one share of Emergent common stock and ● shares of Aptevo common stock after the distribution may be equal to, greater than or less than the trading price of one share of Emergent common stock before the distribution.
What are the material U.S. federal income tax consequences of the distribution?	Assuming that the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes, no gain or loss should be recognized by, and no amount should be includible in the income of, an Emergent stockholder as a result of the distribution, except to the extent such stockholder receives cash in lieu of fractional shares. An Emergent stockholder will have an aggregate tax basis in the shares of Aptevo common stock received in the distribution and shares of Emergent common stock held immediately after the distribution equal to such stockholder's aggregate tax basis in the shares of Emergent common stock immediately before the distribution (allocated between the shares of Emergent common stock and Aptevo common stock in proportion to relative fair market values on the distribution date). For more information regarding the material U.S. federal income tax consequences of the distribution, see the section entitled "Material U.S. Federal Income Tax Consequences." You should consult your tax advisor about the particular tax consequences of the distribution to you, including the consequences under state, local and non-U.S. tax laws.
What will Aptevo's relationship be with Emergent following the separation?	Following the separation and distribution, Aptevo and Emergent will operate separately, each as an independent public company. Aptevo will enter into a separation and distribution agreement with Emergent to effect the separation. In connection with the separation, Aptevo will also enter into various other agreements to provide a framework for its relationship with Emergent after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian wholesaler agreement, a trademark license agreement and a product license agreement. These agreements will provide for the allocation between Aptevo and Emergent of Emergent's assets, employees, liabilities and obligations (including investments, property and employee benefits, and tax-related assets and liabilities) attributable to periods prior to, at and after Aptevo's separation from Emergent and will govern certain relationships between Aptevo and Emergent after the separation. For additional information regarding the

	separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Party Transactions."
Following the spin-off, will Aptevo have cash on hand to fund its operating expenses and capital expenditures?	Prior to or upon the completion of the spin-off, Emergent will make a cash capital contribution of $40 million to Aptevo to fund Aptevo's operations. In addition, within six to 12 months following the distribution, it is expected that Emergent will transfer to Aptevo an additional $20 million in cash pursuant to a non-negotiable, unsecured promissory note that Emergent will issue to Aptevo prior to the distribution. This cash capital contribution, together with the cash Aptevo expects to receive under the promissory note, commercial product revenue and partnering revenue, is in an amount that Aptevo estimates will, based on its current plans and expectations, meet its cash needs for at least 12 months after the completion of the spin-off. Prior to or after such time, Aptevo expects that it will be able to access the equity or debt capital markets for additional funding.
Who will manage Aptevo after the separation?	Aptevo will benefit from a management team with a background in the biotechnology industry. Led by Marvin L. White, who will be Aptevo's Chief Executive Officer after the separation, Aptevo's management team possesses significant knowledge and experience with our business and in our industry. Aptevo's executive management team also includes Jeffrey G. Lamothe and Scott C. Stromatt, who have held senior positions of responsibility at Emergent. Dr. Stromatt has served as Chief Medical Officer for the last six years at Emergent and will continue the clinical development programs for the ADAPTIR molecules that he has designed and directed. For more information regarding Aptevo's management, see "Management."
Are there risks associated with owning Aptevo common stock?	Yes. Ownership of Aptevo common stock is subject to both general and specific risks relating to Aptevo's business, the industry in which it operates, its ongoing contractual relationships with Emergent and its status as a separate, publicly-traded company. Ownership of Aptevo common stock is also subject to risks relating to the separation. These risks are described in the "Risk Factors" section of this information statement beginning on page 20. We encourage you to read that section carefully.
Does Aptevo plan to pay dividends?	No. Aptevo currently does not expect that it will pay any dividends. The declaration and payment of any dividends in the future by Aptevo will be subject to the sole discretion of its board of directors and will depend upon many factors. See "Dividend Policy."
Will Aptevo incur any indebtedness prior to or at the time of the distribution?	No. Aptevo will not incur any indebtedness prior to or at the time of the distribution.

Who will be the distribution agent, transfer agent and registrar for the Aptevo common stock?

The distribution agent, transfer agent and registrar for the Aptevo common stock will be Broadridge Financial Solutions, Inc. For questions relating to the transfer or mechanics of the distribution, you should contact:

Shareholder Services
Broadridge Corporate Issuer Solutions, Inc.
P.O. Box 1342
Brentwood, NY 11717
Tel: (800) 733-1121
shareholder@broadridge.com

Where can I find more information about Emergent and Aptevo?

If you have any questions relating to Emergent's business performance or, before the distribution, relating to Aptevo's business performance, you should contact:

Emergent BioSolutions Inc.
Investor Relations
400 Professional Drive, Suite 400
Gaithersburg, Maryland 20879
Tel: (240) 631-3280
investorrelations@ebsi.com

After the distribution, if you have any questions relating to Aptevo's business performance, you should contact:

Aptevo Therapeutics Inc.
Investor Relations
2401 4th Ave. Suite 1050
Seattle, Washington 98121
Tel: (206) 838-0500
www.AptevoTherapeutics.com
jlamothe@apvo.com

INFORMATION STATEMENT SUMMARY

The following is a summary of material information discussed in this information statement. This summary may not contain all the details concerning the separation or other information that may be important to you. To better understand the separation and Aptevo's business and financial position, you should carefully review this entire information statement. Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement assumes the completion of all the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Aptevo," "we," "us," "our," "our company" and "the company" refer to Aptevo Therapeutics Inc., a Delaware corporation, and its combined subsidiaries. Unless the context otherwise requires, references in this information statement to "Emergent" refer to Emergent BioSolutions Inc., a Delaware corporation, and its consolidated subsidiaries.

This information statement describes the business to be transferred to Aptevo by Emergent in the separation as if the transferred business were Aptevo's business for all historical periods described. Unless the context otherwise requires, references in this information statement to Aptevo's historical assets, liabilities, products, businesses or activities are generally intended to refer to certain historical assets, liabilities, products, businesses or activities of the biosciences business of Emergent as the business was conducted as part of Emergent prior to completion of the separation.

Our Company

Aptevo Therapeutics Inc. is a biotechnology company focused on novel oncology and hematology therapeutics to meaningfully improve patients' lives. Our core technology is the ADAPTIR™ (modular protein technology) platform. We also have four revenue-generating products in the areas of hematology and infectious diseases, as well as various investigational stage product candidates in immuno-oncology. Aptevo, which is currently a wholly-owned subsidiary of Emergent BioSolutions Inc., was formed to own and operate certain assets from the biosciences business of Emergent in connection with the separation and distribution described in this information statement.

We were incorporated in the state of Delaware in February 2016. We intend to apply for the listing of Aptevo's common stock on the NASDAQ Global Market. Our principal executive offices will be located at 2401 4th Ave. Suite 1050, Seattle, Washington 98121. Our telephone number following the separation will be (206) 838-0500. We will maintain an internet site at *www.AptevoTherapeutics.com*. Our website and the information contained on the website or connected to the website shall not be deemed to be incorporated into this information statement, and you should not rely on any such information in making an investment decision.

Our Products

Our investigational stage products MOR209/ES414, ES210 and otlertuzumab are built on our novel ADAPTIR™ (modular protein technology) platform, which is designed to expand on the utility and effectiveness of therapeutic antibodies. The technology can produce monospecific and multispecific immunotherapeutic proteins, for example, bispecific therapeutic molecules, which may have structural advantages over monoclonal antibodies. The mechanisms of action for MOR209/ES414, ES210 and otlertuzumab include redirected T-cell cytotoxicity, or RTCC, and targeted cytokine delivery. The structural differences of ADAPTIR molecules over monoclonal antibodies allow for the development of other ADAPTIR immunotherapeutics that engage disease targets in a unique manner and produce a unique signaling response. We are skilled at product candidate generation, validation and subsequent clinical development using the ADAPTIR platform. We have the ability to progress ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical

development and process development capabilities and cGMP manufacturing oversight. We also have the ability to launch, market and commercialize these product candidates upon approval.

Our marketed products are:

- WinRho® SDF [Rh_0(D) Immune Globulin Intravenous (Human)], for treatment of autoimmune platelet disorder, also called immune thrombocytopenic purpura or ITP, and, separately, for the treatment of hemolytic disease of the newborn, or HDN;
- HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], for prevention of hepatitis-B recurrence following liver transplantation in HBsAg-positive liver transplant patients, and for post-exposure prophylactic treatment of hepatitis-B;
- VARIZIG® [Varicella Zoster Immune Globulin (Human)], for post-exposure prophylactic treatment of varicella zoster virus, which causes chickenpox, in high-risk individuals; and
- IXINITY® [coagulation factor IX (recombinant)], indicated in adults and children 12 years of age and older with hemophilia B for control and prevention of bleeding episodes, and for perioperative management.

Our investigational stage product candidates include:

- MOR209/ES414, a bispecific immunotherapeutic protein, currently in Phase 1, targeting prostate specific membrane antigen, or PSMA, being developed for metastatic castration-resistant prostate cancer under our collaboration with MorphoSys AG;
- ES210, a bispecific protein therapeutic that is currently in pre-clinical development for inflammatory bowel disease and other autoimmune and inflammatory diseases;
- otlertuzumab, a monospecific protein therapeutic that is currently in Phase 2 clinical development for chronic lymphocytic leukemia, or CLL;
- 5E3 mAb, a monoclonal antibody therapeutic that is currently in pre-clinical development for Alzheimer's disease; and
- Other protein therapeutic product candidates primarily targeting immuno-oncology.

Our Strategies

We seek to grow our business by, among other things:

Advancing our ADAPTIR platform, initially focusing upon immuno-oncology, to develop novel treatments. We intend to focus on product development using ADAPTIR, our modular protein platform technology. We intend to develop the MOR209/ES414 program in collaboration with MorphoSys AG, with the goal of commercializing the product in North America. We plan to select and create redirected T-cell cytotoxicity, or RTCC, candidates for early development, potentially with other collaborative partners, to further validate the potential of the ADAPTIR platform and expand the pipeline. As part of the selection process, we intend to strongly favor candidates that we believe have the potential to demonstrate proof of concept early in development. We expect to continue to develop the platform to address unmet medical needs, through directed cytokine delivery via bispecifics in areas including oncology, and multispecific molecules in oncology, autoimmune disease and other therapeutic areas. Our goal is to leverage this technology to seek targeted investment in bispecific ADAPTIR therapeutics.

Continuing to develop new products. We are committed to new product development. We have expertise in molecular biology, antibody engineering and the development of protein therapeutics, including cell line development, protein purification, process development and analytical characterization. We believe that these

core areas of expertise enable the development of therapeutics based on the ADAPTIR platform technology from design, pre-clinical testing, and clinical development to preparation of a Biologics License Application, or BLA.

Establishing collaborative partnerships to broaden our pipeline and provide funding for research and development. We intend to continue to develop and grow our product portfolio through internal research and development as well as through collaborations potentially with other biotechnology companies, academia and non-governmental organizations.

Successfully commercializing specialty products to create financial capacity for investment in our pipeline. We intend to continue to expand sales of IXINITY and maximize the financial contribution of our hyperimmune products WinRho, HepaGam B and VARIZIG for the purpose of funding our research and development efforts. We intend to make the investments required to further the launch of IXINITY and to optimize the revenue-generating capacity of our other products

Risks Related to Our Business, the Separation and our Common Stock

An investment in Aptevo common stock is subject to a number of risks, including risks related to Aptevo's business, risks related to the separation and risks related to Aptevo's common stock. The following list of risk factors is not exhaustive. Please read carefully the information set forth described under "Risk Factors," beginning on page 20 of this information statement, for a more thorough description of these and other risks.

Risks Related to Aptevo's Business

- We have a history of losses and may not be profitable in the future.
- We will require significant additional funding and may be unable to raise capital when needed or on acceptable terms, which would harm our ability to grow our business, results of operations and financial condition.
- Our business depends on the continued success of our commercial product portfolio, consisting of WinRho SDF, HepaGam B, VARIZIG and IXINITY.
- Our ability to grow revenues and execute on our long-term strategy depends heavily on our ability to discover, develop, and obtain marketing approval for additional products or product candidates.
- We may not be successful in our efforts to use and further develop our ADAPTIR platform to expand our pipeline of product candidates.
- We face substantial competition, which may result in others developing or commercializing products before or more successfully than we do.
- Our Biologic Products may face risks of competition from biosimilar manufacturers.
- The commercial success of our products will depend upon the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community.
- Changes in health care systems and payor reimbursement policies could result in a decline in our potential sales and a reduction in our expected revenue from our products.
- Our revenues also depend on the availability outside the United States of adequate pricing and reimbursement from third-party payors for our current and future drug products, if any.
- If we are not able to convince hospitals and managed care organizations to include our products on their approved formulary lists, our revenues may not meet expectations and our business, results of operations and financial condition may be adversely affected.

- If we are unable to negotiate and maintain satisfactory arrangements with group purchasing organizations with respect to the purchase of our products, our sales, results of operations and financial condition could be adversely affected.
- We rely on third parties to distribute some of our products and those third parties may not perform.
- Following the separation, the loss of any of our sole source manufacturers, or delays or problems in the manufacture of our products or product candidates, could result in product shortages, leading to lost revenue, and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.
- Following the separation, Emergent will continue to own the manufacturing know-how necessary for the manufacture of WinRho SDF, HepaGam B and VARIZIG. If our rights to use this manufacturing know-how are terminated, we will not be able to manufacture these products, which would lead to lost revenue and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.
- Manufacturing biologic products, especially in large quantities, is complex and time consuming. Delays or problems in the manufacture of our products or product candidates could materially and adversely affect our business, financial condition, results of operations and growth prospects.
- If our third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's or foreign regulatory authorities' strict regulatory requirements, the FDA or their foreign counterparts will not approve their manufacturing facilities, which would result in significant delays in obtaining FDA or foreign marketing approvals for our product candidates.
- If Emergent or other third parties on whom we rely to manufacture and support the development and commercialization of our products do not fulfill their obligations or we are unable to establish or maintain such arrangements, the development and commercialization of our products may be terminated or delayed, and the costs of development and commercialization may increase.
- If we are unable to successfully develop our business infrastructure and operations, our ability to generate future product revenue will be adversely affected.
- We are subject to a number of risks and uncertainties associated with our international activities and operations and may not be successful in our efforts to expand internationally.
- Our long term success depends, in part, upon our ability to develop, receive regulatory approval for and commercialize our product candidates and, if we are not successful, our business and operating results may suffer.
- Generally, no product can receive FDA approval, marketing authorization from the European Commission or the competent authorities of the EU Member States, or approval from comparable regulatory agencies in foreign countries unless data generated in human clinical trials demonstrates both safety and efficacy for each target indication in accordance with such authority's standards.
- Regulatory approval for any approved product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, and we may incur significant liability if it is determined that we are promoting the "off-label" use of any of our products.
- Even after regulatory approval is received, if we, or third parties on whom we rely to manufacture or distribute our products or product candidates, fail to comply with regulatory requirements, or if we experience unanticipated problems with our approved products, they could be subject to restrictions, penalties or withdrawal from the market.

- If we fail to comply with federal and state healthcare laws, including fraud and abuse and health information privacy and security laws, we could face substantial penalties and our business, results of operations, financial condition and prospects could be adversely affected.
- If we fail to comply with our obligations under U.S. governmental pricing programs, we could be required to reimburse government programs for underpayments and could pay penalties, sanctions and fines.
- The failure to obtain or maintain regulatory approval in international jurisdictions could prevent us from marketing our products abroad and could limit the growth of our business.
- Our international operations increase our risk of exposure to potential claims of bribery and corruption.
- Our operations, including our use of hazardous materials, chemicals, bacteria and viruses, require us to comply with regulatory requirements and expose us to significant potential liabilities.
- The U.S. federal budget sequestration process may have a significant impact on our business.
- Our failure to comply with data protection laws and regulations could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.
- Public concern regarding the safety of drug products could result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs.
- Our business depends on our success in developing and commercializing our product candidates. If we are unable to commercialize these product candidates, or experience significant delays or unanticipated costs in doing so, our business would be materially and adversely affected.
- Clinical trials of product candidates are expensive and time-consuming, and their outcome is uncertain. We must invest substantial amounts of time and financial resources in these trials, which may not yield viable products.
- We depend on third parties to conduct our clinical and non-clinical trials. If these third parties do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our product candidates and, as a result, our business may suffer.
- We may fail to select or capitalize on the most scientifically, clinically or commercially promising or profitable product candidates.
- If our competitors are able to obtain orphan drug exclusivity for a product that is competitive with one or more of our product candidates and we cannot show that our product candidate is clinically superior, we may not be able to have competing products approved by the applicable regulatory authority for a significant period of time.
- If we do not obtain orphan drug exclusivity for our drug products, which do not have patent protection, our competitors may then sell the same drug to treat the same condition.
- If we are unable to protect our intellectual proprietary rights, our business could be harmed.
- International patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries we may have to expend substantial sums and management resources.
- Third parties may choose to file patent infringement claims against us; defending ourselves from such allegations would be costly, time-consuming, distracting to management and could materially affect our business.
- Our Aptevo trademarks may be opposed which could have a material and adverse effect on our business.

- If a third-party files a trademark infringement claim against us, defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction and damages, all of which could have a material and adverse effect on our business.
- We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.
- If we fail to comply with our obligations in our intellectual property licenses with third parties, we could lose license rights that are important to our business.
- If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.
- We may not be successful in establishing and maintaining collaborations that leverage our capabilities in pursuit of developing and commercializing our product candidates.
- We may seek debt financing, which may restrict the operation of our business and limit the cash available for investment in our business operations.
- We may not achieve profitability in future periods or on a consistent basis.
- Our results of operations and liquidity needs could be materially negatively affected by market fluctuations and economic downturns.
- Credit and financial market conditions may exacerbate certain risks affecting our business.
- The way that we account for our operational and business activities is based on estimates and assumptions that may differ from actual results.
- We face product liability exposure, which could cause us to incur substantial liabilities and negatively affect our business, financial condition and results of operations.
- We rely significantly on information technology systems and any failure, inadequacy, interruption or security lapse of that technology, including any cyber security incidents, could harm our ability to operate our business effectively or result in data leakage of proprietary and confidential business and employee information.
- Our success is dependent on our continued ability to attract, motivate and retain key personnel, and any failure to attract or retain key personnel may negatively affect our business.
- We are subject to periodic litigation, which could result in losses or unexpected expenditure of time and resources.

Risks Related to the Separation

- Until the separation occurs, Emergent has sole discretion to change the terms of the separation in ways which may be unfavorable to us.
- If the proposed separation is consummated, we may not realize some or all of the anticipated benefits due to a number of factors.
- We have no history operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly-traded company and may not be a reliable indicator of our future results.
- Emergent may fail to perform under various transaction agreements that will be executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

- As we continue to build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.
- Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone publicly-traded company following the distribution.
- In connection with our separation from Emergent, Emergent will indemnify us for certain liabilities and we will indemnify Emergent for certain liabilities. If we are required to pay under these indemnities to Emergent, our financial results could be negatively impacted. The Emergent indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which Emergent will be allocated responsibility, and Emergent may not be able to satisfy its indemnification obligations in the future.
- If the distribution, together with certain related transactions, does not qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code, Emergent, Aptevo, and Emergent stockholders could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify Emergent for taxes and related expenses resulting from the failure of the transaction to so qualify.
- We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Emergent.
- We expect to incur both one-time and ongoing material costs and expenses as a result of our separation from Emergent, which could adversely affect our results of operations.
- The transfer or assignment to us of certain contracts and other assets requires the consent of a third party. If such consent is not given, we may not be entitled to the benefit of such contracts and other assets in the future.
- If the distribution occurs and you do not want to receive Aptevo common stock in the distribution, your sole recourse will be to divest yourself of your Emergent common stock prior to the record date.
- The combined post-separation value of a share of Emergent common stock and ● shares of Aptevo common stock may not equal or exceed the pre-distribution value of a share of Emergent common stock.
- We may not be able to engage in certain corporate transactions after the separation.
- After the separation, certain of our executive officers and/or directors may have actual or potential conflicts of interest because of their previous positions at Emergent.

Risks Related to Aptevo's Common Stock

- We cannot be certain that an active trading market for our common stock will develop or be sustained after the separation, and following the separation, our stock price may fluctuate significantly.
- The public announcement of data from clinical studies or news of any developments related to our product pipeline may cause significant volatility in our stock price. If the development of any of our key pipeline products is delayed or discontinued, our stock price could decline significantly.
- Your percentage of ownership in Aptevo may be diluted in the future.
- Fuad El-Hibri, the chairman of our Board of Directors, has significant influence over us through his substantial beneficial ownership of our common stock, including an ability to influence the election of the members of our Board of Directors, or delay or prevent a change of control of us.

- Provisions under Delaware law and in our restated certificate of incorporation and amended and restated by-laws may discourage acquisition proposals, delay a change in control or prevent transactions that stockholders may consider favorable.
- Because we currently do not expect to pay dividends following the distribution, investors will benefit from an investment in our common stock only if it appreciates in value.
- A significant portion of our shares may be sold into the market at any time. This could cause the market price of our common stock to drop significantly.

The Separation and Distribution

On August 6, 2015, Emergent announced its intention to separate its biosciences business. The separation will occur by means of a pro rata distribution to Emergent stockholders of 100% of the shares of common stock of Aptevo, which was formed to hold certain assets and liabilities of Emergent's biosciences business. In connection with this distribution, we expect that Emergent will complete an internal reorganization, which we refer to as the "internal reorganization". As a result of the internal reorganization, Aptevo will become the parent company of those Emergent operations and will comprise those operations and the entities that will conduct the biosciences business as described in this information statement.

On ●, 2016, the Emergent board of directors approved the distribution of all of the issued and outstanding shares of Aptevo common stock on the basis of ● shares of Aptevo common stock for every share of Emergent common stock held as of the close of business on ●, 2016, the record date for the distribution.

Aptevo's Post-Separation Relationship with Emergent

Following the separation and distribution, Aptevo and Emergent will operate separately, each as an independent public company. Aptevo will enter into a separation and distribution agreement with Emergent to effect the separation. In connection with the separation, Aptevo will also enter into various other agreements to provide a framework for its relationship with Emergent after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian wholesaler agreement, a trademark license agreement and a product license agreement. These agreements will provide for the allocation between Aptevo and Emergent of Emergent's assets, employees, liabilities and obligations (including investments, property and employee benefits, and tax-related assets and liabilities) attributable to periods prior to, at and after Aptevo's separation from Emergent and will govern certain relationships between Aptevo and Emergent after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Party Transactions."

Reasons for the Separation

The Emergent board of directors believes that separating the biosciences business from the biodefense business of Emergent is in the best interests of Emergent and its stockholders for a number of reasons, including the following:

- *Allocation of Capital*. The Emergent board believes that the separation will permit each company to allocate its financial resources in a manner more tailored to its own commercial and strategic priorities and eliminate the competition for capital that has arisen between the two businesses.
- *Targeted Investment Opportunities*. The Emergent board believes that the separation will (1) allow each company to target investors attracted to its business profile, (2) allow investors to separately value each company based on its unique investment identity and (3) attract investors to each company that are not willing to invest in a combined entity but are willing to invest in a distinct "pure play" company.

- *Access to Capital and Acquisition Currency*. The Emergent board believes that the separation will create an independent equity currency for each of Emergent and Aptevo that will afford each company (1) direct, standalone access to the capital markets, (2) the opportunity to capitalize on its unique growth opportunities and (3) facilitate an ability to finance future acquisitions using its capital stock.
- *Management Focus and Operational Efficiency*. The Emergent board believes that the separation will permit the management of each company to tailor business strategies to best pursue targeted opportunities for long-term growth and profitability and enhance the business focus of each company and better align resources to achieve strategic priorities.
- *Competitive Equity Compensation*. The Emergent board believes that the separation will permit Aptevo to use equity compensation to attract and retain top talent in a manner and degree consistent with its operational priorities and growth prospects and more competitive with its industry peers, and that the separation will better align the value of equity compensation with the performance of the business for which the individual is employed, which is expected to make equity compensation more attractive to potential and existing employees.

The Emergent board of directors also considered a number of potentially negative factors in evaluating the separation, including the following:

- *Increased Administrative Costs*. As a current part of Emergent, Aptevo takes advantage of certain functions performed by Emergent, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Emergent will not perform certain of these functions for Aptevo, and, because of Aptevo's smaller scale as a standalone company, Aptevo's cost of performing such functions may be higher than the amounts reflected in Aptevo's historical financial statements, which may adversely affect Aptevo's results of operations.
- *Disruption Related to the Separation*. The actions required to separate Emergent's and Aptevo's respective businesses could disrupt Aptevo's operations.
- *Increased Impact of Certain Costs*. Certain costs and liabilities that were otherwise less significant to Emergent as a whole will be more significant for Aptevo as a standalone company due to Aptevo being smaller than Emergent.
- *Significant Separation Costs*. Emergent and Aptevo will incur costs in connection with the transition to being standalone public companies that may include accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Aptevo, costs related to establishing a new brand identity in the marketplace, tax costs and costs to separate information systems.
- *Risk of Failure to Achieve Anticipated Benefits of the Separation*. Aptevo may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (1) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing its business; and (2) following the separation, Aptevo may be more susceptible to market fluctuations and other adverse events than if Aptevo were still a part of Emergent because its business will be less diversified than Emergent's business prior to the completion of the separation.
- *Limitations on Strategic Transactions*. Under the terms of the tax matters agreement that Aptevo will enter into with Emergent, for a period of two years following the separation, Aptevo will be restricted from taking certain actions that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. During this period, these restrictions may limit Aptevo's ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of its business.

- *Loss of Scale*. As a current part of Emergent, Aptevo takes advantage of Emergent's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, Aptevo may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Emergent obtained prior to completion of the separation.
- *Loss of Joint Arrangements*. As a current part of Emergent, Aptevo takes advantage of Emergent's overall presence to procure more advantageous distribution arrangements. After the separation, as a standalone company, Aptevo may be unable to obtain similar arrangements to the same extent as Emergent did, or on terms as favorable as those Emergent obtained, prior to completion of the separation.
- *Uncertainty Regarding Stock Prices*. We cannot predict the effect of the separation on the trading prices of Aptevo or Emergent common stock or whether the combined market value of ● shares of Aptevo common stock and one share of Emergent common stock will be less than, equal to, or greater than the market value of one share of Emergent common stock prior to the distribution.

In determining to pursue the separation, the Emergent board of directors concluded that the potential benefits of the separation outweighed the potential negative factors. See the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Corporate Information

Aptevo Therapeutics Inc. was incorporated in Delaware in February 2016 for the purpose of holding certain assets and liabilities of Emergent's biosciences business in connection with the separation and distribution described in this information statement. Prior to the contribution of this business to Aptevo, which will occur over a period of several months prior to the distribution, Aptevo will have no operations. The address of Aptevo's principal executive offices will be 2401 4th Ave. Suite 1050, Seattle, Washington 98121. Aptevo's telephone number following the separation will be (206) 838-0500.

Aptevo will also maintain an internet site at *www.AptevoTherapeutics.com*. Aptevo's website and the information contained on the website or connected to the website shall not be deemed to be incorporated into this information statement, and you should not rely on any such information in making an investment decision.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to stockholders of Emergent who will receive shares of Aptevo common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of Aptevo's securities. The information contained in this information statement is believed by Aptevo to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Emergent nor Aptevo will update the information except in the normal course of their respective disclosure obligations and practices.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The following table sets forth summary historical financial information for the periods indicated below. The summary balance sheet data as of December 31, 2015 and 2014 and the summary statement of operations data for the years ended December 31, 2015, 2014 and 2013 have been derived from Aptevo's audited combined financial statements which are included elsewhere in the information statement.

The combined financial statements have been prepared on a "carve-out" basis for the purpose of presenting Aptevo's financial position, results of operations and cash flows. Aptevo did not operate as a standalone entity in the past and accordingly the selected financial data presented herein is not necessarily indicative of Aptevo's future performance and does not reflect what Aptevo's performance would have been had Aptevo operated as an independent publicly-traded company during the periods presented.

The unaudited pro forma combined balance sheet as of December 31, 2015 has been prepared as if the separation had occurred on December 31, 2015. The pro forma adjustments are based on the best information available and assumptions that management believes are reasonable given the information available. The unaudited pro forma financial statement is for illustrative and informational purposes only and is not intended to represent, or be indicative of, what Aptevo's financial position would have been had the separation occurred on the date indicated, nor does it project the financial position at any future date.

The summary financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the "Unaudited Pro Forma Combined Balance Sheet", and the audited combined financial statements and corresponding notes included elsewhere in this information statement.

(in thousands)	Year Ended December 31, 2015	2014	2013
Statements of operations data:			
Revenues	$ 33,601	$ 45,631	$ 170
Loss from operations	(61,100)	(51,492)	(53,355)
Net loss	(59,317)	(51,115)	(53,337)

(in thousands)	As of and for the year ended December 31, 2015 Pro Forma	As of December 31, 2015	2014	2013
Balance Sheet Data:				
Cash, cash equivalents and investments	$ 40,000	$ 4,637	$ 3,593	$ —
Total assets	156,569	112,456	119,971	50,528
Total long-term liabilities	3,895	3,895	5,528	18
Total stockholders' equity	[●]	88,618	94,608	44,544

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Aptevo and Aptevo's common stock. Any of the following risks could materially and adversely affect Aptevo's results of operations, financial condition or financial prospects. The risk factors generally have been separated into three groups: risks related to Aptevo's business, risks related to the separation and risks related to Aptevo's common stock.

RISKS RELATED TO APTEVO'S BUSINESS

Operating Risks

We have a history of losses and may not be profitable in the future.

Our historical combined financial data was carved out from the financial information of Emergent and shows that had we been a standalone company, we would have had a history of losses, and we may be unable to achieve or sustain profitability going forward.

For the years ended December 31, 2015, 2014 and 2013, we incurred a net loss of $59.3 million, $51.1 million and $53.3 million, respectively. In addition, for the years ended December 31, 2015, 2014 and 2013, net cash used in our operating activities was $48.8 million, $47.0 million and $51.4 million, respectively. If we cannot achieve or sustain profitability or generate positive cash from operating activities, the trading value of our common stock may decline.

We will require significant additional funding and may be unable to raise capital when needed or on acceptable terms, which would harm our ability to grow our business, results of operations and financial condition.

In accordance with the separation agreement, Emergent has committed to provide us with a total of approximately $60 million in cash funding. Emergent will provide us with a cash contribution of $40 million prior to or upon the completion of the separation to be used to fund our operations. Within six to 12 months following the distribution, it is expected that Emergent will transfer to us an additional $20 million in cash pursuant to a non-negotiable, unsecured promissory note that Emergent will issue to us prior to the distribution. Emergent's ability to satisfy its obligations under the promissory note will be subject to, among other things, Emergent's capital availability and cash flow following the distribution. As a result, there can be no assurance that we will receive all or any portion of the $20 million contemplated by the promissory note. For further discussion of this funding arrangement, see "Certain Relationships and Related Party Transactions—Funding Arrangement." In addition to the anticipated cash transfers from Emergent in connection with the separation, in the future we will require significant additional funding to grow our business, including to develop additional products, support commercial marketing activities or otherwise provide additional financial flexibility.

Following the separation, we expect to have approximately $40 million of cash and cash equivalents. Our future capital requirements will depend on many factors, including, among others:

- the level, timing and cost of product sales;
- the collection of accounts receivable from customers;
- the extent to which we invest in products or technologies;
- the ability to secure partnerships and/or collaborations;
- capital improvements to new or existing facilities;
- the payment obligations under any future indebtedness;

- the scope, progress, results and costs of our development activities;
- the costs of commercialization activities, including product marketing, sales and distribution;
- the costs associated with the separation from Emergent and costs associated with performance under agreements to be entered into with Emergent; and
- the costs associated with replicating or outsourcing from other providers certain facilities, systems, operational and administrative infrastructure, including information technology infrastructure, and personnel, to which we will no longer have access after our separation from Emergent.

If our capital resources are insufficient to meet our future capital requirements, we will need to finance our cash needs through bank loans, public or private equity or debt offerings or collaboration and licensing arrangements. Public or bank debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures, pursuing acquisition opportunities or declaring dividends. If we raise funds by issuing equity securities, our stockholders may experience dilution. If we raise funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies or product candidates or grant licenses on terms that may not be favorable to us.

Furthermore, to preserve the tax-free treatment to Emergent and its stockholders of the distribution, together with certain related transactions, we will be restricted, under the tax matters agreement that we will enter into with Emergent, from taking any action that prevents such transactions from being tax-free for U.S. federal income tax purposes, including restrictions on equity capital market transactions, as discussed in greater detail in the risk factor below entitled "*We may not be able to engage in certain corporate transactions after the separation*" and the section entitled "Certain Relationships and Related Party Transactions—Tax Matters Agreement."

Current economic conditions may make it difficult to obtain financing on attractive terms, or at all. If financing is unavailable or lost, our business, results of operations, financial condition and financial prospects would be adversely affected and we could be forced to delay, reduce the scope of or eliminate many of our planned activities.

Our business depends on the continued success of our commercial product portfolio, consisting of WinRho SDF, HepaGam B, VARIZIG and IXINITY.

Our ability to maintain and grow revenues depends significantly on the success of our marketed products, and critical factors in such success include the continued acceptance by the medical community and the future market demand and medical need for our marketed products. If we are unable to continue to maintain and grow revenues from product sales, our future operating results and financial condition could be adversely affected.

Our commercial portfolio consists of four revenue-generating products, consisting of WinRho SDF, HepaGam B, VARIZIG and IXINITY. We expect revenues from our product sales to continue to account for a significant portion of our revenue following the separation. The commercial success of our marketed products depends upon:

- the continued acceptance by regulators, physicians, patients and other key decision-makers of our products as safe, therapeutic and cost-effective options;
- our ability to further develop our products and obtain marketing approval for their use in additional patient populations and the clinical data we generate to support expansion of the product label;
- the ability of Emergent and our other third-party manufacturing partners to provide us with sufficient saleable quantities of our marketed products;

- the impact of competition from existing competitive products and from competitive products that may be approved in the future;
- the continued safety and efficacy of our marketed products;
- to what extent and in what amount government and third-party payors cover or reimburse for the costs of our marketed products; and
- our success and the success of our third-party distributors in selling and marketing our products, including in countries outside the United States.

The failure to maintain or increase revenue from sales of our products could have a material adverse effect on our business, financial condition, results of operations and growth prospects. We may choose to increase the price of our products, and these price adjustments may negatively affect our sales volumes. In addition, our product sales may fluctuate significantly from quarter to quarter, depending on the number of patients receiving treatment, the availability of supply to meet the demand for the product, the dosing requirements of treated patients and other factors. If sales of our commercial products were to decline, we could be required to make an allowance for excess or obsolete inventory, increase our provision for product returns, or we could incur other costs related to operating our business, each of which could negatively impact our results of operations and our financial condition.

Commercialization Risks

Our ability to grow revenues and execute on our long-term strategy depends heavily on our ability to discover, develop, and obtain marketing approval for additional products or product candidates.

In order for us to achieve our long-term business objectives, we will need to successfully discover and/or develop and commercialize additional products or product candidates. Although we have made, and expect to continue to make, significant investments in research and development, we have had only a limited number of our internally-discovered product candidates reach the clinical development stage. Drug discovery and development is a complex, time-consuming and expensive process that is fraught with risk and a high rate of failure. The failure by us to successfully discover and/or develop, obtain marketing approval for and commercialize additional products and product candidates would likely have a material adverse effect on our ability to grow revenues and improve our financial condition.

We may not be successful in our efforts to use and further develop our ADAPTIR platform to expand our pipeline of product candidates.

A key element of our strategy is to expand our product pipeline of immuno-therapeutics based on our ADAPTIR platform technology. We plan to select and create redirected T-cell cytotoxicity, or RTCC, candidates for early development, potentially with other collaborative partners. We expect to continue to develop the platform to address unmet medical needs through directed cytokine delivery via bispecifics in areas including oncology, and multispecific molecules in oncology, autoimmune disease and other therapeutic areas. Our goal is to leverage this technology to seek targeted investment in bispecific ADAPTIR therapeutics. Even if we are successful in continuing to build our pipeline, the potential product candidates that we identify may not be suitable for clinical development, including as a result of being shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval and achieve market acceptance. If we do not successfully develop and commercialize product candidates based on our ADAPTIR platform technology, our ability to obtain product revenues in future periods may be adversely affected, which likely would result in harm to our financial position and our financial prospects and adversely affect our stock price.

We face substantial competition, which may result in others developing or commercializing products before or more successfully than we do.

The development and commercialization of new biotechnology products is highly competitive and subject to rapid technological advances. We may face future competition with respect to our products, our current product candidates and any product candidates we may seek to develop or commercialize in the future obtained from other companies and governments, universities and other non-profit research organizations. Our competitors may develop products that are safer, more effective, more convenient or less costly than any products that we may develop or market, or may obtain marketing approval for their products from the U.S. Food and Drug Administration, or the FDA, or equivalent foreign regulatory bodies more rapidly than we may obtain approval for our products. Our competitors may devote greater resources to market or sell their products, adapt more quickly to new technologies, scientific advances or patient preferences and needs, initiate or withstand substantial price competition more successfully than we can, or more effectively negotiate third-party licensing and collaborative arrangements. Many of our competitors are substantially larger than we are and have substantially greater research and development capabilities and experience, and greater manufacturing, marketing and financial resources, than we do. Smaller or earlier stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large, established companies.

We believe that our most significant competitors in the hematology/oncology, inflammation and transplantation markets include: AbbVie Inc., Affirmed N.V., Amgen Inc., Baxter International Inc., Bayer AG, Biogen Idec Inc., Boehringer Ingelheim GmbH, CSL Behring, a subsidiary of CSL Limited, Genentech Inc. (a subsidiary of F. Hoffmann-La Roche Ltd.), Gilead Sciences, Inc., GlaxoSmithKline plc, Grifols USA LLC, Johnson & Johnson, Macrogenics, Inc., Novartis International AG, Pfizer Inc., Takeda Pharmaceuticals U.S.A., Inc., Xencor, Inc. and Zymeworks Biopharmaceuticals, Inc. We compete, in the case of our approved and marketed products, and expect to compete, in the cases of our products in development, on the basis of product efficacy, safety, ease of administration, price and economic value compared to drugs used in current practice or currently being developed. If we are not successful in demonstrating these attributes, physicians and other key healthcare decision makers may choose other products over our products, switch from our products to new products or choose to use our products only in limited circumstances, which could adversely affect our business, financial condition and results of operations. See “Business—Competition” for a more detailed description of the competition for our other products and products in development.

Any reduction in demand for our products as a result of a competing product could adversely affect our results of operations and lead to loss of market share for our products. These competitive pressures could adversely affect our business and operating results.

In addition, many of our competitors are able to deploy more personnel to market and sell their products than we do. We currently have a relatively small number of sales representatives compared with the number of sales representatives of most other biotechnology companies with marketed products. Each of our sales representatives is responsible for a territory of significant size. The continued growth of our current products and the launch of any future products may require expansion of our sales force and sales support organization internationally, and we may need to commit significant additional funds, management and other resources to the growth of our sales organization. We may not be able to achieve any necessary growth in a timely or cost-effective manner or realize a positive return on our investment, and we may not have the financial resources to achieve the necessary growth in a timely manner or at all. We also have to compete with other biotechnology and life sciences companies to recruit, hire, train and retain sales and marketing personnel, and turnover in our sales force and marketing personnel could negatively affect sales of our products. If our specialty sales force and sales organization are not appropriately-sized to adequately promote any current or potential future products, the commercial potential of our current products and any future products may be diminished. We compete with a significant number of pharmaceutical and life sciences companies with extensive sales, marketing and promotional experience in the hematology/oncology markets, and our failure to compete effectively in this area could negatively affect our sales of our commercial products.

Our products and product candidates may also compete in the future with new products currently under development by others. Any products that we develop are likely to be in a highly competitive market, and many of our competitors may succeed in developing products before we do or in developing products that may render our products obsolete or noncompetitive.

Our Biologic Products may face risks of competition from biosimilar manufacturers.

Competition for WinRho SDF, HepaGam B VARIZIG and IXINITY, or our Biologic Products, may be affected by follow-on biologics, or biosimilars, in the United States and other jurisdictions. Biologics are medical products made from a variety of natural sources (human, animal or microorganism) intended to prevent, diagnose or treat diseases and medical conditions. Biosimilars are biologics that are highly similar to U.S.-licensed reference biological products notwithstanding minor differences in clinically inactive components, and for which there are no clinically meaningful differences between the biosimilar and the reference product in terms of safety, purity and potency. Regulatory and legislative activity in the United States and other countries may make it easier for generic drug manufacturers to manufacture and sell biological drugs similar or identical to our Biologic Products, which might affect our results of operations or commercial viability of our Biologic Products. Under the Biologics Price Competition and Innovation Act of 2010, the FDA cannot approve a biosimilar application until the 12-year exclusivity period for the innovator biologic has expired. Regulators in the European Union and in other foreign jurisdictions have already approved biosimilars, although the European Medicines Agency has expressly excluded blood or plasma-derived products and their recombinant alternatives from the biosimilar pathway for a period of time. The specific regulatory framework for this new approval pathway, whether the FDA will permit biosimilars for blood products, and the extent to which an approved biosimilar would be substituted for the innovator biologic are not yet clear and will depend on many factors that are currently unknown. If a biosimilar version of one of our Biologic Products were approved, it could have a material adverse effect on the sales and gross profits of the affected Biologic Product and could adversely affect our business and operating results.

The commercial success of our products will depend upon the degree of market acceptance by physicians, patients, healthcare payors and others in the medical community.

The success of our products, including our hyperimmune specialty products, will depend upon, among other things, their acceptance by physicians, patients, third-party payors and other members of the medical community as a therapeutic and cost-effective alternative to competing products and treatments. If any of our products do not achieve and maintain an adequate level of acceptance, we may not generate material revenues from sales of these products. The degree of market acceptance of our products will depend on a number of factors, including:

- our ability to provide acceptable evidence of safety and efficacy;
- the prevalence and severity of any side effects;
- availability, relative cost and relative efficacy of alternative and competing treatments;
- the ability to offer our products for sale at competitive prices;
- our ability to continuously supply the market without interruption;
- the relative convenience and ease of administration;
- the willingness of the target patient population to try new products and of physicians to prescribe these products;
- the strength of marketing and distribution support;
- publicity concerning our products or competing products and treatments; and
- the sufficiency of coverage or reimbursement by third parties.

If our products and product candidates do not gain or maintain market acceptance, or do not become widely accepted, by physicians, patients, third-party payors and other members of the medical community, our business, financial condition and operating results could be materially and adversely affected.

Changes in health care systems and payor reimbursement policies could result in a decline in our potential sales and a reduction in our expected revenue from our products.

The revenues and profitability of biotechnology companies like ours may be affected by the continuing efforts of government payors, including Medicare and Medicaid, and other third-party payors to contain or reduce the costs of health care through various means. For example, in certain foreign markets, the pricing or profitability of therapeutic and other pharmaceutical products is subject to governmental control. In the United States, there have been, and we expect that there will continue to be, a number of federal and state proposals to implement similar governmental control. Recent U.S. legislation, rules and regulations instituted significant changes to the U.S. healthcare system that could have a material adverse effect on our business, financial condition and results of operations. The trend toward managed health care in the United States, as well as the implementation of the Patient Protection and Affordable Care Act (as amended by the Health Care and Education Reconciliation Act), collectively referred to as the Affordable Care Act, and the concurrent growth of organizations such as managed care organizations, accountable care organizations and integrated delivery networks, may result in increased pricing pressures for pharmaceutical products, including any products that may be offered by us in the future. Cost-cutting measures that health care providers are instituting, and the implementation of health care reform, could adversely affect our ability to sell any drug products that are successfully developed by us. We cannot predict what effects, if any, this legislation might have on our company and our products as this legislation continues to be further implemented over the next few years, nor can we predict whether additional legislative or regulatory proposals may be adopted.

In the United States and internationally, sales of our products and our ability to generate revenues on such sales are dependent, in significant part, on the availability and level of reimbursement from third-party payors, including state and federal governments and private insurance plans. Insurers have implemented cost-cutting measures and other initiatives to enforce more stringent reimbursement standards and likely will continue to do so in the future. These measures include the establishment of more restrictive formularies and increases in the out-of-pocket obligations of patients for such products. Third-party payors are also increasingly challenging the prices charged for medical products and services. Third-party payors may limit access to biotechnology products through the use of prior authorizations and step therapy. Any reimbursement granted may not be maintained, or limits on reimbursement available from third parties, may reduce the demand for or negatively affect the price and potential profitability of those products. If these payors do not provide sufficient coverage and reimbursement for our marketed products or any future drug product we may market, these products may be too costly for general use, and physicians may prescribe them less frequently. Our ability to successfully commercialize our products and product candidates and the demand for our products depends, in part, on the extent to which reimbursement and access is available from such third-party payors.

In addition, particularly in the United States and increasingly in other countries, we are required to provide discounts and pay rebates to state and federal governments and agencies in connection with purchases of our products that are reimbursed by such entities. Various provisions of the Affordable Care Act increased the levels of rebates and discounts that we have to provide in connection with sales of such products that are paid for, or reimbursed by, certain state and federal government agencies and programs. It is possible that future legislation in the United States and other jurisdictions could be enacted, which could potentially impact the reimbursement rates for our products and also could further impact the levels of discounts and rebates we are required to pay to state and federal government entities.

Certain government pricing programs, including Medicare Part B, the Medicaid rebate program, the 340B/PHS drug pricing program and Federal Supply Schedule, affect the revenues that we derive from WinRho SDF, HepaGam B, VARIZIG and IXINITY. Any future legislation or regulatory actions altering these programs

or imposing new ones could have an adverse impact on our business. There have been, and we expect there will continue to be, a number of legislative and regulatory actions and proposals to control and reduce health care costs. These measures may, among other things: negatively impact the level of reimbursement for pharmaceutical products; require higher levels of cost-sharing by beneficiaries; change the discounts required to be provided to government payors and/or providers; extend government discounts to additional government programs and/or providers; or reduce the level of reimbursement for health care services and other non-drug items. Any such measures could indirectly affect demand for pharmaceutical products because they can cause payors and providers to apply heightened scrutiny and/or austerity actions to their entire operations, including pharmacy budgets.

Our revenues also depend on the availability outside the United States of adequate pricing and reimbursement from third-party payors for our current and future drug products, if any.

Outside the United States, certain countries, including a number of EU Member States, set prices and reimbursement for pharmaceutical products, or medicinal products as they are commonly referred to in the European Union, with limited participation from the marketing authorization holders. We cannot be sure that these prices and reimbursement will be acceptable to us or our collaborative partners. If the regulatory authorities in these foreign jurisdictions set prices or reimbursement that are not commercially attractive for us or our collaborative partners, our revenues from sales by us or our collaborative partners, and the potential profitability of our drug products, in those countries would be negatively affected. An increasing number of countries are taking initiatives to attempt to reduce large budget deficits by focusing cost-cutting efforts on pharmaceuticals for their state-run health care systems. These international price control efforts have impacted all regions of the world, but have been most drastic in the European Union.

If we are not able to convince hospitals and managed care organizations to include our products on their approved formulary lists, our revenues may not meet expectations and our business, results of operations and financial condition may be adversely affected.

Hospitals and managed care organizations establish formularies, which are lists of drugs approved for use in the hospital or under a managed care plan. If a drug is not included on the formulary, the ability of our engagement partners and engagement managers to promote and sell the drug may be limited or denied. If we fail to secure and maintain formulary inclusion for our products on favorable terms or are significantly delayed in doing so, we may have difficulty achieving market acceptance of our products and our business, results of operations and financial condition could be materially adversely affected.

If we are unable to negotiate and maintain satisfactory arrangements with group purchasing organizations with respect to the purchase of our products, our sales, results of operations and financial condition could be adversely affected.

Our ability to sell our products, including WinRho SDF, HepaGam B and IXINITY, to hospitals in the United States depends in part on our relationships with group purchasing organizations, or GPOs. Many existing and potential customers for our products become members of GPOs. GPOs negotiate pricing arrangements and contracts, sometimes on an exclusive basis, with medical supply manufacturers and distributors. These negotiated prices are then made available to a GPO's affiliated hospitals and other members. If we are not one of the providers selected by a GPO, affiliated hospitals and other members may be less likely to purchase our products, and if the GPO has negotiated a strict sole source, market share compliance or bundling contract for another manufacturer's products, we may be precluded from making sales to members of the GPO for the duration of the contractual arrangement. Our failure to renew contracts with GPOs may cause us to lose market share and could have a material adverse effect on our sales, financial condition and results of operations. We cannot assure you that we will be able to renew these contracts on the current or substantially similar terms. If we are unable to keep our relationships and develop new relationships with GPOs, our competitive position may suffer.

We rely on third parties to distribute some of our products and those third parties may not perform.

A portion of our revenues from product sales is derived from sales through exclusive distributors in Canada and international markets. For example, in Canada, only two distributors have rights to our WinRho SDF, HepaGam B and VARIZIG products. As a result, we rely on the sales and marketing strength of these distributors and the distribution channels through which they operate for a portion of our revenues. We may not be able to retain these distribution relationships indefinitely and these distributors may not adequately support the sales, marketing and distribution efforts of our products in these markets. If third parties do not successfully carry out their contractual duties in maximizing the commercial potential of our products, or if there is a delay or interruption in the distribution of our products, it could negatively impact our revenues from product sales.

Following the separation, the loss of any of our sole source manufacturers, or delays or problems in the manufacture of our products or product candidates, could result in product shortages, leading to lost revenue, and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.

We will not have manufacturing capabilities following the separation and do not plan to develop such capacity in the foreseeable future. We will depend on a limited number of sole source third-party manufacturers, including Emergent, for each of our products and product candidates. Accordingly, our ability to develop and deliver products in a timely and competitive manner will depend on our third-party manufacturers being able to continue to meet our ongoing commercial and clinical trial needs and perform their contractual obligations. We currently have a limited ability to control the manufacturing process or costs related to the manufacture of our products. Increases in the prices we pay our manufacturers, interruptions in the supply of raw materials or our products themselves or lapses in quality could adversely impact our margins, profitability, cash flows and prospects. We rely on our third-party manufacturers to maintain the facilities at which they manufacture our products or product candidates in compliance with all FDA and other applicable regulatory requirements. If these manufacturers fail to maintain compliance with FDA or other applicable regulatory requirements, they could be ordered to cease manufacturing, which could have a material adverse effect on our revenues and operating results.

If, for any reason, Emergent or our other manufacturers do not continue to supply us with our products or product candidates in a timely fashion and in compliance with applicable quality and regulatory requirements, or otherwise fail or refuse to comply with their obligations to us under our manufacturing arrangements, we may not have adequate remedies for any breach of contract, and their failure to supply us could result in a shortage of our products or product candidates, which could lead to lost revenue and otherwise adversely affect our business, financial condition, results of operations and growth prospects. In addition, if any of our manufacturers fails or refuses to supply us for any reason, we may be forced to consider entering into additional manufacturing arrangements with other third-party manufacturers. In each case, we will incur significant costs and time in obtaining the regulatory approvals for these third-party facilities and in taking the necessary steps to prepare these third parties for the manufacture of our products. Because of contractual restraints and the lead-time necessary to obtain FDA approval of a new manufacturer, replacement of any of these manufacturers may be expensive and time consuming and may cause interruptions in our supply of these products to our customers, and we may be unable to obtain alternative manufacturing or supply on commercially reasonable terms on a timely basis or at all.

For example, CMC ICOS Biologics, Inc., or CMC, is the exclusive manufacturer of bulk drug substance for our IXINITY product. During 2015, we ordered nine manufacturing lots of bulk drug substance from CMC. CMC successfully manufactured and released only one of the nine lots ordered, and has not successfully manufactured or released any lots of bulk drug substance in 2016. If current efforts by CMC to manufacture and release bulk drug substance are not successful, the resulting lack of supply of bulk drug substance could lead to a projected supply shortage of IXINITY requiring notification to the FDA. This inability to supply IXINITY would adversely affect its sales, market position and viability.

Following the separation, Emergent will continue to own the manufacturing know-how necessary for the manufacture of WinRho SDF, HepaGam B and VARIZIG. If our rights to use this manufacturing know-how are terminated, we will not be able to manufacture these products, which would lead to lost revenue and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.

Emergent will continue to own its human hyperimmune platform manufacturing know-how, which is necessary for the manufacture of WinRho SDF, HepaGam B and VARIZIG. At or prior to the separation, we expect to enter into a manufacturing services agreement with Emergent with respect to the manufacturing of these products. We also expect to enter into a product license agreement with Emergent pursuant to which Emergent will grant to Aptevo an exclusive royalty-free, worldwide license, under certain licensed intellectual property rights, to research, develop, make, have made, use, sell, offer to sell and import WinRho SDF, HepaGam B, and VARIZIG. Under the product license agreement, we will only be permitted to exercise rights with respect to Emergent's human hyperimmune platform manufacturing know-how through a third-party contract manufacturer, and then only if the manufacturer is bound to protect the manufacturing know-how and is either approved by Emergent (in Emergent's sole and absolute discretion) or there has been a manufacturing failure under the manufacturing services agreement.

Emergent will have the right to terminate the product license agreement upon breach by us of any of its terms, including our confidentiality obligations and other obligations, if such breach is not cured within a specified period of time or is uncurable. If the product license agreement is terminated, we will no longer be able to research, develop, make, have made, use, sell, offer to sell and import WinRho SDF, HepaGam B and VARIZIG, which would lead to lost revenue and otherwise materially and adversely affect our business, financial condition, results of operations and growth prospects.

Manufacturing biologic products, especially in large quantities, is complex and time consuming. Delays or problems in the manufacture of our products or product candidates could materially and adversely affect our business, financial condition, results of operations and growth prospects.

WinRho SDF, HepaGam B, VARIZIG and IXINITY and all of our current product candidates are biologics. The products must be made consistently and in compliance with a clearly defined manufacturing process. Problems may arise during manufacturing for a variety of reasons, including problems with raw materials, equipment malfunction or replacement and failure to follow specific protocols and procedures. In addition, slight deviations anywhere in the manufacturing process, including obtaining materials, maintaining master seed or cell banks and preventing genetic drift, seed or cell growth, fermentation and contamination including from, among other things, particulates, filtration, filling, labeling, packaging, storage and shipping, and quality control testing, may result in lot failures or manufacturing shut-down, delays in the release of lots, product recalls, spoilage or regulatory action.

If our third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's or foreign regulatory authorities' strict regulatory requirements, the FDA or their foreign counterparts will not approve their manufacturing facilities, which would result in significant delays in obtaining FDA or foreign marketing approvals for our product candidates.

Following the separation, we will rely on third parties to manufacture all clinical trial materials for our product candidates, and we will rely on third parties to manufacture commercial supplies, if any such product candidates are ultimately approved for commercial sale. Our product candidates, including MOR209/ES414, ES210, otlertuzumab and 5E3, will not be approved for marketing by the FDA or other foreign regulatory authorities unless the FDA or their foreign equivalents also approve the facilities used by our third-party manufacturers to produce them for commercialization. If our third-party manufacturers cannot successfully manufacture material that conforms to our specifications and the FDA's or foreign regulatory authorities' strict regulatory requirements, the FDA or their foreign counterparts will not approve their manufacturing facilities,

which would result in significant delays in obtaining FDA or foreign marketing approvals for our product candidates. In order to successfully develop and commercialize our product candidates in a timely manner, we and our third-party manufacturers must be able to develop and execute on manufacturing processes, and reach agreement on contract terms, for each candidate that will:

- be approved by the FDA and/or other regulatory authorities in the countries where such candidates are to be manufactured or sold;
- provide sufficient quantities of such candidate to meet our clinical trial needs and ultimate market demand; and
- provide such amounts at a cost that will allow us to potentially make an adequate profit.

We and our third-party manufacturers may not be able to meet these manufacturing process requirements for any of our current product candidates, including MOR209/ES414, ES210, otlertuzumab and 5E3, all of which have complex manufacturing processes, which make meeting these requirements even more challenging. If we are unable to develop manufacturing processes for our clinical product candidates that satisfy these requirements, we will not be able to supply sufficient quantities of test material to conduct our clinical trials in a timely or cost effective manner, and as a result, our development programs will be delayed, our financial performance will be adversely impacted and we will be unable to meet our long-term goals.

If Emergent or other third parties on whom we rely to manufacture and support the development and commercialization of our products do not fulfill their obligations or we are unable to establish or maintain such arrangements, the development and commercialization of our products may be terminated or delayed, and the costs of development and commercialization may increase.

Our development and commercialization strategy involves entering into arrangements with corporate and academic collaborators, contract research organizations, distributors, third-party manufacturers, licensors, licensees and others to conduct development work, manage or conduct our clinical trials, manufacture our products and market and sell our products outside of the United States. We do not have the expertise or the resources to conduct all of these activities for all products and product candidates on our own and, as a result, are particularly dependent on third parties in many areas.

We may not be able to maintain our existing arrangements with respect to the commercialization or manufacture of our products or establish and maintain arrangements to develop, manufacture and commercialize our products in development on terms that are acceptable to us. Any current or future arrangements for development and commercialization may not be successful. If we are not able to establish or maintain agreements relating to our products or our products in development, our results of operations would be materially and adversely affected.

Third parties may not perform their contractual obligations as expected. The amount and timing of resources that third parties devote to developing, manufacturing and commercializing our products are not within our control. Our collaborative partners may develop, manufacture or commercialize, either independently or with others, products and services that are similar to or competitive with the products that are the subject of the collaboration with us. Furthermore, our interests may differ from those of third parties that manufacture or commercialize our products. Our collaborative partners may reevaluate their priorities from time to time, including following mergers and consolidations, and change the focus of their development, manufacturing or commercialization efforts. Disagreements that may arise with these third parties could delay or lead to the termination of the development or commercialization of our product candidates, or result in litigation or arbitration, which would be time consuming and expensive.

If any third-party that manufactures or supports the development or commercialization of our products breaches or terminates its agreement with us, or fails to commit sufficient resources to our collaboration or

conduct its activities in a timely manner, or fails to comply with regulatory requirements, such breach, termination or failure could:

- delay or otherwise adversely impact the manufacturing, development or commercialization of our products, our products in development or any additional products or product candidates that we may develop;
- require us to seek a new collaborator or undertake unforeseen additional responsibilities or devote unforeseen additional resources to the manufacturing, development or commercialization of our products; or
- result in the termination of the development or commercialization of our products.

If we are unable to successfully develop our business infrastructure and operations, our ability to generate future product revenue will be adversely affected.

Our ability to support the sales and marketing of our products in the United States and globally will depend on our ability to properly scale our internal organization and infrastructure to accommodate the development and, upon approval, commercialization of our products and products in development. To manage our existing and planned future growth and the increasing breadth and complexity of our activities, we need to properly invest in personnel, infrastructure, information management systems and other operational resources. Developing our business infrastructure and operations may be more difficult, more expensive or take longer than we anticipate. We may also need to revise our strategy for developing the proper infrastructure and operations periodically.

Future development of our business infrastructure and operations could strain our operational, human and financial resources. In order to manage the development of our business infrastructure and global operations, we must:

- continue to improve operating, administrative, and information systems;
- accurately predict future personnel and resource needs to meet contract commitments;
- track the progress of ongoing projects; and
- attract and retain qualified management, sales, professional, scientific and technical operating personnel.

If we do not take these actions and are not able to manage our business, then our operations may be less successful than anticipated.

We are subject to a number of risks and uncertainties associated with our international activities and operations and may not be successful in our efforts to expand internationally.

We currently have limited operations outside of the United States and Canada. However, we have manufacturing, collaboration, clinical trial and other relationships outside the United States, and our products are marketed internationally through collaborations. We may seek to grow our international operations significantly over the next several years. Our future results of operations will depend in part on our ability to grow and ultimately maintain our product sales in foreign markets, particularly in Europe. Our foreign operations subject us to additional risks and uncertainties, particularly because we have limited experience in marketing, servicing and distributing our products or otherwise operating our business outside of the United States and Canada. These risks and uncertainties include:

- the fact that we have limited experience operating our business internationally;
- unexpected adverse events related to our products or product candidates that occur in foreign markets that we have not experienced in the United States;

- political and economic determinations that adversely impact pricing or reimbursement policies;
- our customers' ability to obtain reimbursement for procedures using our products in foreign markets;
- compliance with complex and changing foreign legal, tax, accounting and regulatory requirements;
- cross border restrictions on the movement of cash funds and repatriation of earnings;
- language barriers and other difficulties in providing long-range customer support and service;
- longer accounts receivable collection times;
- trade restrictions and restrictions on direct investment by foreign entities;
- reduced protection of intellectual property rights in some foreign countries;
- the interpretation of contractual provisions governed by foreign laws in the event of a contract dispute;
- significant foreign currency fluctuations, which could result in increased or unpredictable operating expenses and reduced revenues;
- local, economic and political conditions, including geopolitical events, such as war and terrorism; and
- compliance with foreign or U.S. laws, rules and regulations, including data privacy requirements, labor relations laws, tax laws, anti-competition regulations, anti-bribery/anti-corruption laws, including but not limited to the FCPA and the Bribery Act in the UK, which could subject us to investigation or prosecution under such foreign or U.S. laws.

Our foreign operations could also be adversely affected by export license requirements, the imposition of governmental controls, political and economic instability, trade restrictions, changes in tariffs and difficulties in staffing and managing foreign operations. These and other risks associated with our international operations may materially adversely affect our business and results of operations.

Regulatory and Compliance Risks

Our long term success depends, in part, upon our ability to develop, receive regulatory approval for and commercialize our product candidates and, if we are not successful, our business and operating results may suffer.

Our product candidates and the activities associated with their development, including testing, manufacture, recordkeeping, storage and approval, are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable authorities in other countries. Generally, failure to obtain regulatory approval for a product candidate will prevent us from commercializing the product candidate. We have limited resources for use in preparing, filing and supporting the applications necessary to gain regulatory approvals and expect to rely on third-party contract research organizations and consultants to assist us in this process.

The FDA, the European Commission, the European Medicines Agency, or the EMA, the competent authorities of the EU Member States and other comparable regulatory agencies in foreign countries impose substantial and rigorous requirements for the development, production, marketing authorization and commercial introduction of drug products. These requirements include pre-clinical, laboratory and clinical testing procedures, sampling activities, clinical trials and other costly and time-consuming procedures. In addition, regulation is not static, and regulatory authorities, including the FDA, the European Commission, the EMA and the competent authorities of the EU Member States, evolve in their staff interpretations and practices and may impose more stringent or different requirements than currently in effect, which may adversely affect our planned and ongoing drug development and/or our sales and marketing efforts.

In the United States, to obtain approval from the FDA to market any of our future biologic products, we will be required to submit a biologics license application, or BLA, to the FDA. Ordinarily, the FDA requires a sponsor to support a BLA with substantial evidence of the product's safety, purity and potency in treating the targeted indication based on data derived from adequate and well-controlled clinical trials, including Phase III safety and efficacy trials conducted in patients with the disease or condition being targeted.

The process of obtaining these regulatory approvals is expensive, often takes many years if approval is obtained at all, and can vary substantially based upon the type, complexity and novelty of the product candidate involved. Changes in the regulatory approval process during the development period, changes in or the enactment of additional statutes or regulations, or changes in the regulatory review for a submitted product application may cause delays in the approval or rejection of an application. Moreover, recent events, including complications experienced by patients taking FDA-approved drugs, have raised questions about the safety of marketed drugs and may result in new legislation by the U.S. Congress or foreign legislatures and increased caution by the FDA and comparable foreign regulatory authorities in reviewing applications for marketing approval.

The FDA has substantial discretion in the approval process and may refuse to accept any application or may decide that our data are insufficient to support approval and require additional pre-clinical, clinical or other studies. In addition, varying interpretations of the data obtained from pre-clinical and clinical testing could delay, limit or prevent regulatory approval of a product candidate.

We have a pipeline of clinical and pre-clinical stage product candidates, including:

- MOR209/ES414, a protein therapeutic being developed for metastatic castration-resistant prostate cancer under our collaboration with MorphoSys AG;
- ES210, a protein therapeutic being developed for inflammatory bowel disease and other autoimmune and inflammatory diseases;
- otlertuzumab, a protein therapeutic being developed for chronic lymphocytic leukemia;
- 5E3 mAb, a monoclonal antibody therapeutic being developed for Alzheimer's; and
- other protein therapeutic product candidates primarily targeting immuno-oncology.

Developing and obtaining regulatory approval for product candidates is a lengthy process, often taking a number of years, is uncertain and is expensive. All of the product candidates that we are developing, or may develop in the future, require research and development, pre-clinical studies, nonclinical testing and clinical trials prior to seeking regulatory approval and commencing commercial sales. In addition, we may need to address a number of technological challenges in order to complete development of our product candidates. As a result, the development of product candidates may take longer than anticipated or not be successful at all.

Generally, no product can receive FDA approval, marketing authorization from the European Commission or the competent authorities of the EU Member States, or approval from comparable regulatory agencies in foreign countries unless data generated in human clinical trials demonstrates both safety and efficacy for each target indication in accordance with such authority's standards.

The large majority of product candidates that begin human clinical trials fail to demonstrate the required safety and efficacy characteristics necessary for marketing approval. Failure to demonstrate the safety and efficacy of any of our product candidates for each target indication in clinical trials would prevent us from obtaining required approvals from regulatory authorities, which would prevent us from commercializing those product candidates. Negative or inconclusive results from the clinical trials or adverse medical events during the trials could lead to requirements that trials be repeated or extended, or that additional trials be conducted, any of which may not be clinically feasible or financially practicable, that the conduct of trials be suspended, or that a program be terminated.

Any regulatory approval we ultimately obtain may limit the indicated uses for the product or subject the product to restrictions or post-approval commitments that render the product commercially non-viable. Securing regulatory approval requires the submission of extensive non-clinical and clinical data, information about product manufacturing processes and inspection of facilities and supporting information to the regulatory authorities for each therapeutic indication to establish the product's safety and efficacy. If we are unable to submit the necessary data and information, for example, because the results of clinical trials are not favorable, or if the applicable regulatory authority delays reviewing or does not approve our applications, we will be unable to obtain regulatory approval.

Delays in obtaining or failure to obtain regulatory approvals may:

- delay or prevent the successful commercialization of any of the products or product candidates in the jurisdiction for which approval is sought;
- diminish our competitive advantage; and
- defer or decrease our receipt of revenue.

Certain of our products in development have experienced regulatory and/or clinical setbacks in the past. For example, in December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. We plan to continue the current clinical trial under an amended protocol with recruitment expected to start around mid-2016. As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured. Under the terms of the restructured agreement, MorphoSys' cost sharing in the years 2016 to 2018 was reduced and future milestone payments payable by MorphoSys to us were reduced to a total of up to US $74 million. As a result of the required change in dosing regimen for MOR209/ES414, the lead RTCC candidate, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial. The requirement for further adjustments to the dosing regimen or other parts of the program could delay our development timeline or delay or prevent our ability to receive regulatory approval for MOR209/ES414.

The procedures to obtain marketing approvals vary among countries and can involve additional clinical trials or other pre-filing requirements. The time required to obtain foreign regulatory approval may differ from that required to obtain FDA approval. The foreign regulatory approval process may include all the risks associated with obtaining FDA approval, or different or additional risks. Regulatory agencies may have varying interpretations of the same data, and approval by one regulatory authority does not ensure approval by regulatory authorities in other jurisdictions. Accordingly, approval by the FDA does not ensure approval by the regulatory authorities in other countries, and approval by one foreign regulatory authority does not ensure approval by the FDA or regulatory authorities in other foreign countries. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products and products in development in any market on a timely basis, if at all.

Biotechnology company stock prices have declined significantly in certain instances where companies have failed to obtain FDA or foreign regulatory authority approval of a product candidate or if the timing of FDA or foreign regulatory authority approval is delayed. If the FDA's or any foreign regulatory authority's response to any application for approval is delayed or not favorable for any of our product candidates, our stock price could decline significantly.

Regulatory approval for any approved product is limited by the FDA to those specific indications and conditions for which clinical safety and efficacy have been demonstrated, and we may incur significant liability if it is determined that we are promoting the "off-label" use of any of our products.

Any regulatory approval is limited to those specific diseases and indications for which a product is deemed to be safe and effective by the FDA. For example, the FDA-approved label for IXINITY is not approved for use in patients younger than 12 years old. In addition to the FDA approval required for new formulations, any new indication for an approved product also requires FDA approval. If we are not able to obtain FDA approval for any desired future indications for our products and product candidates, our ability to effectively market and sell our products may be reduced and our business may be adversely affected.

While physicians may choose to prescribe drugs for uses that are not described in the product's labeling and for uses that differ from those tested in clinical studies and approved by the regulatory authorities, our ability to promote the products is limited to those indications that are specifically approved by the FDA. These "off-label" uses are common across medical specialties and may constitute an appropriate treatment for some patients in varied circumstances. Regulatory authorities in the United States generally do not regulate the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical companies on the subject of off-label use. If our promotional activities fail to comply with the FDA's regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, our failure to follow FDA rules and guidelines relating to promotion and advertising may cause the FDA to issue warning letters or untitled letters, suspend or withdraw an approved product from the market, require a recall or institute fines, which could result in the disgorgement of money, operating restrictions, injunctions or criminal prosecution, any of which could harm our business.

Notwithstanding the regulatory restrictions on off-label promotion, the FDA and other regulatory authorities allow companies to engage in truthful, non-misleading and non-promotional scientific exchange concerning their products. We engage in medical education activities and communicate with investigators and potential investigators regarding our clinical trials. If the FDA or another regulatory or enforcement authority determines that our communications regarding our marketed products are not in compliance with the relevant regulatory requirements and that we have improperly promoted off-label uses, we may be subject to significant liability, including civil and administrative remedies as well as criminal sanctions.

Even after regulatory approval is received, if we, or third parties on whom we rely to manufacture or distribute our products or product candidates, fail to comply with regulatory requirements, or if we experience unanticipated problems with our approved products, they could be subject to restrictions, penalties or withdrawal from the market.

Any drug, biologic or medical device product for which we receive FDA approval, along with the manufacturing processes, post-approval clinical data, labeling, advertising and promotional activities for such product, will be subject to continuing regulation by the FDA, including, among other things, record keeping requirements, reporting of adverse experiences, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, current good manufacturing practices, or cGMP, and restrictions on advertising and promotion. Adverse events that are reported after marketing approval can result in additional limitations being placed on the product's distribution or use and, potentially, withdrawal or suspension of the product from the market. In addition, various state laws require that companies that manufacture and/or distribute drug products within the state obtain and maintain a manufacturer or distributor license, as appropriate. Because of the breadth of these laws, it is possible that some of our business activities, or those of our third-party manufacturers and distributors, could be subject to challenge under one or more of such laws.

In addition, the FDA has post-approval authority to require post-approval clinical trials and/or safety labeling changes if warranted by the appearance of new safety information. In certain circumstances, the FDA may impose a Risk Evaluation and Mitigation Strategy, or REMS, after a product has been approved. Facilities

involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections by the FDA for compliance with cGMP and other laws. The FDA also closely monitors advertising and promotional materials we may disseminate for our products for compliance with restrictions on off-label promotion and other laws. We may not promote our products for conditions of use that are not included in the approved package inserts for our products. Certain additional restrictions on advertising and promotion exist for products that have so-called "black box warnings" in their approved package inserts, such as WinRho SDF.

Failure by Emergent or our other third-party manufacturers to comply with regulatory requirements could adversely affect their ability to supply products or ingredients to us. All facilities and manufacturing techniques used for the manufacture of pharmaceutical products must be operated in conformity with the FDA's current cGMP requirements. The FDA enforces its cGMP and other requirements through periodic unannounced inspections of manufacturing facilities. If, in connection with any future inspection, the FDA finds that any of our third-party manufacturers is not in substantial compliance with cGMP requirements, or if the FDA is not satisfied with the corrective actions such manufacturer may take, the FDA may undertake certain enforcement actions, including product seizure or withdrawal of the product from the market, imposition of restrictions on the marketing or manufacturing of a product and suspension or withdrawal of regulatory approvals or refusal to approve pending applications or supplements.

Similar actions may be taken against us should we fail to comply with regulatory requirements, or later discover previously unknown problems with our products. Even if regulatory approval of a product is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for costly post-marketing testing and surveillance to monitor the safety or efficacy of the product. If we experience any of these post-approval events, our business, financial condition and operating results could be materially and adversely affected.

If we fail to comply with federal and state healthcare laws, including fraud and abuse and health information privacy and security laws, we could face substantial penalties and our business, results of operations, financial condition and prospects could be adversely affected.

As a biotechnology company, even though we do not provide healthcare services or receive payments directly from or bill directly to Medicare, Medicaid or other third-party payors for our products, certain federal and state healthcare laws and regulations pertaining to fraud and abuse and patients' rights are and will be applicable to our business. We are subject to healthcare fraud and abuse and patient privacy regulation by both the federal government and the states in which we conduct our business. The laws that may affect our ability to operate include:

- the federal Anti-Kickback Statute, which constrains our marketing practices, educational programs, pricing policies and relationships with healthcare providers or other entities by prohibiting, among other things, soliciting, receiving, offering or paying remuneration, directly or indirectly, to induce, or in return for, the purchase, prescribing or recommendation of an item or service reimbursable under federally funded healthcare programs, such as the Medicare and Medicaid programs;
- federal civil and criminal false claims and false statement laws and civil monetary penalty laws, which prohibit, among other things, individuals or entities from knowingly presenting, or causing to be presented, claims for payment from Medicare, Medicaid or other payors that are false or fraudulent or making any materially false statement in connection with the delivery or payment for healthcare benefits, items or services;
- Health Insurance Portability and Accountability Act of 1996, or HIPAA, which creates federal criminal and civil statutes that prohibit executing a scheme to defraud any healthcare benefit program; and Health Information Technology for Economic and Clinical Health, or HITECH, and its implementing regulations, which imposes certain requirements relating to the privacy, security and transmission of individually identifiable health information;

- federal physician self-referral laws, such as the Stark law, which prohibit a physician from making a referral to a provider of certain health services with which the physician or the physician's family member has a financial interest, and prohibit submission of a claim for reimbursement pursuant to a prohibited referral;
- the Physician Payment Sunshine Act, which imposes disclosure requirements on pharmaceutical manufacturers of payments made to physicians, healthcare providers and institutions; and
- state law equivalents of each of the above federal laws, such as anti-kickback and false claims laws, which may apply to items or services reimbursed by any third-party payor, including commercial insurers, and state laws governing the privacy and security of health information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts.

Because of the breadth of these laws and the narrowness of the statutory exceptions and safe harbors available under the U.S. federal Anti-Kickback Statute, it is possible that some of our business activities could be subject to challenge under one or more of such laws. Moreover, recent health care reform legislation has strengthened these laws. For example, the Affordable Care Act, among other things, amends the intent requirement of the federal anti-kickback and criminal health care fraud statutes, so that a person or entity no longer needs to have actual knowledge of this statute or specific intent to violate it. In addition, the Affordable Care Act provides that the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the false claims statutes. Federal false claims laws prohibit any person from knowingly presenting, or causing to be presented, a false claim for payment to the federal government or knowingly making, or causing to be made, a false statement to get a false claim paid.

Recently, several pharmaceutical and other healthcare companies have been prosecuted under the federal false claims laws for allegedly inflating drug prices they report to pricing services, which in turn are used by the government to set Medicare and Medicaid reimbursement rates, and for allegedly providing free product to customers with the expectation that the customers would bill federal programs for the product. In addition, certain marketing practices, including off-label promotion, may also violate false claims laws. To the extent that any product we make is sold in a foreign country, we may be subject to similar foreign laws and regulations.

Further, there has been a recent trend in the increase of federal and state laws and regulations regarding financial arrangements with physicians. The Affordable Care Act imposes new requirements to report certain financial arrangements with physicians and others, including reporting any "transfer of value" made or distributed to prescribers and other healthcare providers and reporting any ownership or investment interests held by physicians and their immediate family members during each calendar year, subject to federal implementation and enforcement policies.

In addition, certain states mandate that we comply with a state code of conduct, adopt a company code of conduct under state criteria, disclose marketing payments made to physicians, and/or report compliance information to the state authorities. The shifting compliance environment and the need to build and maintain robust and expandable systems to comply in multiple jurisdictions with different compliance and reporting requirements increase the possibility that a pharmaceutical company may violate one or more of the requirements. Any failure to comply with these reporting requirements could result in significant fines and penalties.

The risks of complying with these laws cannot be entirely eliminated. The risk of violation of such laws is also increased because many of them have not been fully interpreted by the regulatory authorities or the courts, and their provisions are open to a variety of interpretations. Any action against us for violation of these laws, even if we successfully defend against it, could cause us to incur significant legal expenses and divert our management's attention from the operation of our business. Moreover, achieving and sustaining compliance with

applicable federal and state privacy, security and fraud laws may prove costly. If our past or present operations, or those of our distributors are found to be in violation of any of the laws described above or any other governmental regulations that apply to us, we may be subject to penalties, including civil and criminal penalties, damages, fines, exclusion from participation in U.S. federal or state health care programs and the curtailment or restructuring of our operations, any of which could materially adversely affect our ability to operate our business and our financial results. Similarly, if healthcare providers, distributors or other entities with whom we do business are found to be out of compliance with applicable laws and regulations, they may be subject to sanctions, which could also have a negative impact on us.

If we fail to comply with our obligations under U.S. governmental pricing programs, we could be required to reimburse government programs for underpayments and could pay penalties, sanctions and fines.

The issuance of regulations and coverage expansion by various governmental agencies relating to the Medicaid rebate program will continue to increase our costs and the complexity of compliance and will be time-consuming. Changes to the definition of "average manufacturer price", or AMP, and the Medicaid rebate amount under the Affordable Care Act and Centers for Medicare & Medicaid Services', or CMS's, issuance of final regulations implementing those changes also has affected and could further affect our 340B "ceiling price" calculations. Because we participate in the Medicaid rebate program, we are required to report "average sales price," or ASP, information to CMS for certain categories of drugs that are paid for under Part B of the Medicare program, including WinRho SDF, HepaGam B, VARIZIG and IXINITY. Future statutory or regulatory changes or CMS binding guidance could affect the ASP calculations for our products and the resulting Medicare payment rate, and could negatively impact our results of operations.

Pricing and rebate calculations vary among products and programs, involve complex calculations and are often subject to interpretation by us, governmental or regulatory agencies and the courts. The Medicaid rebate amount is computed each quarter based on our submission to CMS of our current AMP and "best price" for the quarter. If we become aware that our reporting for a prior quarter was incorrect, or has changed as a result of recalculation of the pricing data, we are obligated to resubmit the corrected data for a period not to exceed twelve quarters from the quarter in which the data originally were due. Any such revisions could have the impact of increasing or decreasing our rebate liability for prior quarters, depending on the direction of the revision. Such restatements and recalculations increase our costs for complying with the laws and regulations governing the Medicaid rebate program. Price recalculations also may affect the "ceiling price" at which we are required to offer our products to certain covered entities, such as safety-net providers, under the 340B/PHS drug pricing program.

In addition to retroactive rebate liability and the potential for 340B program refunds, if we are found to have made a misrepresentation in the reporting of ASP, we are subject to civil monetary penalties in an amount of up to $10,000 for each such price misrepresentation and for each day in which such price misrepresentation was applied. If we are found to have knowingly submitted false AMP or "best price" information to the government, we may be liable for civil monetary penalties in the amount of $100,000 per item of false information. Any refusal of a request for information or knowing provision of false information in connection with an AMP survey verification also would subject us to $100,000 in civil monetary penalties. In addition, our failure to submit monthly/quarterly AMP or "best price" information on a timely basis could result in a civil monetary penalty of $10,000 per day for each day the information is late beyond the due date. Such failure also could be grounds for CMS to terminate our Medicaid drug rebate agreement, pursuant to which we participate in the Medicaid program. In the event that CMS terminates our rebate agreement, no federal payments would be available under Medicaid or Medicare Part B for our covered outpatient drugs. Governmental agencies may also make changes in program interpretations, requirements or conditions of participation, some of which may have implications for amounts previously estimated or paid. We cannot assure you that our submissions will not be found by CMS to be incomplete or incorrect.

In order for our products to be reimbursed by the primary federal governmental programs, we report certain pricing data to the U.S. federal government. Compliance with reporting and other requirements of these federal programs is a pre-condition to: (i) the availability of federal funds to pay for our products under Medicaid and Medicare Part B; and (ii) procurement of our products by the Department of Veterans Affairs, or DVA, and by covered entities under the 340B/PHS program. The pricing data reported are used as the basis for establishing Federal Supply Schedule, or FSS, and 340B/PHS program contract pricing and payment and rebate rates under the Medicare Part B and Medicaid programs, respectively. Pharmaceutical companies have been prosecuted under federal and state false claims laws for submitting inaccurate and/or incomplete pricing information to the government that resulted in increased payments made by these programs. The rules governing the calculation of certain reported prices are highly complex. Although we maintain and follow strict procedures to ensure the maximum possible integrity for our federal pricing calculations, the process for making the required calculations involves some subjective judgments and the risk of errors always exists, which creates the potential for exposure under the false claims laws. If we become subject to investigations or other inquiries concerning our compliance with price reporting laws and regulations, and our methodologies for calculating federal prices are found to include flaws or to have been incorrectly applied, we could be required to pay or be subject to additional reimbursements, penalties, sanctions or fines, which could have a material adverse effect on our business, financial condition and results of operations.

To be eligible to have our products paid for with federal funds under the Medicaid and Medicare Part B programs as well as to be purchased by certain federal agencies and certain federal grantees, we also must participate in the DVA FSS pricing program. To participate, we are required to enter into an FSS contract with the DVA, under which we must make our innovator "covered drugs" available to the "Big Four" federal agencies—the DVA, the U.S. Department of Defense, or the DoD, the Public Health Service (including the Indian Health Service), and the Coast Guard—at pricing that is capped pursuant to a statutory federal ceiling price, or FCP, formula set forth in Section 603 of the Veterans Health Care Act of 1992, or VHCA. The FCP is based on a weighted average wholesaler price known as the Non-Federal Average Manufacturer Price, or Non-FAMP, which manufacturers are required to report on a quarterly and annual basis to the DVA. Pursuant to the VHCA, knowing provision of false information in connection with a Non-FAMP filing can subject us to penalties of $100,000 for each item of false information. If we overcharge the government in connection with our FSS contract or Section 703 Agreement, whether due to a misstated FCP or otherwise, we are required to disclose the error and refund the difference to the government. The failure to make necessary disclosures and/or to identify contract overcharges can result in allegations against us under the False Claims Act and other laws and regulations. Unexpected refunds to the government, and responding to a government investigation or enforcement action, would be expensive and time-consuming, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

For further discussions regarding the most significant governmental reimbursement programs in the United States relevant to our products, see "Business—Regulation."

The failure to obtain or maintain regulatory approval in international jurisdictions could prevent us from marketing our products abroad and could limit the growth of our business.

We currently sell and intend to continue to sell our products outside the United States. To market our products in the European Union and many other foreign jurisdictions, we may need to obtain separate regulatory approvals and comply with numerous and varying regulatory requirements. Approval by the FDA does not ensure approval by foreign regulatory authorities. The approval procedures in foreign jurisdictions can vary widely and can involve additional clinical trials and data review. We and our collaborative partners may not be able to obtain foreign regulatory approvals on a timely basis, if at all, and therefore we may be unable to commercialize our products internationally. The failure to obtain these approvals could harm our business.

Our international operations increase our risk of exposure to potential claims of bribery and corruption.

As we expand our commercialization activities outside of the United States, we are subject to an increased risk of inadvertently conducting activities in a manner that violates the FCPA, the U.K. Bribery Act, Canada's Corruption of Foreign Public Officials Act, or other similar foreign laws, which prohibit corporations and individuals from paying, offering to pay, or authorizing the payment of anything of value to any foreign government official, government staff member, political party, or political candidate in an attempt to obtain or retain business or to otherwise influence a person working in an official capacity. In the course of establishing and expanding our commercial operations and seeking regulatory approvals outside of the United States, we will need to establish and expand business relationships with various third parties and will interact more frequently with foreign officials, including regulatory authorities and physicians employed by state-run healthcare institutions who may be deemed to be foreign officials under the FCPA or similar foreign laws. If our business practices outside the United States are found to be in violation of the FCPA or similar foreign laws, we and our senior management may be subject to significant civil and criminal penalties, potential debarment from public procurement and reputational damage, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Our operations, including our use of hazardous materials, chemicals, bacteria and viruses, require us to comply with regulatory requirements and expose us to significant potential liabilities.

Our operations involve the use of hazardous materials, including chemicals, and may produce dangerous waste products. Accordingly, we, along with the third parties that conduct clinical trials and manufacture our products and product candidates on our behalf, are subject to federal, state, local and foreign laws and regulations that govern the use, manufacture, distribution, storage, handling, exposure, disposal and recordkeeping with respect to these materials. We are also subject to a variety of environmental and occupational health and safety laws. Compliance with current or future laws and regulations can require significant costs and we could be subject to substantial fines and penalties in the event of noncompliance. In addition, the risk of contamination or injury from these materials cannot be completely eliminated. In such event, we could be held liable for substantial civil damages or costs associated with the cleanup of hazardous materials.

The U.S. federal budget sequestration process may have a significant impact on our business.

On August 2, 2011, the President signed into law the Budget Control Act of 2011, which, among other things, created the Joint Select Committee on Deficit Reduction to recommend to Congress proposals in spending reductions. The Joint Select Committee on Deficit Reduction did not achieve a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, triggering mandatory reductions in federal spending by as much as $1.1 trillion from 2013 through 2021, referred to as sequestration. The Bipartisan Budget Act of 2013 and subsequent legislation provide billions in sequester relief, but also extends the 2% reduction in Medicare payments, discussed below through fiscal year 2025. Sequestration-related spending reductions may have a significant adverse impact on our business.

Sequestration spending reductions may adversely affect the FDA. While user fees can be used in the review of certain regulatory filings, including NDAs, it is possible that sequestration spending reductions will result in additional backlogs in the approval process that could adversely affect the timing of FDA review of our regulatory filings for our products and product candidates. Sequestration also includes a 2% reduction in Medicare payments, which could also have a significant negative impact on our business. These reductions impact payments to hospitals, physicians, and Medicare managed care and prescription drug plans, under Medicare Parts A, B and D, and the Medicare Advantage program. The significant magnitude of the sequestration payment reductions places additional financial pressures on Medicare providers, including hospitals with high inpatient Medicare volume, which could force these providers to take new measures to address the shortfall in previously-expected reimbursements. It is possible that these measures could result in heightened scrutiny and/or reduced purchasing of branded pharmaceuticals and any future drug product we may market.

Our failure to comply with data protection laws and regulations could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.

EU Member States, Switzerland and other countries have adopted data protection laws and regulations, which impose significant compliance obligations. For example, the EU Data Protection Directive, as implemented into national laws by the EU Member States, imposes strict obligations and restrictions on the ability to collect, analyze and transfer personal data, including health data from clinical trials and adverse event reporting. Data protection authorities from the different EU Member States may interpret the EU Data Protection Directive and national laws differently, which adds to the complexity of processing personal data in the European Union, and guidance on implementation and compliance practices are often updated or otherwise revised. Our failure to comply with these laws could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results. If the currently proposed revised draft EU Data Protection Regulation is adopted in its current form it may also increase our responsibility and liability in relation to personal data that we process, and we may be required to put in place additional mechanisms ensuring compliance with the new EU data protection rules.

Public concern regarding the safety of drug products could result in the inclusion of unfavorable information in our labeling, or require us to undertake other activities that may entail additional costs.

In light of widely publicized events concerning the safety risk of certain drug approved products, the FDA, members of Congress, the Government Accountability Office, medical professionals and the general public have raised concerns about potential drug safety issues. These events have resulted in the withdrawal of drug products and revisions to drug labeling that further limit use of the drug products and the establishment of risk management programs that may, for example, restrict distribution of drug products after approval. The Food and Drug Administration Amendments Act of 2007, or FDAAA, grants significant expanded authority to the FDA, much of which is aimed at improving the safety of drug products before and after approval. In particular, the FDAAA authorizes the FDA to, among other things, require post-approval studies and clinical trials, mandate changes to drug labeling to reflect new safety information and require risk evaluation and mitigation strategies for certain drugs, including certain currently approved drugs. The FDAAA also significantly expands the federal government's clinical trial registry and results databank, which we expect will result in significantly increased government oversight of clinical trials. Under the FDAAA, companies that violate these and other provisions of the new law are subject to substantial civil monetary penalties, among other regulatory, civil and criminal penalties. The increased attention to drug safety issues may result in a more cautious approach by the FDA in its review of data from our clinical trials. Data from clinical trials may receive greater scrutiny, particularly with respect to safety, which may make the FDA or other regulatory authorities more likely to require additional pre-clinical studies or clinical trials. If the FDA requires us to provide additional clinical or pre-clinical data for any of our product candidates, the indications for which this product candidate was approved may be limited or there may be specific warnings or limitations on dosing, and our efforts to commercialize our product candidates may be otherwise adversely impacted.

Product Development Risks

Our business depends on our success in developing and commercializing our product candidates. If we are unable to commercialize these product candidates, or experience significant delays or unanticipated costs in doing so, our business would be materially and adversely affected.

We have invested significant effort and financial resources in the development of our therapeutics and product candidates. In addition to our product sales, our ability to generate revenue is dependent on a number of factors, including the success of our development programs, the interest of commercial entities and non-governmental organizations and others in funding the development of certain of our product candidates, the ability to attract and establish external development partnerships and the commercial viability of our developed

product candidates. The commercial success of our product candidates will depend on many factors, including accomplishing the following in an economical manner:

- successful development and formulation that meets FDA requirements;
- successful completion of clinical or non-clinical development, including toxicology studies;
- receipt of marketing approvals from the FDA and equivalent foreign regulatory authorities;
- establishment of commercial manufacturing and product supply arrangements;
- training of a commercial sales force for the product, whether alone or in collaboration with others;
- successful registration and maintenance of relevant patent and/or other proprietary protection; and
- acceptance of the product by potential government customers, physicians, patients, healthcare payors and others in the medical community.

If we are delayed or prevented from developing or commercializing a product candidate in a profitable manner, or if doing so requires us to incur significant unanticipated costs, our growth could be materially and adversely affected.

Clinical trials of product candidates are expensive and time-consuming, and their outcome is uncertain. We must invest substantial amounts of time and financial resources in these trials, which may not yield viable products.

Before obtaining regulatory approval for the sale of our product candidates, we and our collaborative partners, where applicable, must conduct extensive pre-clinical studies and clinical trials to establish proof of concept and demonstrate the safety and efficacy of our product candidates. Pre-clinical and clinical testing is expensive, difficult to design and implement, can take many years to complete and is uncertain as to outcome. Success in pre-clinical testing and early clinical trials does not ensure that later clinical trials will be successful, and interim results of a clinical trial do not necessarily predict final results. An unexpected result in one or more of our clinical trials can occur at any stage of testing.

We may experience unforeseen events or issues during, or as a result of, pre-clinical testing or clinical trials. These issues and events, which could delay or prevent our ability to receive regulatory approval for a product candidate, include, among others:

- lack of efficacy of product candidates during the trials;
- safety issues or inconclusive or incomplete testing, trial or study results;
- our inability or the inability of Emergent and our other third-party manufacturers to manufacture sufficient quantities of materials for use in trials;
- the unavailability or variability in the number and types of subjects for each study;
- government or regulatory restrictions or delays; and
- greater than anticipated costs of trials.

For example, in December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, the co-development agreement with MorphoSys was restructured. As a result of the required change in dosing regimen for MOR209/ES414, the lead RTCC candidate, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review

of clinical data from the first six patients enrolled and dosed in the Phase 1 trial. Further adverse or inconclusive clinical results could require additional adjustments to the dosing regimen or other parts of the program and could delay or prevent our ability to receive regulatory approval for MOR209/ES414.

In addition, product candidates that experience success in pre-clinical testing and early-stage clinical trials will not necessarily experience the same success in late-stage clinical trials, which are required for marketing approval. The FDA and other countries' regulatory authorities will allow us to begin clinical trials under an IND, or similar document in other countries only if we demonstrate in our submission that the potential product candidate will not expose humans to unreasonable risks and that the compound has pharmacological activity that justifies clinical development. It takes significant time and expense to generate the requisite data to support an IND or similar document. In many cases, companies spend the time and resources only to discover that the data are not sufficient to support an IND or similar document and therefore are unable to enter human clinical trials.

Even if we are successful in advancing a product candidate into the clinical development stage, before obtaining regulatory and marketing approvals, we must demonstrate through extensive human clinical trials that the product candidate is safe and effective for its intended use. Human clinical trials must be carried out under protocols that are acceptable to regulatory authorities and to the independent committees responsible for the ethical review of clinical studies. There may be delays in preparing protocols or receiving approval for them that may delay the start or completion of the clinical trials. In addition, clinical practices vary globally, and there is a lack of harmonization among the guidance provided by various regulatory bodies of different regions and countries with respect to the data that is required to receive marketing approval, which makes designing global trials increasingly complex. In addition, any deficiency in the design, implementation or oversight of our development programs could cause us to incur significant additional costs, experience significant delays, prevent us from obtaining marketing approval for any product candidate or abandon development of certain product candidates, any of which could harm our business and cause our stock price to decline.

The FDA may designate a product as a fast track drug if it is intended for the treatment of a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for this disease or condition. Sponsors granted a fast track designation for a drug are granted more opportunities to interact with the FDA during the approval process and are eligible for FDA review of the application on a rolling basis, before the application has been completed. Receipt of Fast Track designation may not result in a faster development process, review or approval compared to drugs considered for approval under conventional FDA procedures, and Fast Track designation may be withdrawn by the FDA at any time. In addition, Fast Track designation does not guarantee the ability to take advantage of the expedited review procedures and does not increase the likelihood of receiving any regulatory approvals.

We depend on third parties to conduct our clinical and non-clinical trials. If these third parties do not perform as contractually required or as we expect, we may not be able to obtain regulatory approval for or commercialize our product candidates and, as a result, our business may suffer.

We do not have the ability to independently conduct the clinical and non-clinical trials required to obtain regulatory approval for our product candidates. We depend on third parties, such as independent clinical investigators, contract research organizations and other third-party service providers to conduct the clinical and non-clinical trials of our product candidates and expect to continue to do so. We rely heavily on these third parties for successful execution of our clinical and non-clinical trials, but we do not exercise day-to-day control over their activities. Our reliance on these service providers does not relieve us of our regulatory responsibilities, including ensuring that our trials are conducted in accordance with the FDA-approved good clinical practices, or GCPs, and the plan and protocols contained in the relevant regulatory application. In addition, these organizations may not complete these activities on our anticipated or desired timeframe. We also may experience unexpected cost increases that are beyond our control. Problems with the timeliness or quality of the work of a contract research organization may lead us to seek to terminate the relationship and use an alternative service provider, which may prove difficult, costly and result in a delay of our trials. Any delay in or inability to

complete our trials could delay or prevent the development, approval and commercialization of our product candidates.

If we, contract research organizations or other third parties assisting us or our study sites fail to comply with applicable good clinical practices, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or its non-U.S. counterparts may require us to perform additional clinical trials before approving our marketing applications. We cannot assure you that, upon inspection, the FDA or non-U.S. regulatory agencies will determine that any of our clinical trials comply with good clinical practices. In addition, our clinical trials must be conducted with product produced under GCPs and similar regulations outside of the United States. Our failure, or the failure of our product manufacturers, to comply with these regulations may require us to repeat or redesign clinical trials, which would increase our development costs and delay or impact the likelihood of regulatory approval.

If third parties do not carry out their duties under their agreements with us, if the quality or accuracy of the data they obtain is compromised due to the failure to adhere to our clinical protocols, including dosing requirements, or regulatory requirements, or if they otherwise fail to comply with clinical trial protocols or meet expected deadlines, our clinical trials may not meet regulatory requirements. If our clinical trials do not meet regulatory requirements or if these third parties need to be replaced, our clinical trials may be extended, delayed, suspended or terminated. If any of these events occur, we may not be able to obtain regulatory approval of our product candidates or succeed in our efforts to create approved line extensions for certain of our existing products or generate additional useful clinical data in support of these products.

In certain cases, government entities conduct studies of our product candidates, and we may seek to rely on these studies in applying for marketing approval for certain of our product candidates. These government entities have no obligation or commitment to us to conduct or complete any of these studies or clinical trials and may choose to discontinue these development efforts at any time.

If we are unable to obtain any necessary third-party services on acceptable terms or if these service providers do not successfully carry out their contractual duties or meet expected deadlines, our efforts to obtain regulatory approvals for our product candidates may be delayed or prevented.

We may fail to select or capitalize on the most scientifically, clinically or commercially promising or profitable product candidates.

We continue to evaluate our business strategy and, as a result, may modify our strategy in the future. In this regard, we may, from time to time, focus our product development efforts on different product candidates or may delay or halt the development of various product candidates. This could require changes in our facilities and our personnel. Any product development changes that we implement may not be successful. In particular, we may fail to select or capitalize on the most scientifically, clinically or commercially promising or profitable product candidates.

Our decisions to allocate our research and development, management and financial resources toward particular product candidates or therapeutic areas may not lead to the development of viable commercial products and may divert resources from better opportunities. Similarly, our decisions to delay or terminate product development programs may also prove to be incorrect and could cause us to miss valuable opportunities.

For example, in December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, the parties concluded that the dosing regimen and administration required adjustment. The required dosing regimen change for MOR209/ES414 may not prove successful or sufficient to allow further development of this product candidate. As MOR209/ES414 is the lead candidate for our ADAPTIR Redirected T-Cell Cytoxicity (RTCC) bispecific platform technology, equivocal or negative outcomes may impact not only the ability to further progress this product candidate but the viability of the RTCC

platform. An important part of our business strategy is to develop, partner and commercialize new product candidates using the ADAPTIR RTCC platform.

If our competitors are able to obtain orphan drug exclusivity for a product that is competitive with one or more of our product candidates and we cannot show that our product candidate is clinically superior, we may not be able to have competing products approved by the applicable regulatory authority for a significant period of time.

Regulatory authorities in some jurisdictions, including Europe and the United States, may designate drugs that target relatively small patient populations as orphan drugs. A disease or condition is considered orphan if it affects fewer than 200,000 people in the United States. Orphan drug exclusivity (afforded to the first applicant to receive approval for an orphan designated drug) prevents FDA approval of applications by others for the same drug for the designated orphan disease or condition. The FDA may approve a subsequent application from another applicant if the FDA determines that the application is for a different drug or different use, or if the FDA determines that the subsequent product is clinically superior, or that the holder of the initial orphan drug approval cannot assure the availability of sufficient quantities of the drug to meet the public's need.

We have received an orphan drug designation from the FDA for VARIZIG for post-exposure prophylaxis of varicella (chickenpox) in high-risk patient groups, including immunocompromised children, newborns and pregnant women. We have also received orphan drug designation for otlertuzumab and we may seek such status with additional product candidates.

Generally, if a product with an orphan drug designation subsequently receives the first marketing approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity. VARIZIG has orphan drug exclusivity in the United States through December 2019. Our product candidate otlertuzumab was granted orphan drug designation by the FDA in November 2011 and received orphan medicinal product designation from the European Commission in December 2012 for the treatment of chronic lymphocytic leukemia. The exclusivity applies only to the indication for which each drug has been designated and approved. The applicable exclusivity period is seven years in the United States, but this period may be interrupted if a sponsor of a competitive product that is otherwise the same drug for the same use can show that its drug is clinically superior to our orphan drug candidate. The European exclusivity period is ten years, but may be reduced to six years if a drug no longer meets the criteria for orphan drug designation, including where it is shown that the drug is sufficiently profitable so that market exclusivity is no longer justified.

A grant of an orphan designation is not a guarantee that a product will be approved by the FDA.

If we do not obtain orphan drug exclusivity for our drug products, which do not have patent protection, our competitors may then sell the same drug to treat the same condition.

We do not have patent protection for WinRho SDF, HepaGam B or VARIZIG. Because not all of our drugs have patent protection, orphan drug designation is particularly important for our products that are eligible for orphan drug designation. As previously noted, VARIZIG has orphan drug exclusivity in the United States for post-exposure prophylaxis of varicella (chickenpox) in high-risk patient groups through December 2019. We plan to rely on this exclusivity period under the orphan drug designation for VARIZIG to maintain a competitive position. Our product candidate otlertuzumab was granted orphan drug designation by the FDA in November 2011 and received orphan medicinal product designation from the European Commission in December 2012 for the treatment of chronic lymphocytic leukemia. Orphan designation in Europe qualifies a drug for certain development and commercial incentives, including protocol assistance, access to centralized authorization procedures, reduced fees for regulatory activities, and 10 years of market exclusivity after approval.

Intellectual Property Risks

If we are unable to protect our intellectual proprietary rights, our business could be harmed.

Our commercial success will depend, in large part, on our ability to obtain and maintain protection in the United States and other countries for the intellectual property covering or incorporated into our technology, products and product candidates. Obtaining and maintaining this protection is very costly. The patentability of technology in in the biotechnology field generally is highly uncertain and involves complex legal and scientific questions. We cannot be certain that our patents and patent applications, including our own and those that we have rights through licenses from third parties, will adequately protect our intellectual property. Our success protecting our intellectual property depends significantly on our ability to:

- obtain and maintain U.S. and foreign patents, including defending those patents against adverse claims;
- secure patent term extension for the patents covering our approved products;
- protect trade secrets;
- operate without infringing the proprietary rights of others; and
- prevent others from infringing our proprietary rights.

Our principal patent applications and trademarks are described in greater detail in “Business—Intellectual Property” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations.”

We may not be able to obtain additional issued patents relating to our technology or products. Even if issued, patents may inadvertently lapse or be challenged, narrowed, invalidated or circumvented, which could limit our ability to stop competitors from marketing similar products or limit the duration of patent protection we may have for our products. In the past, we have abandoned the prosecution and/or maintenance of patent applications related to patent families in the ordinary course of business. In the future we may choose to abandon such prosecution and/or maintenance in a similar fashion. If these patent rights are later determined to be valuable or necessary to our business, our competitive position may be adversely affected. Changes in patent laws or administrative patent office rules or changes in interpretations of patent laws in the United States and in other countries may diminish the value of our intellectual property or narrow the scope of our patent protection, or result in costly defensive measures.

The cost of litigation to uphold the validity of patents, once obtained, to prevent infringement or to otherwise protect or enforce our proprietary rights could be substantial and, from time to time, our patents are subject to patent office proceedings. Some of our competitors may be better able to sustain the costs of complex patent litigation because they may have substantially greater financial resources. Intellectual property lawsuits are expensive and unpredictable and would consume management’s time and attention and other resources, even if the outcome were successful. In addition, there is a risk that a court would decide that our patents are not valid and that we do not have the right to stop the other party from using the inventions covered by or incorporating them. There is also a risk that, even if the validity of a patent were upheld, a court would refuse to stop the other party from using the invention(s), including on the grounds that its activities do not infringe the patent. If any of these events were to occur, our business, financial condition and operating results could be materially and adversely affected.

In addition to patent litigation, we may be a party to adversarial proceedings before the Patent Trial and Appeal Board of the US Patent and Trademark Office, or the PTAB. Potential proceedings before the PTAB include inter partes review proceedings, post-grant review proceedings and interference proceedings. Depending on our level of success at the PTAB, these proceedings could adversely impact our intellectual property rights with respect to our products and technology.

In addition, the U.S. Supreme Court has ruled on several patent cases in recent years, either narrowing the scope of patent protection available in certain circumstances or weakening the rights of patent owners in certain situations. This combination of events has created uncertainty with respect to the value of patents, once obtained, and with regard to our ability to obtain patents in the future. Depending on decisions by the U.S. Congress, the federal courts, and the PTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents and patents that we might obtain in the future.

Our collaborative partners and licensors may not adequately protect our intellectual property rights. These third parties may have the first right to maintain or defend intellectual property rights in which we have an interest and, although we may have the right to assume the maintenance and defense of such intellectual property rights if these third parties do not do so, our ability to maintain and defend such intellectual property rights may be compromised by the acts or omissions of these third parties.

Our patents, once obtained, also may not afford us protection against competitors with similar technology. Because patent applications in the United States and many foreign jurisdictions are typically not published until eighteen months after filing, or in some cases not at all, and because publications of discoveries in the scientific literature often lag behind actual discoveries, neither we nor our licensors can be certain that others have not filed or maintained patent applications for technology used by us or covered by our pending patent applications without our being aware of these applications.

We also will rely on current and future trademarks to establish and maintain recognized brands. If we fail to acquire and protect such trademarks, our ability to market and sell our products, and therefore our business, financial condition and operating results, could be materially and adversely affected.

International patent protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries we may have to expend substantial sums and management resources.

Patent and other intellectual property laws outside the United States are even more uncertain than in the United States and are continually undergoing review and revisions in many countries. Further, the laws of some foreign countries may not protect our intellectual property rights to the same extent as the laws of the United States. For example, certain countries do not grant patent claims that are directed to business methods and processes. In addition, we may have to participate in opposition proceedings to determine the validity of our foreign patents or our competitors' foreign patents, which could result in substantial costs and diversion of our efforts.

We are involved in five opposition proceedings in Europe relating to IXINITY and recombinant vitamin K dependent proteins such as Factor IX. Baxter International Inc. is the sole counter-party in all five proceedings. Depending on the final outcome of these proceedings, we may be unable to sell certain factor IX products or perform certain manufacturing activities in Europe relating to the subject matter claimed in the European patents we are opposing. Similarly, if any of the patents we own or exclusively license are invalidated during the opposition process, we may be unable to block competitors from performing certain activities in Europe currently covered by the patents.

Third parties may choose to file patent infringement claims against us; defending ourselves from such allegations would be costly, time-consuming, distracting to management and could materially affect our business.

Our development and commercialization activities, as well as any product candidates or products resulting from these activities, may infringe or be claimed to infringe patents and other intellectual property rights of third parties under which we do not hold sufficient licenses or other rights. Additionally, third parties may be successful in obtaining patent protection for technologies that cover development and commercialization

activities in which we are already engaged. These third parties may have substantially greater financial resources than us and could bring claims against us that could cause us to incur substantial expenses to defend against these claims and, if successful against us, could cause us to pay substantial damages. Furthermore, if a patent infringement or other similar suit were brought against us, we could be forced to stop or delay development, manufacturing or sales of the product or product candidate that is the subject of the suit. Intellectual property litigation in the biotechnology industry is common, and we expect this trend to continue.

As a result of patent infringement or other similar claims, or to avoid potential claims, we may choose or be required to seek a license from the third party and be required to pay license fees or royalties or both. These licenses may not be available on acceptable terms, or at all. Even if we were able to obtain a license, the rights may be non-exclusive, which could result in our competitors gaining access to the same intellectual property. Ultimately, we could be prevented from commercializing a product, or be forced to cease some aspect of our business operations, if, as a result of actual or threatened patent infringement claims, we are unable to enter into licenses on acceptable terms, if at all, or if an injunction is granted against us, which could harm our business significantly.

There has been substantial litigation and other proceedings regarding patent and other intellectual property rights in the pharmaceutical and biotechnology industries. In addition to infringement claims against us, we may become a party to other patent litigation and other adversarial proceedings such as proceedings before the PTAB and opposition proceedings in the European Patent Office, regarding intellectual property rights with respect to our products and technology.

Patent litigation and other proceedings may also absorb significant management time. The cost to us of any patent litigation or other proceeding, even if resolved in our favor, could be substantial. Some of our competitors may be able to sustain the costs of such litigation or proceedings more effectively than we can because of their substantially greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Patent litigation and other proceedings may also absorb significant management time.

Our Aptevo trademarks may be opposed which could have a material and adverse effect on our business.

We have applications pending that cover the APTEVO, APTEVO THERAPEUTICS, APTEVO BIOTHERAPEUTICS and APTEVO RESEARCH AND DEVELOPMENT trademarks. If a third party opposes any of these Aptevo trademarks, we may incur significant expense in the course of participating in the opposition process, which can be expensive and lengthy, and any settlement of which may result in our agreeing to be subject to restrictions on our use of the relevant Aptevo trademark. In addition, if we are unsuccessful in an opposition against an Aptevo trademark, we would lose the ability to obtain trademark registration for one or more uses of the relevant Aptevo mark.

For example, Bristol-Myers Squibb Company filed with the U.S. Patent and Trademark Office a request for a 90-day extension of time to oppose each Aptevo trademark. Specifically, unless Aptevo consents to an additional extension of time, Bristol-Myers Squibb will have until June 22, 2016 to oppose the APTEVO and APTEVO THERAPEUTICS trademarks, until July 20, 2016 to oppose the APTEVO RESEARCH AND DEVELOPMENT trademark and until July 27, 2016 to oppose the APTEVO BIOTHERAPEUTICS trademark. At this time, we are uncertain whether Bristol-Myers Squibb Company intends to oppose any of these trademarks, but any such opposition could result in our incurrence of significant expenses in participating in the opposition process or attempting to negotiate a settlement agreement with Bristol-Myers Squibb Company, the loss of our ability to obtain trademark registration for one or more use of the relevant Aptevo mark or restrictions on our use of the relevant Aptevo trademark, all of which could have a material and adverse effect on our business. We have received no indication from Bristol-Myers Squibb Company that it plans to take any legal action against Aptevo other than the potential oppositions.

If a third-party files a trademark infringement claim against us, defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction and damages, all of which could have a material and adverse effect on our business.

If a third-party files a trademark infringement claim against us, defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction and damages.

At this time, we are uncertain whether Bristol-Myers Squibb Company intends to assert that our use of the Aptevo trademarks infringes its trademark rights, but defending ourselves against such claim could be costly, time-consuming and distracting to management, and if we are unsuccessful in our defense, we could face an injunction prohibiting us from using the Aptevo trademarks and damages, all which could have a material and adverse effect on our business.

We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

As is common in the biotechnology and pharmaceutical industry, we employ individuals who were previously employed at other biotechnology or pharmaceutical companies, including our competitors or potential competitors. Although no claims against us are currently pending, we may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of their former employers. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management.

If we fail to comply with our obligations in our intellectual property licenses with third parties, we could lose license rights that are important to our business.

We are a party to a number of license agreements and expect to enter into additional license agreements in the future. Our existing licenses impose, and we expect future licenses will impose, various diligence, milestone payment, royalty, insurance and other obligations on us. If we fail to comply with these obligations, the licensor may have the right to terminate the license in whole or in part, terminate the exclusive nature of the license and/or sue us for breach, which could cause us to not be able to market any product that is covered by the licensed patents and may be subject to damages.

Any such termination or claim, particularly relating to our agreements with respect to WinRho SDF, HepaGam B, VARIZIG or IXINITY could have a material adverse effect on our financial condition, results of operations, liquidity or business. Even if we contest any such termination or claim and are ultimately successful, such dispute could lead to delays in the development or commercialization of potential products and result in time-consuming and expensive litigation or arbitration.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology and products could be adversely affected.

In addition to patented technology, we rely upon unpatented proprietary technology, information processes and know-how. These types of trade secrets can be difficult to protect. We seek to protect this confidential information, in part, through agreements with our employees, consultants and third parties as well as confidentiality policies and audits, although these may not be successful in protecting our trade secrets and confidential information. These agreements may be breached, and we may not have adequate remedies for any such breach. In addition, our trade secrets may otherwise become known, including through a potential cyber security breach, or may be independently developed by competitors. If we are unable to protect the confidentiality of our proprietary information and know-how, competitors may be able to use this information to develop products that compete with our products, which could adversely impact our business.

Our WinRho SDF, HepaGam B and VARIZIG products are protected by Emergent's manufacturing trade secrets. There are no patents or patent applications pending that support these hyperimmune products. If Emergent fails to adequately protect the trade secrets supporting these products, competitors may be able to copy our products by reproducing the manufacturing processes.

Risks Related to Collaborations

We may not be successful in establishing and maintaining collaborations that leverage our capabilities in pursuit of developing and commercializing our product candidates.

For each of our product candidates, including otlertuzumab, our humanized anti-CD37 therapeutic, we plan to evaluate the merits of entering into collaboration arrangements with third parties, including leading biotechnology companies or non-governmental organizations.

We currently are party to a collaboration arrangement with MorphoSys AG for the joint worldwide development and commercialization of MOR209/ES414, a targeted immuno-therapeutic protein being developed for metastatic castration-resistant prostate cancer. In December 2015, after a joint review of data from the Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. We plan to continue the current clinical trial under an amended protocol with recruitment expected to start around mid-2016. As a result of the required dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured. Under the terms of the restructured agreement, MorphoSys' cost sharing in the years 2016 to 2018 was reduced and future milestone payments payable by MorphoSys to us were reduced to a total of up to $74 million. In addition, the amended collaboration agreement changed the total expected funding requirement for us to up to approximately $250 million. As a result of the required change in dosing regimen for MOR209/ES414, the lead RTCC candidate, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial. Further adverse or inconclusive clinical results could lead to further renegotiation of the terms or cancellation of our collaboration agreement with MorphoSys AG.

We expect to selectively pursue collaboration arrangements with third parties that have particular technology, expertise or resources for the development or commercialization of our product candidates or for accessing particular markets. We face, and will continue to face, significant competition in seeking appropriate partners for our product candidates. If we are unable to identify partners whose capabilities complement and integrate well with ours and reach collaboration arrangements with such partners on a timely basis, on acceptable terms or at all, or if the arrangements we establish are unproductive for us, we may fail to meet our business objectives for the particular product candidate. Our ability to enter into such arrangements with respect to products in development that are subject to licenses may be limited by the terms of those licenses.

Any collaboration that we enter into may not be successful and the success of our collaboration arrangements will depend heavily on the efforts and activities of our collaborative partners. It is likely that our collaborative partners will have significant discretion in determining the efforts and resources that they will apply to these collaborations.

The risks that we are subject to in any of our collaborations include, among others:

- our collaborative partners may not commit adequate resources to the development, marketing and distribution of any collaboration products, limiting our potential revenues from these products;
- our collaborative partners may experience financial difficulties and may therefore be unable to meet their commitments to us;

- our collaborative partners may pursue a competing product candidate developed either independently or in collaboration with others, including our competitors; and
- our collaborative partners may terminate our relationship.

For example, in 2011, Abbott Laboratories, or Abbott, terminated its collaboration with Emergent for the development of otlertuzumab following a portfolio reprioritization process by Abbott.

The failure of any of our future collaboration partners to perform as expected could place us at a competitive disadvantage and adversely affect us financially, including delay and increased costs of development, loss of market opportunities, lower than expected revenues and impairment of the value of the related product candidate. Collaborations are a critical part of our business strategy, and any inability on our part to establish and successfully maintain such arrangements on terms favorable to us or to work successfully with our collaborative partners could have an adverse effect on our operations and financial performance.

Financial Risks

We may seek debt financing, which may restrict the operation of our business and limit the cash available for investment in our business operations.

We may seek debt financing to support our ongoing activities or to provide additional financial flexibility. Debt financing could have significant adverse consequences for our business, including:

- requiring us to dedicate a substantial portion of any cash flow from operations to payment on our debt, which would reduce the amounts available to fund other corporate initiatives;
- increasing the amount of interest that we have to pay on debt with variable interest rates, if market rates of interest increase;
- subjecting us to restrictive covenants that may reduce our ability to take certain corporate actions, acquire companies, products or technology, or obtain further debt financing;
- requiring us to pledge our assets as collateral, which could limit our ability to obtain additional debt financing;
- limiting our flexibility in planning for, or reacting to, general adverse economic and industry conditions; and
- placing us at a competitive disadvantage compared to our competitors that have less debt, better debt servicing options or stronger debt servicing capacity.

We may not have sufficient funds or be able to obtain additional financing to pay the amounts due under any future indebtedness. In addition, failure to comply with the covenants under any future debt instruments could result in an event of default under those instruments. An event of default could result in the acceleration of amounts due under a particular debt instrument and a cross default and acceleration under any future debt instruments, and we may not have sufficient funds or be able to obtain additional financing to make any accelerated payments. Under these circumstances, our lenders could seek to enforce security interests, if any, in our assets securing our indebtedness.

We may not achieve profitability in future periods or on a consistent basis.

Our ability to become profitable will be substantially dependent on the receipt of the $60 million total cash contributions from Emergent, our product sales revenues and revenues from collaboration and licensing arrangements. Accordingly, our ability to become profitable may be adversely affected as we progress through various stages of ongoing or planned clinical trials for our product candidates. We may not be able to achieve or sustain profitability. In addition, we anticipate incurring significant costs associated with the separation from

Emergent and making substantial expenditures to further develop and commercialize our products and product candidates. We anticipate needing to generate greater revenue in future periods from our marketed products and from our products in development in order to achieve profitability in light of our planned expenditures. If we are unable to generate greater revenue, we may not achieve profitability in future periods, and may not be able to maintain any profitability we do achieve. If we are unable to generate sufficient revenues, we will not become profitable and may be unable to continue operations without additional funding.

Our results of operations and liquidity needs could be materially negatively affected by market fluctuations and economic downturns.

Our results of operations could be materially negatively affected by general economic conditions, both in the United States and elsewhere around the world. Continuing concerns over inflation, energy costs, geopolitical issues, and the availability and cost of credit have contributed to increased volatility and diminished expectations for the economy and the markets going forward. Domestic and international equity markets continue to experience heightened volatility and turmoil. These events and the continuing market upheavals may have an adverse effect on us. In the event of a continuing market downturn, our results of operations could be adversely affected by those factors in many ways, including making it more difficult for us to raise funds if necessary, and our stock price may further decline.

Credit and financial market conditions may exacerbate certain risks affecting our business.

Sales of our products are made, in part, through direct sales to our customers, which include hospitals, physicians and other health care providers. As a result of adverse global credit and financial market conditions, our customers may be unable to satisfy their payment obligations for invoiced product sales or may delay payments, which could negatively affect our revenues, income and cash flow. In addition, we rely upon third parties for many aspects of our business, including our collaboration partners, wholesale distributors for our products, contract clinical trial providers, research organizations, manufacturers and third-party suppliers. Because of the tightening of global credit and the volatility in the financial markets, there may be a delay or disruption in the performance or satisfaction of commitments to us by these third parties, which could adversely affect our business.

The way that we account for our operational and business activities is based on estimates and assumptions that may differ from actual results.

The preparation of our combined financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, our management evaluates its critical estimates and judgments, including, among others: those related to revenue recognition, including product rebates, chargeback and return accruals; inventory; clinical research costs; business combinations; intangible assets and impairment; income taxes; stock-based compensation; and contingent consideration. Those critical estimates and assumptions are based on our historical experience, future projections, our observance of trends in the industry, and various other factors that are believed to be reasonable under the circumstances, and they form the basis for making judgments about the carrying values and fair values of assets and liabilities that may not be readily apparent from other sources. If actual results differ from these estimates as a result of unexpected conditions or events occurring which cause us to have to reassess our assumptions, there could be a material adverse impact on our financial results and the performance of our stock.

We face product liability exposure, which could cause us to incur substantial liabilities and negatively affect our business, financial condition and results of operations.

The nature of our business exposes us to potential liability inherent in pharmaceutical products, including with respect to the sale of our products, any other products that we successfully develop and the testing of our

product candidates in clinical trials. Product liability claims might be made by patients in clinical trials, consumers, health care providers or pharmaceutical companies or others that sell our products. These claims may be made even with respect to those products that are manufactured in licensed and regulated facilities or otherwise possess regulatory approval for commercial sale or study. We cannot predict the frequency, outcome or cost to defend any such claims.

If we cannot successfully defend ourselves against future claims that our products or product candidates caused injuries, we may incur substantial liabilities. Regardless of merit or eventual outcome, product liability claims may result in:

- decreased demand or withdrawal of a product;
- adverse publicity and/or injury to our reputation;
- withdrawal of clinical trial participants;
- costs to defend the related litigation;
- substantial monetary awards to trial participants or patients;
- loss of revenue; and
- an inability to commercialize products that we may develop.

The amount of insurance that we currently hold may not be adequate to cover all liabilities that may occur. Further product liability insurance may be difficult and expensive to obtain. We may not be able to maintain insurance coverage at a reasonable cost and we may not be able to obtain insurance coverage that will be adequate to satisfy all potential liabilities. Claims or losses in excess of our product liability insurance coverage could have a material adverse effect on our business, financial condition and results of operations. The cost of defending any products liability litigation or other proceeding, even if resolved in our favor, could be substantial. Uncertainties resulting from the initiation and continuation of products liability litigation or other proceedings could have a material adverse effect on our ability to compete in the marketplace. Product liability claims, regardless of merit or eventual outcome, may absorb significant management time and result in reputational harm, potential loss of revenue from decreased demand for our products and/or product candidates, withdrawal of clinical trial participants and potential termination of clinical trial sites or entire clinical programs, and could cause our stock price to fall.

Product recalls may be issued at our discretion or at the discretion of our suppliers, government agencies and other entities that have regulatory authority for pharmaceutical sales. Any recall of our products could materially adversely affect our business by rendering us unable to sell that product for some time and by adversely affecting our reputation. A recall could also result in product liability claims by individuals and third-party payors. In addition, product liability claims could result in an investigation of the safety or efficacy of our products, our manufacturing processes and facilities, or our marketing programs conducted by the FDA, the EMA, or the competent authorities of the EU Member States. Such investigations could also potentially lead to a recall of our products or more serious enforcement actions, limitations on the indications for which they may be used, or suspension, variation, or withdrawal of approval. Any such regulatory action by the FDA, the EMA or the competent authorities of the EU Member States could lead to product liability lawsuits as well.

We rely significantly on information technology systems and any failure, inadequacy, interruption or security lapse of that technology, including any cyber security incidents, could harm our ability to operate our business effectively or result in data leakage of proprietary and confidential business and employee information.

Our business is increasingly dependent on critical, complex and interdependent information technology systems, including Internet-based systems, to support business processes as well as internal and external communications. The size and complexity of our computer systems make them potentially vulnerable to

interruption, invasion, computer viruses, destruction, malicious intrusion and additional related disruptions, which may result in the impairment of production and key business processes.

We will install and implement information technology infrastructure to support our critical business functions, as discussed in greater detail in the risk factor below entitled "*As we continue to build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.*"

In addition, our systems are potentially vulnerable to data security breaches—whether by employee error, malfeasance or other disruption—which may expose sensitive data to unauthorized persons. Such data security breaches could lead to the loss of trade secrets or other intellectual property, or could lead to the public exposure of personal information, including sensitive personal information, of our employees, clinical trial patients, customers and others.

A significant business disruption or a breach in security resulting in misappropriation, theft or sabotage with respect to our proprietary and confidential business and employee information could result in financial, legal, business or reputational harm to us, any of which could adversely affect our business, financial condition and operating results.

Our success is dependent on our continued ability to attract, motivate and retain key personnel, and any failure to attract or retain key personnel may negatively affect our business.

Because of the specialized scientific nature of our business, our ability to develop products and to compete with our current and future competitors largely depends upon our ability to attract, retain and motivate highly qualified managerial and key scientific and technical personnel. If we are unable to retain the services of one or more of the principal members of senior management, including our Chief Executive Officer, Marvin L. White, and Chief Financial Officer, Jeffrey G. Lamothe, and Chief Medical Officer, Scott C. Stromatt, or other key employees, our ability to implement our business strategy could be materially harmed. Our industry has experienced a high rate of turnover of management personnel in recent years. We face intense competition for qualified employees from biotechnology companies, research organizations and academic institutions. Attracting, retaining or replacing these personnel on acceptable terms may be difficult and time-consuming given the high demand in our industry for similar personnel. We believe part of being able to attract, motivate and retain personnel is our ability to offer a competitive compensation package, including equity incentive awards. If we cannot offer a competitive compensation package or otherwise attract and retain the qualified personnel necessary for the continued development of our business, we may not be able to maintain our operations or grow our business.

We are subject to periodic litigation, which could result in losses or unexpected expenditure of time and resources.

From time to time, we may be called upon to defend ourselves against lawsuits relating to our business. Due to the inherent uncertainties of litigation, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome in any such proceedings could have an adverse impact on our business, financial condition and results of operations. If our stock price is volatile, we may become involved in securities class action lawsuits in the future. Any litigation in the future, regardless of its merits, could result in substantial costs and a diversion of management's attention and resources that are needed to successfully run our business. For a more detailed discussion of litigation, see "Business—Legal Proceedings."

RISKS RELATED TO THE SEPARATION

Until the separation occurs, Emergent has sole discretion to change the terms of the separation in ways which may be unfavorable to us.

We expect to complete the separation from Emergent in mid-2016. Unanticipated developments, including possible delays in obtaining a tax opinion, covenant waivers or other required clearances, uncertainty of the financial markets and challenges in establishing infrastructure or processes, could delay or prevent the proposed spin-off or cause it to occur on terms or conditions that are less favorable or different than currently contemplated. Executing the proposed spin-off also requires significant time and attention from management and employees, which could distract them from other tasks in operating our business and, as a result, negatively impact our operations and our earnings.

Until the separation occurs, we will be a wholly-owned subsidiary of Emergent. Accordingly, Emergent will effectively have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the distribution and the distribution date. These changes could be unfavorable to us. Emergent may also decide at any time not to proceed with the separation and distribution. In addition, the separation is subject to material conditions and may not be completed on the currently contemplated timeline or at all.

If the proposed separation is consummated, we may not realize some or all of the anticipated benefits due to a number of factors.

Even if the transaction is completed, we may not realize some or all of the anticipated strategic, financial or other benefits from the separation. These expected benefits include the benefits described in “The Separation and Distribution—Reasons for the Separation.” We may not achieve these and other anticipated benefits for a variety of reasons. We will be smaller, less diversified and with a narrower business focus than the currently combined company, and may be more vulnerable to changing market conditions, which could materially and adversely affect our business, financial condition and results of operations. Execution of the spin-off transaction presents a number of significant risks to our internal processes, including the failure to maintain an adequate control environment due to changes to our information technology systems and financial reporting processes, both as we execute the transaction and following consummation. There may also be dis-synergies from separating the businesses that could negatively impact the financial condition and results of operations of either or both businesses. There also can be no assurance that the separation will not adversely affect our business. Further, the combined value of the common stock of the two publicly-traded companies may not be equal to or greater than what the value of our common stock would have been had the proposed spin-off not occurred.

We have no history operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly-traded company and may not be a reliable indicator of our future results.

The historical information about us in this information statement refers to our business as operated by and integrated with Emergent. Our historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Emergent. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly-traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Prior to the separation, our business was operated by Emergent as part of Emergent’s broader corporate organization, rather than as an independent company. Emergent or one of its affiliates performed various corporate functions for us, such as accounting, information technology, legal, human resources, regulatory, quality assurance, quality control and finance. Following the separation, Emergent will

provide some of these functions to us, as described in "Certain Relationships and Related Party Transactions." Our historical results reflect allocations of corporate expenses from Emergent for such functions. We consider the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had we operated as an independent, publicly-traded company for the periods presented. We will need to make significant investments to replicate or outsource from other providers certain facilities, systems, infrastructure, and personnel to which we will no longer have access after our separation from Emergent. These initiatives to develop our independent ability to operate without access to Emergent's existing operational and administrative infrastructure will be costly to implement. We may not be able to operate our business efficiently or at comparable costs, and our financial condition may decline;

- Currently, our business is integrated with the other businesses of Emergent. We are able to use Emergent's size and purchasing power in procuring various goods and services and have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although we will enter into a transition services agreement with Emergent, these arrangements may not fully capture the benefits we have enjoyed as a result of being integrated with Emergent and may result in us paying higher charges than in the past for these services. As a separate, independent company, we may be unable to obtain goods and services at the prices and terms obtained prior to the separation, which could increase our losses. As a separate, independent company with a distinct scope of operations, we may also not qualify for or obtain favorable tax treatments and credits. This could have an adverse effect on our results of operations and financial condition following the completion of the separation;
    - Generally, our working capital requirements and capital for our general corporate purposes, including research and development and capital expenditures, have historically been satisfied as part of the corporate-wide capital allocation of Emergent. Following the completion of the separation, we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements;
    - After the completion of the separation, the cost of capital for our business will likely be higher than Emergent's cost of capital prior to the separation; and
    - Our historical financial information does not reflect our obligations to purchase from Emergent certain services and assets, and assume the corresponding liabilities, of our business after the distribution date. For example, prior to separation, Emergent manufactured our commercial products, with the exception of IXINITY. Following separation, our commercial products, other than IXINITY, will continue to be manufactured by Emergent under a manufacturing services agreement. Therefore, the cost of our commercial products may differ from our current pricing.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as an independent company. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements, see "Unaudited Pro Forma Combined Balance Sheet," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

Emergent may fail to perform under various transaction agreements that will be executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation, we will enter into a separation and distribution agreement and various other agreements with Emergent, including a transition services agreement, a tax matters agreement, an

employee matters agreement, a manufacturing services agreement, a Canadian wholesaler agreement, a trademark license agreement and a product license agreement. These agreements are discussed in greater detail in the section entitled "Certain Relationships and Related Party Transactions." Certain of these agreements will provide for the performance of services by Emergent for a period of time after the separation. We will rely on Emergent to satisfy its performance obligations under these agreements. If Emergent is unable to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties or losses.

If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services when the transition services or longer-term agreements terminate, we may not be able to operate our business effectively and our results of operations may be adversely affected. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services Emergent currently provides to us. We may not be successful in effectively or efficiently implementing these systems and services or in transitioning data from Emergent's systems to ours. These systems and services may also be more expensive or less efficient than the systems and services Emergent is expected to provide during the transition period.

As we continue to build our information technology infrastructure and transition our data to our own systems, we could incur substantial additional costs and experience temporary business interruptions.

We are continuing to install and implement our own information technology infrastructure to support our critical business functions, including accounting and reporting, customer service, inventory control and distribution. We may incur temporary interruptions in business operations if we cannot transition effectively from Emergent's existing transactional and operational systems, data centers and the transition services that support these functions as we transition these systems. We may not be successful in implementing our new systems and transitioning our data, and we may incur substantially higher costs for implementation than currently anticipated. Our failure to avoid operational interruptions as we transition systems and replace Emergent's IT services, or our failure to transition systems to replace Emergent's services successfully, could disrupt our business and have a material adverse effect on our results of operations. In addition, if we are unable to replicate or transition certain systems, our ability to comply with regulatory requirements could be impaired.

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone publicly-traded company following the distribution.

Our financial results previously were included within the consolidated results of Emergent, and we believe that our reporting and control systems were appropriate for those of divisions of a public company. However, we were not directly subject to the reporting and other requirements of the Exchange Act. After the distribution, we believe we will qualify as an Emerging Growth Company, or EGC. Although an EGC has certain reduced reporting and regulatory requirements, we will still be directly subject to substantial reporting and other obligations under the Exchange Act. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources. We may not have sufficient time following the separation to meet these obligations by the applicable deadlines.

Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and potentially need to hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In connection with our separation from Emergent, Emergent will indemnify us for certain liabilities and we will indemnify Emergent for certain liabilities. If we are required to pay under these indemnities to Emergent, our financial results could be negatively impacted. The Emergent indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which Emergent will be allocated responsibility, and Emergent may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation agreement and certain other agreements with Emergent, Emergent will agree to indemnify us for certain liabilities, and we will agree to indemnify Emergent for certain liabilities, in each case for uncapped amounts, as discussed further in "Certain Relationships and Related Party Transactions." Indemnities that we may be required to provide Emergent are not subject to any cap, may be significant and could negatively impact our business, particularly indemnities relating to our actions that could impact the tax-free nature of the distribution. Third parties could also seek to hold us responsible for any of the liabilities that Emergent has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnity from Emergent may not be sufficient to protect us against the full amount of such liabilities, and Emergent may not be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from Emergent any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

If the distribution, together with certain related transactions, does not qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code, Emergent, Aptevo, and Emergent stockholders could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify Emergent for taxes and related expenses resulting from the failure of the transaction to so qualify.

It is intended that the distribution, together with certain related transactions, will generally be tax-free to Emergent and its stockholders for U.S. federal income tax purposes. Emergent has received a favorable private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions. It is a condition to the distribution that (i) the private letter ruling from the IRS continue to be valid and in full force and effect and (ii) Emergent receive an opinion from WilmerHale LLP, in a form and substance satisfactory to Emergent, substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code. The IRS private letter ruling is based upon certain facts and representations submitted by Emergent to the IRS. In addition, the opinion from WilmerHale LLP will be based upon and rely on, among other things, the IRS private letter ruling and certain facts and assumptions, as well as certain representations and covenants of Emergent and Aptevo contained in the tax matters agreement and certain representations contained in representation letters provided by Emergent, Aptevo and certain stockholders to WilmerHale LLP, including representations and covenants relating to the past and future conduct of Emergent, Aptevo and such stockholders. If any of these facts, assumptions, representations, or covenants is, or becomes, inaccurate or incomplete, the IRS private letter ruling and/or the opinion of WilmerHale LLP may be invalid and the conclusions reached therein could be jeopardized. In addition, the IRS private letter ruling only addresses certain limited matters relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, and the opinion of WilmerHale LLP will represent the judgment of such counsel which is not binding on the IRS or any court. Accordingly, notwithstanding the IRS private letter ruling and the opinion of WilmerHale LLP, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions should be treated as a taxable transaction for U.S. federal income tax purposes or that a court would not sustain such a challenge.

If the distribution, together with certain related transactions, does not qualify as a tax-free transaction described under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes, in general, (i) Emergent would recognize taxable gain on the distribution equal to the amount by which the fair market value

of the Aptevo common stock distributed to Emergent stockholders exceeds Emergent's tax basis in its shares of Aptevo common stock and (ii) each Emergent stockholder would be treated as receiving a taxable distribution in an amount equal to the fair market value of the Aptevo common stock received by such stockholder. For more information, see "Material U.S. Federal Income Tax Consequences."

Under the tax matters agreement that we will enter into with Emergent, we may be required to indemnify Emergent against any tax liabilities and related expenses resulting from the failure of the distribution, together with certain related transactions, to qualify as a transaction described under Sections 355 and 368(a)(1)(D) of the Code to the extent that the failure to so qualify is attributable to actions, events or transactions relating to our stock, assets or business, or a breach of the relevant representations or covenants made by us in the tax matters agreement or the IRS private letter ruling or in the representation letters provided to WilmerHale LLP. For a more detailed discussion, see "Certain Relationships and Related Party Transactions–Tax Matters Agreement."

We may have received better terms from unaffiliated third parties than the terms we will receive in our agreements with Emergent.

The agreements we will enter into with Emergent in connection with the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian wholesaler agreement, a trademark license agreement and a product license agreement, were prepared in the context of the separation while we were still a wholly-owned subsidiary of Emergent. Accordingly, during the period in which the terms of those agreements were prepared, we did not have an independent board of directors or a management team that was independent of Emergent. As a result, while we believe that the commercial agreements between Emergent and us generally reflect arm's-length pricing and other terms, it is possible that we may have received more favorable terms had the intercompany agreements between Emergent and us been negotiated with third parties.

We expect to incur both one-time and ongoing material costs and expenses as a result of our separation from Emergent, which could adversely affect our results of operations.

We expect to incur both one-time and ongoing costs and expenses greater than those we currently incur as a result of our separation from Emergent. These increased costs and expenses may arise from various factors, including financial reporting, costs associated with complying with federal securities laws (including potential future compliance with the Sarbanes-Oxley Act of 2002), tax administration, and legal and human resources related functions, and it is possible that these costs will be material to our business.

The transfer or assignment to us of certain contracts and other assets requires the consent of a third party. If such consent is not given, we may not be entitled to the benefit of such contracts and other assets in the future.

The transfer or assignment of certain of the contracts and other assets in connection with our separation from Emergent require the consent of a third party to the transfer or assignment. In addition, in some circumstances, we are joint beneficiaries of contracts, and we will need to enter into a new agreement with the third party to replicate the existing contract or assign the portion of the existing contract related to our business. Some parties may use the consent requirement to seek more favorable contractual terms from us, which we expect would primarily take the form of price increases, which may require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or to seek arrangements with new third parties. If we are unable to obtain such consents on commercially reasonable and satisfactory terms, we may be unable to obtain some of the benefits, assets and contractual commitments that are intended to be allocated to us as part of our separation from Emergent, and we may be required to seek alternative arrangements to obtain the distribution, legal, accounting, auditing, administrative and other services and assets that we would otherwise have had under such agreements. In addition, where we do not intend to obtain consent from third-party counterparties based on our belief that no consent is required, the third-party counterparties may challenge a transfer of assets to us on the basis that the terms of the applicable commercial arrangements require their

consent. We may incur substantial litigation and other costs in connection with any such claims and, if we do not prevail, our ability to use these assets could be adversely impacted.

If the distribution occurs and you do not want to receive Aptevo common stock in the distribution, your sole recourse will be to divest yourself of your Emergent common stock prior to the record date.

No vote of Emergent stockholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your Emergent common stock prior to the record date for the distribution.

The combined post-separation value of a share of Emergent common stock and • shares of Aptevo common stock may not equal or exceed the pre-distribution value of a share of Emergent common stock.

As a result of the distribution, Emergent expects the trading price of shares of Emergent common stock immediately following the distribution to be lower than the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the business held by Aptevo. There can be no assurance that the aggregate market value of a share of Emergent common stock and ● shares of Aptevo common stock following the separation will be higher or lower than the market value of a share of Emergent common stock if the separation did not occur.

We may not be able to engage in certain corporate transactions after the separation.

To preserve the tax-free treatment to Emergent and its stockholders of the distribution, together with certain related transactions, we will be restricted, under the tax matters agreement that we will enter into with Emergent, from taking any action that prevents such transactions from being tax-free for U.S. federal income tax purposes. In particular, for a period of two years following the separation, we will be restricted from taking certain actions (including restrictions on share issuances, business combinations, sales of assets, amendments to organizational documents and similar transactions) that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. These restrictions may limit our ability to pursue certain strategic transactions or engage in other transactions that might increase the value of our business, including use of our common stock to make acquisitions and equity capital market transactions. In addition, under the tax matters agreement, we are required to indemnify Emergent against any tax liabilities and related expenses arising from the failure of the distribution, together with certain related transactions, to be tax-free to the extent such failure is attributable to actions, events or transactions relating to our stock, assets or business, including the acquisition of our stock even if we did not participate in or otherwise facilitate the acquisition. For more information, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement."

After the separation, certain of our executive officers and/or directors may have actual or potential conflicts of interest because of their previous positions at Emergent.

The ownership by our expected executive officers and/or directors of shares of Emergent common stock, stock options or other equity awards may create, or may create the appearance of, conflicts of interest. Because of their current or former positions with Emergent, certain of our expected executive officers and/or directors own shares of Emergent common stock, stock options to purchase Emergent common stock or other equity awards. Shares of Emergent common stock, stock options to purchase Emergent common stock or other equity awards may comprise a significant portion of some of these individuals' total personal financial assets. Following the separation, even though expected executive officers and/or directors who are currently employees of Emergent will cease to be employees of Emergent, some of our executive officers and/or directors will continue to have a financial interest in Emergent common stock, which may create, or may create the appearance of, conflicts of interest when these individuals are faced with decisions that could have different implications for Emergent than the decisions have for Aptevo.

RISKS RELATED TO APTEVO'S COMMON STOCK

We cannot be certain that an active trading market for our common stock will develop or be sustained after the separation, and following the separation, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a "when-issued" basis and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the separation. Nor can we predict the prices at which shares of our common stock may trade after the separation. Similarly, we cannot predict whether the combined market value of the shares of our common stock and Emergent's common shares will be less than, equal to or greater than the market value of Emergent's common shares prior to the separation.

The stock market in general, and the market for biotechnology companies in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control or unrelated to our operations, including, among others:

- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- investor perceptions or negative announcements by our customers, competitors or suppliers regarding their own performance;
- the success of competitive products or technologies;
- the timing, expenses and results of clinical and non-clinical trials of our product candidates;
- announcements regarding clinical trial results and product introductions by us or our competitors;
- announcements of acquisitions, collaborations, financings or other transactions by us;
- public concern as to the safety of our products;
- termination or delay of a development program;
- the recruitment or departure of key personnel;
- actual or anticipated variations in our product revenue and results of operations;
- the operating and stock price performance of comparable companies;
- general industry conditions and domestic and worldwide financial, economic and political instability; and
- the other factors described in this "Risk Factors" section.

In addition, when the market price of a company's common stock drops significantly, stockholders often institute securities class action lawsuits against the company. A lawsuit against us could cause us to incur substantial costs and could divert the time and attention of our management and other resources.

The public announcement of data from clinical studies or news of any developments related to our product pipeline may cause significant volatility in our stock price. If the development of any of our key pipeline products is delayed or discontinued, our stock price could decline significantly.

As we evolve into a standalone company, we will be focusing efforts and resources in building a diversified pipeline of products. We expect that investors may place heightened scrutiny on some of our products in development when making investment decisions in Aptevo compared to historic Emergent. The announcement of data from clinical studies by us or our collaborative partners or news of any developments related to our key pipeline products may cause significant volatility in our stock price. Furthermore, the announcement of any

negative or unexpected data or the discontinuation of development of any of our key pipeline products, or any delay in our anticipated timelines for filing for regulatory approval, could cause our stock price to decline significantly. There can be no assurance that data from clinical studies will support a filing for regulatory approval or even if approved, that any of our key pipeline products will become commercially successful.

Your percentage of ownership in Aptevo may be diluted in the future.

In the future, your percentage ownership in Aptevo may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that we will be granting to our directors, officers and employees. Our employees will have options to purchase shares of our common stock after the distribution as a result of conversion of their Emergent stock options to Aptevo stock options. We anticipate our compensation committee will grant additional stock options or other stock-based awards to our employees after the distribution. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we may issue additional options or other stock-based awards to our employees under our employee benefits plans.

In addition, our restated certificate of incorporation will authorize us to issue, without the approval of our stockholders, one or more classes or series of preferred stock having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock respecting dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, we could grant the holders of preferred stock the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we could assign to holders of preferred stock could affect the residual value of the common stock. See "Description of Aptevo's Capital Stock."

Fuad El-Hibri, the chairman of our Board of Directors, has significant influence over us through his substantial beneficial ownership of our common stock, including an ability to influence the election of the members of our Board of Directors, or delay or prevent a change of control of us.

Mr. El-Hibri has the ability to significantly influence the election of the members of our Board of Directors due to his substantial beneficial ownership of our common stock. As of the distribution date, Mr. El-Hibri will be the beneficial owner of approximately ●% of our outstanding common stock. As a result, Mr. El-Hibri could delay or prevent a change of control of us that may be favored by other directors or stockholders and otherwise exercise substantial control over all corporate actions requiring board or stockholder approval, including any amendment of our certificate of incorporation or by-laws. The control by Mr. El-Hibri may prevent other stockholders from influencing significant corporate decisions. In addition, Mr. El-Hibri's significant beneficial ownership of our shares could present the potential for a conflict of interest.

Provisions under Delaware law and in our restated certificate of incorporation and amended and restated by-laws may discourage acquisition proposals, delay a change in control or prevent transactions that stockholders may consider favorable.

Certain provisions in our restated certificate of incorporation and amended and restated by-laws, and under Delaware law, may discourage, delay or prevent a merger, acquisition or other changes in control that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions may also prevent or frustrate attempts by our stockholders to replace or remove our incumbent directors and management.

These provisions include:

- the classification of our directors;
- limitations on the removal of directors;

- limitations on filling vacancies on the board;
- advance notice requirements for stockholder nominations of candidates for election to the Board of Directors and other proposals;
- the inability of stockholders to act by written consent;
- the inability of stockholders to call special meetings; and
- the ability of our Board of Directors to designate the terms of and issue a new series of preferred stock without stockholder approval.

The affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote is required to amend or repeal the above provisions of our certificate of incorporation. The affirmative vote of either a majority of the directors present at a meeting of our Board of Directors or holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote is required to amend or repeal our by-laws.

In addition, Section 203 of the General Corporation Law of Delaware prohibits a corporation from engaging in a business combination with an interested stockholder, generally a person which, together with its affiliates, owns or within the last three years has owned 15% or more of the corporation's voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. Accordingly, Section 203 may discourage, delay or prevent a change in control of us.

Several of the agreements that we will enter into with Emergent require Emergent's consent to any assignment by us of our rights and obligations under the agreements. These agreements will generally expire within two years of our separation from Emergent, except for certain agreements that will continue for longer terms and in some cases for the life of the products covered by the agreements. The consent and termination rights set forth in these agreements might discourage, delay or prevent a change of control that you may consider favorable. See "Certain Relationships and Related Party Transactions" and "Description of Aptevo's Capital Stock" for a more detailed description of these agreements and provisions.

In addition, under the tax matters agreement, for a period of two years following the separation, we will be restricted from taking certain actions (including restrictions on business combinations and share issuances) that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. We would be required to indemnify Emergent for any taxes and related expenses resulting from the failure of the transactions to so qualify to the extent that the failure is attributable to actions, events or transactions relating our stock, assets or business, and this indemnity obligation might discourage, delay or prevent a change of control that you may consider favorable.

Because we currently do not expect to pay dividends following the distribution, investors will benefit from an investment in our common stock only if it appreciates in value.

Prior to completion of the distribution, our Board of Directors will adopt a dividend policy with respect to the payment of dividends on our common stock following the distribution. We currently do not expect to pay dividends following the distribution. We anticipate that we will retain all our future earnings, if any, to support our operations and our proprietary drug development programs and product candidates and pursue other opportunities. Any future determination to pay dividends will be at the sole discretion of our Board of Directors and will depend upon our financial condition, results of operations, capital requirements, restrictions contained in future financing instruments and such other factors as our Board of Directors deems relevant. For more information, see "Dividend Policy." We cannot guarantee that we will pay any dividends in the future or continue to pay any dividend if we were to commence paying dividends. As a result, capital appreciation, if any, of our common stock will be the sole source of gain for our stockholders for the foreseeable future.

A significant portion of our shares may be sold into the market at any time. This could cause the market price of our common stock to drop significantly.

Sales of a substantial number of shares of our common stock in the public market could occur at any time. These sales or the perception in the market that the holders of a large number of shares intend to sell shares, in connection with the distribution or otherwise, could reduce the market price of our common stock. We are unable to predict whether large amounts of our common stock will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers would be in the market at that time. Upon completion of the distribution, we expect that we will have an aggregate of approximately ● shares of our common stock issued and outstanding on ●. These shares will be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), unless the shares are owned by one of our "affiliates," as that term is defined in Rule 405 under the Securities Act. Moreover, holders of an aggregate of approximately ● shares of our common stock immediately following the distribution will have the right to require us to register these shares of common stock under the Securities Act under specified circumstances. For a further discussion of registration rights, see "Description of Aptevo's Capital Stock—Registration Rights."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials Emergent and Aptevo have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "expectation," "anticipate," "may," "could," "intend," "belief," "estimate," "plan," "target," "predict," "likely," "will," "should," "forecast," "outlook" or other similar words or phrases, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause our actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. In particular, information included under "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and "The Separation and Distribution" contain forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of our management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Except as may be required by law, we undertake no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date of this information statement. Factors that could cause our actual results or events to differ materially from those anticipated include the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," in addition to the following other factors, many of which are beyond our control:

- demand for and market acceptance risks for and competitive pressures related to new and existing products;
- product development risks, including satisfactory clinical performance, the ability to manufacture at appropriate scale, and the general unpredictability associated with the product development cycle;
- occurrence of manufacturing or supply difficulties;
- product quality or patient safety issues, leading to product recalls, withdrawals, launch delays, sanctions, seizures, litigation, loss of confidence or declining sales;
- future actions of FDA, EMA or any other regulatory body or government authority that could delay, limit or suspend product development, manufacturing or sale or result in seizures, recalls, injunctions, loss of customer confidence, monetary sanctions or criminal or civil liabilities;
- our ability to develop and sustain relationships with collaborative partners;
- failures with respect to the company's compliance programs;
- global regulatory, trade and tax policies;
- the impact of competitive products and pricing, including generic competition, drug re-importation and disruptive technologies;
- our ability to identify business development and growth opportunities and to successfully execute on our business development strategy;
- our ability to realize the anticipated benefits from our joint product development and commercialization arrangements and other business development activities or to identify and enter into additional such opportunities in the future;
- future actions of third parties, including third-party payors, as healthcare reform and other similar measures are implemented in the United States and globally;
- the impact of U.S. healthcare reform and other similar actions undertaken by foreign governments with respect to pricing, reimbursement, taxation and rebate policies;

- additional legislation, regulation and other governmental pressures in the United States or globally, which may affect pricing, reimbursement, taxation and rebate policies of government agencies and private payors or other elements of the company's business;
- the ability to protect or enforce the company's owned or in-licensed patent or other proprietary rights (including trademarks, copyrights, trade secrets and know-how) or patents of third parties preventing or restricting the company's manufacture, sale or use of affected products or technology;
- the impact of global economic conditions on us and our customers and suppliers, including foreign governments in certain countries in which we operate;
- fluctuations in foreign exchange and interest rates;
- any changes in law concerning the taxation of income, including income earned outside the United States;
- breaches or failures of the company's information technology systems;
- loss of key employees or inability to identify and recruit new employees;
- the outcomes of any litigation;
- the adequacy of our cash reserves and cash flows from operations to meet our ongoing cash obligations;
- whether the separation is completed, as expected or at all, and the timing of the separation and the distribution;
- whether the conditions to the distribution can be satisfied;
- our operations as an independent company;
- the costs and expenses related to the separation;
- Emergent's performance under various transaction agreements that will be executed as part of the separation;
- our ability to transition away from the services to be provided by Emergent pursuant to the transition services agreement and other agreements with Emergent in a timely manner;
- potential indemnification liabilities owed to Emergent after the separation;
- our ability to achieve operational, marketing and strategic benefits from the separation in a timely manner;
- our ability to access the capital markets following the separation from Emergent;
- failure of the "regular-way," "ex-distribution" or "when issued" markets to develop or other unexpected reactions to the distribution in the capital markets; and
- other factors identified elsewhere in this information statement including the risk factors described herein under the section entitled "Risk Factors."

In addition, other risks and uncertainties not presently known to us or that we consider immaterial could affect the accuracy of any such forward-looking statements. The list of factors described above is illustrative, but by no means exhaustive.

All forward-looking statements should be evaluated with the understanding of their inherent uncertainty. Additional risks and uncertainties include those detailed from time to time in our publicly-filed documents.

DIVIDEND POLICY

We currently do not expect to pay dividends following the distribution. We anticipate that we will retain all our future earnings, if any, to support our operations and our proprietary drug development programs, acquire or in-license additional products and product candidates, and pursue other opportunities, and do not intend to pay dividends in the foreseeable future. The timing, declaration, amount of, and payment of any dividends following the separation by Aptevo is within the sole discretion of its board of directors and will depend upon many factors, including Aptevo's financial condition, earnings, corporate strategy, capital requirements of its operating subsidiaries, covenants associated with any future debt service obligations, legal requirements, regulatory constraints, industry practice, ability to access capital markets and other factors deemed relevant by Aptevo's board of directors.

CAPITALIZATION

The following table sets forth Aptevo's capitalization as of December 31, 2015 on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in Aptevo's unaudited pro forma financial information. The information below is not necessarily indicative of what Aptevo's capitalization would have been had the separation and distribution been completed as of December 31, 2015. In addition, it is not indicative of Aptevo's future capitalization. This table should be read in conjunction with "Unaudited Pro Forma Combined Balance Sheet," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Aptevo's combined financial statements and notes included elsewhere in this information statement:

	As of December 31, 2015 (dollars in thousands)	
	Actual	Pro Forma
Cash and cash equivalents	$ 4,637	$ 40,000
Total debt	$ —	$ —
Equity:		
Common stock, par value $0.001 per share	$ —	$ [●]
Additional paid-in capital	—	[●]
Net parent company investment	$ 320,606	$ —
Accumulated deficit	$(231,988)	$ [●]
Total equity	$ 88,618	$ [●]
Total Capitalization	$ 88,618	$ [●]

Aptevo has not yet finalized its post-distribution capitalization. Prior to the effectiveness of the registration statement of which this information statement is a part, more complete information regarding Aptevo's capitalization following the separation will be disclosed in accordance with the rules and regulations of the SEC in an amendment to this information statement.

SELECTED HISTORICAL COMBINED FINANCIAL DATA

Aptevo has derived the combined statement of operations data for the years ended December 31, 2015, 2014 and 2013 and the combined balance sheet data as of December 31, 2015 and 2014 from its audited combined financial statements, which are included in this information statement. Aptevo derived the combined statements of operations data for the years ended December 31, 2012 and 2011 and the combined balance sheet data as of December 31, 2013, 2012 and 2011 from its unaudited combined financial statements, which are not included in this information statement.

The combined financial statements have been prepared on a "carve-out" basis for the purpose of presenting Aptevo's financial position, results of operations and cash flows. Aptevo did not operate as a standalone entity in the past and accordingly the selected financial data presented herein is not necessarily indicative of Aptevo's future performance and does not reflect what Aptevo's performance would have been had Aptevo operated as an independent publicly-traded company during the periods presented.

The selected financial information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," the "Unaudited Pro Forma Combined Balance Sheet" and the corresponding notes included elsewhere in this information statement.

	Year Ended December 31,				
(in thousands)	2015	2014	2013	2012	2011
Statements of operations data:					
Revenue					
Product sales	$ 27,947	$ 30,036	$ —	$ —	$ —
Collaborations	5,654	15,595	170	3,927	22,097
Revenues	33,601	45,631	170	3,927	22,097
Operating expenses					
Cost of product sales	16,933	16,254	—	—	—
Research and development	34,726	46,589	38,074	23,924	34,454
Selling, general and administrative	43,042	34,280	15,451	15,004	9,802
Impairment of in-process research and development	—	—	—	9,600	—
Total operating expenses	94,701	97,123	53,525	48,528	44,256
Loss from operations	(61,100)	(51,492)	(53,355)	(44,601)	(22,159)
Other (expense) income, net	(237)	(222)	18	29	1
Loss before benefit from income taxes	(61,337)	(51,714)	(53,337)	(44,572)	(22,158)
Benefit from income taxes	(2,020)	(599)	—	—	—
Net loss	$ (59,317)	$ (51,115)	$ (53,337)	$ (44,572)	$ (22,158)

	As of December 31,				
(in thousands)	2015	2014	2013	2012	2011
Balance Sheet Data:					
Cash, cash equivalents and investments	$ 4,637	$ 3,593	$ —	$ —	$ 13,491
Total assets	112,456	119,971	50,528	50,092	80,947
Total long-term liabilities	3,895	5,528	18	77	3,005
Total stockholders' equity	88,618	94,608	44,544	44,513	69,387

UNAUDITED PRO FORMA COMBINED BALANCE SHEET

The unaudited pro forma combined balance sheet discussed and presented below has been prepared from Aptevo's historical audited combined balance sheet as of December 31, 2015. The pro forma adjustments and notes to the pro forma financial information give effect to the legal formation and capitalization of Aptevo and the contribution of the assets and liabilities of Aptevo by Emergent as described below. The unaudited pro forma combined balance sheet should be read together with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Aptevo's historical combined financial statements and notes related to those financial statements included elsewhere in this information statement.

The unaudited pro forma combined balance sheet as of December 31, 2015 has been prepared as if the separation had occurred on December 31, 2015. The pro forma adjustments are based on the best information available and assumptions that management believes are reasonable given the information available. While such adjustments are subject to change based upon the finalization of the terms of the separation and the underlying separation agreements, in management's opinion, the pro forma adjustments are not expected to materially differ from the final adjustments.

Aptevo's historical combined statements of operations include an allocation of expenses related to certain Emergent corporate functions, including senior management, legal, human resources, finance, investor relations, information technology and quality assurance. These expenses have been allocated to Aptevo based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of expenses, headcount, square footage, or other measures. Aptevo considers the expense allocation methodology and results to be reasonable for all periods presented. Further, the contractual agreements directly attributable to the spin-off are either not expected to have a material impact on our results of operations and/or cannot be reasonably estimated as to the incremental impact when compared to the relevant actual and/or allocated expenses noted above. Additionally, any unaudited pro forma statements of operations would not reflect certain estimated incremental expenses associated with being an independent, publicly-traded company because such amounts are not associated with the contractual agreements directly attributable to the separation and would be based on management's judgmental estimates and operating plans. Accordingly, such pro forma adjustments to revenues or expenses in the combined statement of operations for the year ended December 31, 2015 as if the separation had occurred January 1, 2015 are not presented.

A significant amount of charges to effect the separation that are not ongoing in nature have been and will continue to be incurred by Emergent, such as financial, legal, tax, accounting and other advisory fees and regulatory fees. Aptevo may also incur costs in connection with the separation such as, among other things, facility and information technology system reconfiguration costs. The total amount of such separation charges to be incurred by Aptevo is not estimable at this time.

The unaudited pro forma combined balance sheet is for illustrative and information purposes only and is not intended to represent, or be indicative of, what Aptevo's financial position would have been had the separation occurred on the date indicated.

Aptevo Therapeutics Inc.
(the Biosciences Business of Emergent BioSolutions Inc.)
Unaudited Pro Forma Combined Balance Sheet
(in thousands)

	December 31, 2015			
	Historical	Proforma Adjustments		Proforma
ASSETS				
Current assets:				
Cash and cash equivalents	$ 4,637	$ 35,363	(a)	$ 40,000
Accounts receivable, net	6,456			6,456
Inventories	20,322	(11,250)	(b)	9,072
Income taxes receivable	1,376			1,376
Note receivable	—	20,000	(a)	20,000
Prepaid expenses and other current assets	2,343			2,343
Total current assets	35,134	44,113		79,247
Property, plant and equipment, net	4,179			4,179
In-process research and development	41,800			41,800
Intangible assets, net	17,441			17,441
Goodwill	13,902			13,902
Total assets	$ 112,456	$ 44,113		$ 156,569
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Accounts payable	$ 10,084	$		$ 10,084
Accrued compensation	3,334			3,334
Contingent consideration	444			444
Provisions for chargebacks	2,238			2,238
Deferred revenue, current portion	3,843			3,843
Total current liabilities	19,943			19,943
Deferred revenue, net of current portion	3,318			3,318
Deferred income taxes	506			506
Other liabilities	71			71
Total liabilities	23,838			23,838
Stockholders' equity:				
Common stock	—	[●]	(c)	—
Additional paid in capital	—	[●]	(c)	—
Net investment from Emergent	320,606	(320,606)	(c)	—
Accumulated deficit	(231,988)			(231,988)
Total stockholders' equity	88,618	[●]		[●]
Total liabilities and stockholders' equity	$ 112,456	$ 44,113		$ [●]

(a) Reflects the effect of the planned $40 million cash contribution from Emergent to Aptevo upon separation and the issuance of a non-negotiable, unsecured promissory note for $20 million payable within six to 12 months following the separation date.

(b) Relects raw materials and work-in-process inventory balances for Aptevo products remaining with Emergent. Emergent is expected to manufacture certain of the Aptevo commercial products and sell the finished products to Aptevo. Finished goods inventory on Aptevo's balance sheet will remain with Aptevo.

(c) Reflects Emergent's net investment in Aptevo, including the impact of the pro forma adjustments herein, re-designated as Aptevo's stockholders' equity upon distribution. The allocation between common stock and paid-in capital is based on the issuance of Aptevo common stock, par value of $0.001, as of December 31, 2015, on a pro rata basis of [●] share of Aptevo common stock for every 1 (one) share of Emergent common stock.

BUSINESS

OVERVIEW

Aptevo Therapeutics Inc. is a biotechnology company focused on novel oncology and hematology therapeutics to meaningfully improve patients' lives. Our core technology is the ADAPTIR™ (modular protein technology) platform. We also have four revenue-generating products in the areas of hematology and infectious diseases, as well as various investigational stage product candidates in immuno-oncology. Aptevo, which is currently a wholly-owned subsidiary of Emergent BioSolutions Inc., was formed to own and operate certain assets from the biosciences business of Emergent in connection with the separation and distribution described in this information statement.

We were incorporated in the state of Delaware in February 2016. We intend to apply for the listing of Aptevo's common stock on the NASDAQ Global Market. Our principal executive offices will be located at 2401 4th Ave. Suite 1050, Seattle, Washington 98121. Our telephone number following the separation will be (206) 838-0500. We will maintain an internet site at *www.AptevoTherapeutics.com*. Our website and the information contained on the website or connected to the website shall not be deemed to be incorporated into this information statement, and you should not rely on any such information in making an investment decision.

Our investigational stage products MOR209/ES414, ES210 and otlertuzumab are built on our novel ADAPTIR™ (modular protein technology) platform, which is designed to expand on the utility and effectiveness of therapeutic antibodies. The technology can produce monospecific and multispecific immunotherapeutic proteins, for example, bispecific therapeutic molecules, which may have structural advantages over monoclonal antibodies. The mechanisms of action for MOR209/ES414, ES210 and otlertuzumab include redirected T-cell cytotoxicity, or RTCC, and targeted cytokine delivery. The structural differences of ADAPTIR molecules over monoclonal antibodies allow for the development of other ADAPTIR immunotherapeutics that engage disease targets in a unique manner and produce a unique signaling response. We are skilled at product candidate generation, validation and subsequent clinical development using the ADAPTIR platform. We have the ability to progress ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical development and process development capabilities and cGMP manufacturing oversight. We also have the ability to launch, market and commercialize these product candidates upon approval.

Our marketed products are:

- WinRho® SDF [Rh_o(D) Immune Globulin Intravenous (Human)], for treatment of autoimmune platelet disorder, also called immune thrombocytopenic purpura or ITP, and, separately, for the treatment of hemolytic disease of the newborn, or HDN;
- HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], for prevention of hepatitis-B recurrence following liver transplantation in HBsAg-positive liver transplant patients, and for post-exposure prophylactic treatment of hepatitis-B;
- VARIZIG® [Varicella Zoster Immune Globulin (Human)], for post-exposure prophylactic treatment of varicella zoster virus, which causes chickenpox, in high-risk individuals; and
- IXINITY® [coagulation factor IX (recombinant)], indicated in adults and children 12 years of age and older with hemophilia B for control and prevention of bleeding episodes, and for perioperative management;

Our investigational stage product candidates include:

- MOR209/ES414, a bispecific immunotherapeutic protein, currently in Phase 1, targeting prostate specific membrane antigen, or PSMA, being developed for metastatic castration-resistant prostate cancer under our collaboration with MorphoSys AG;

- ES210, a bispecific protein therapeutic that is currently in pre-clinical development for inflammatory bowel disease and other autoimmune and inflammatory diseases;
- otlertuzumab, a monospecific protein therapeutic that is currently in Phase 2 clinical development for chronic lymphocytic leukemia, or CLL;
- 5E3 mAb, a monoclonal antibody therapeutic that is currently in pre-clinical development for Alzheimer's disease; and
- Other protein therapeutic product candidates primarily targeting immuno-oncology.

For information regarding revenue, profit and loss, total assets and other information concerning our results of operations for each of the last three fiscal years, please refer to "Unaudited Pro Forma Combined Balance Sheet," "Selected Historical Combined Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Aptevo's combined financial statements and notes included elsewhere in this information statement.

STRATEGY

We seek to grow our business by, among other things:

Advancing our ADAPTIR platform, initially focusing upon immuno-oncology, to develop novel treatments. We intend to focus on product development using ADAPTIR, our modular protein platform technology. We intend to develop the MOR209/ES414 program in collaboration with MorphoSys AG, with the goal of commercializing the product in North America. We plan to select and create redirected T-cell cytotoxicity, or RTCC, candidates for early development, potentially with other collaborative partners, to further validate the potential of the ADAPTIR platform and expand the pipeline. As part of the selection process, we intend to strongly favor candidates that we believe have the potential to demonstrate proof of concept early in development. We expect to continue to develop the platform to address unmet medical needs, through directed cytokine delivery via bispecifics in areas including oncology, and multispecific molecules in oncology, autoimmune disease and other therapeutic areas. Our goal is to leverage this technology to seek targeted investment in bispecific ADAPTIR therapeutics.

Continuing to develop new products. We are committed to new product development. We have expertise in molecular biology, antibody engineering and the development of protein therapeutics, including cell line development, protein purification, process development and analytical characterization. We believe that these core areas of expertise enable the development of therapeutics based on the ADAPTIR platform technology from design, pre-clinical testing, and clinical development to preparation of a Biologics License Application, or BLA.

Establishing collaborative partnerships to broaden our pipeline and provide funding for research and development. We intend to continue to develop and grow our product portfolio through internal research and development as well as through collaborations potentially with other biotechnology and pharmaceutical companies, academia and non-governmental organizations.

Successfully commercializing specialty products to create financial capacity for investment in our pipeline. We intend to continue to maximize the financial contribution of our hyperimmune products WinRho, HepaGam B and VARIZIG and expand sales of IXINITY for the purpose of funding our research and development efforts. This may require further investments.

COLLABORATIONS, LICENSES AND SUPPORT AGREEMENTS

We have entered into several significant collaborations and transactions to support our growth. These include the following:

Collaboration with MorphoSys AG to develop MOR209/ES414

In August 2014, we entered into an agreement with MorphoSys AG to co-develop and commercialize our novel oncology immunotherapeutic, MOR209/ES414, developed for treatment of metastatic castration-resistant prostate cancer. In December 2015, after a joint review of data from the ongoing Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys concluded that the dosing regimen and administration required adjustment. The decision to adjust development of MOR209/ES414 is not based on safety aspects but is driven by the high complexity and properties of this first generation ADAPTIR bispecific molecule. We plan to continue the current clinical trial under an amended protocol with recruitment expected to start around mid-2016. As a result of the dosing regimen change and the impact to the overall development timeline and technical risk, our co-development agreement with MorphoSys was restructured. Under the terms of the restructured agreement, MorphoSys' cost sharing in the years 2016 to 2018 was reduced and future milestone payments payable by MorphoSys to us were reduced to a total of up to $74 million. In addition, the amended collaboration agreement changed the total expected funding requirement for us to up to approximately $250 million. After 2018, the cost sharing returns to the rates of the original agreement. Other financial terms and the split of the commercial rights remained unchanged. The termination provisions under the MorphoSys collaboration agreement were also amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial.

Agreements with Emergent for Commercial Manufacturing Services and Transition Services

In connection with our separation from Emergent, we will enter into a manufacturing services agreement with Emergent. Under the agreement, Emergent will continue to manufacture our hyperimmune specialty plasma products WinRho SDF, HepaGam B and VARIZIG at its Winnipeg, Manitoba, Canada facilities. See "Certain Relationships and Related Party Transactions-Commercial Agreements" for further discussion of the manufacturing services agreement.

In addition, we anticipate that Emergent will also provide transition services to us for up to two years following the separation. These services may cover such functions as regulatory, pharmacovigilance, clinical research and quality assurance under our supervision.

License with the University of North Carolina to IXINITY intellectual property rights

Emergent has an exclusive license from the University of North Carolina to make, have made, use, offer for sale, sell and import Factor IX and Factor VI(a) therapeutics under certain of the University's patents. The last of the licensed patents expire on or around September 2024. In connection with our separation from Emergent, the University has consented to the assignment of this license to us.

PLATFORM TECHNOLOGY AND PRODUCT PORTFOLIO

Platform Technology

ADAPTIR Platform. The ADAPTIR™ (modular protein technology) platform is designed to expand on the utility and effectiveness of antibodies in new arenas. The platform can be used to produce monospecific and multispecific immunotherapeutics proteins, for example, bispecific therapeutic molecules. Structurally, monospecific ADAPTIR molecules are single-chain polypeptides comprising customized elements including a target binding domain linked by a hinge domain to an Fc domain, also known as a crystallizable fragment. The Fc domain is a component in antibodies that allows antibodies to direct immune responses by binding to Fc receptors found on various immune cells. Multispecific ADAPTIR molecules are similar in structure to

monospecific ADAPTIR molecules with the exception that they have two or more customized target binding domains. Multiple targeting domains allows multispecific ADAPTIR molecules.

The structural differences between ADAPTIR molecules and monoclonal antibodies allow for the development of ADAPTIR immunotherapeutics that engage disease targets in a unique manner and produce a unique signaling response. By customizing the domains of our ADAPTIR molecules, we are able to select for desired potency, half-life, toxicity and good manufacturability. We are skilled at product candidate generation, validation and clinical development using the ADAPTIR platform. We have the ability to progress ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical development and process development capabilities and cGMP manufacturing oversight.

We believe the ADAPTIR platform is a promising platform technology within the rapidly growing field of immuno-oncology therapeutics. With the platform, we have the potential to develop products with mechanisms of action including but not limited to RTCC and targeted cytokine delivery. We believe the ADAPTIR RTCC platform may prove to have advantages over other immuno-therapeutics and other bispecific T-cell engaging technologies. In particular, in pre-clinical studies, we have gathered data indicating that the ADAPTIR therapeutic MOR209/ES414 may have high potency and activity at low doses, a long half-life, and reduced cytokine release. This molecule is able to be produced using standard manufacturing practices. Further clinical and preclinical studies may not confirm or establish the anticipated benefits of this platform.

Product Portfolio

Our portfolio consists of marketed products in the areas of hematology and infectious diseases, as well as investigational stage product candidates in immuno-oncology.

Marketed Products

Product	Indication(s)	Regulatory Approvals
WinRho® SDF [(Rh_o(D) Immune Globulin Intravenous (Human)]	ITP – immune thrombocytopenic purpura HDN – hemolytic disease of the newborn Preventing Rh_o(D) immunization in Rh_o(D)(-) women [1] Treating Rh_o(D)(-) patients after transfusions with incompatible Rh_o(D)(+) blood or erythrocyte products [2]	Canada – ITP, HDN United States – ITP, HDN Portugal – [1] and [2]
HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)]	Post-exposure prophylaxis for hepatitis B Prevention of hepatitis B recurrence following liver transplantation in patients who are positive for hepatitis B surface antigen	United States Canada Israel Kuwait Turkey
VARIZIG® [Varicella Zoster Immune Globulin (Human)]	Post-exposure prophylaxis for varicella (chickenpox) in high-risk patient groups, including immunocompromised children, newborns and pregnant women [3] Prevention and reduction of severity in maternal infections within four days of exposure to varicella zoster virus [4]	United States – [3] Canada – [4]
IXINITY [coagulation factor IX (recombinant)]	Control and prevention of bleeding episodes and for perioperative management in adults and children, 12 years of age and older, with hemophilia B.	United States

WinRho® SDF [Rho(D) Immune Globulin Intravenous (Human)]. WinRho SDF is comprised of purified polyclonal human immune globulins (antibodies) directed to Rh_o(D)(+) red blood cells. As antibodies that are directed to the Rh_o(D) antigen on these red blood cells, WinRho SDF can generally be referred to as an anti-D product. WinRho SDF is approved in the United States and Canada to treat an autoimmune platelet disorder called immune thrombocytopenic purpura, or ITP, a disease in which platelets are destroyed by a patient's own immune system. Because platelets are required for blood clotting, this disorder can result in uncontrolled bleeding, either spontaneously or as a result of even minor trauma. According to a study published in 2010 in the American Journal of Hematology, U.S. incidence rates of ITP are about 3.3 cases per 100,000 people per year in adults and up to 6.4 cases per 100,000 people per year in children. WinRho SDF is also approved in the United States and Canada to prevent hemolytic disease of the newborn, or HDN. HDN results from a Rh_o(D)(-) female giving birth to a Rh_o(D)(+) child.

HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)]. HepaGam B is comprised of purified polyclonal human immune globulins (antibodies) that are directed to the hepatitis B surface antigen. In the United States, HepaGam B has been approved for two indications: for the prevention of hepatitis B reinfection after liver transplantation and for use as a post-exposure prophylaxis (*i.e.*, treatment following exposure to the hepatitis B virus). Hepatitis B is a chronic infection and a major global health concern. HepaGam B is the first hepatitis B immune globulin product to be licensed in the United States for the liver transplant-related indication. HepaGam B is also approved for both the post-exposure prophylaxis of hepatitis B and the post-liver transplantation indication in Canada, Israel, Kuwait and Turkey.

VARIZIG® [Varicella Zoster Immune Globulin [Human]]. VARIZIG is comprised of purified polyclonal human immune globulins (antibodies) directed to the varicella zoster virus, the disease agent that causes chickenpox. While most North American adults have developed immunity to chickenpox, certain at-risk patient populations may be susceptible to infection. VARIZIG is approved in the United States for post-exposure prophylaxis of varicella (chickenpox) in high-risk patient groups, including immunocompromised children, newborns and pregnant women. VARIZIG has orphan drug exclusivity in the United States through December 2019. In Canada, VARIZIG is approved for the prevention and reduction of severity in maternal infections within four days of exposure to varicella zoster virus.

IXINITY® (coagulation factor IX (recombinant)). IXINITY is an intravenous recombinant human coagulation factor IX therapeutic that was approved by the U.S. Food and Drug Administration, or FDA, in April 2015 for the prevention of bleeding episodes in people with hemophilia B. Hemophilia B, also known as Christmas disease, is a rare, inherited bleeding disorder. The blood of hemophilia B patients has an impaired clotting ability, which results from its substantially reduced or missing factor IX activity. People with hemophilia B require factor IX injections to restore normal blood coagulation and to prevent frequent bleeding that could otherwise result in pain, irreversible joint damage or life-threatening hemorrhages. Prophylaxis or on-demand treatment of hemophilia B typically requires multiple injections of factor IX to maintain adequate levels of clotting factor in the blood. Current therapies are either plasma-derived or recombinant products.

Product Candidates

MOR209/ES414. MOR209/ES414 is a targeted immunotherapeutic protein under development for metastatic castration-resistant prostate cancer. MOR209/ES414, a bispecific protein, was constructed using our ADAPTIR platform technology. It activates host T-cell immunity to specifically kill tumor cells expressing prostate specific membrane antigen, or PSMA, an antigen commonly overexpressed on prostate cancer cells. MOR209/ES414 contains two pairs of binding domains, one targeting the T-cell receptor, or TCR, and one targeting PSMA on tumor cells; these binding domains are linked to opposite ends of an immunoglobulin Fc domain which extends the half-life and enables use of a purification process typical of Ig-based molecules. In pre-clinical studies, MOR209/ES414 has been shown to redirect T-cell cytotoxicity towards prostate cancer cells expressing PSMA. According to the American Cancer Society, prostate cancer is the most common cancer in men in the United States. Screening, radiation, surgery and hormone ablation therapy have greatly improved the

detection and treatment of early stage prostate cancer. However, new therapies approved recently for patients with metastatic castration-resistant prostate cancer only improve life expectancy by a few months, and a significant medical need still exists for these individuals.

ES210. ES210 is a targeted cytokine therapeutic under development for inflammatory bowel disease, including ulcerative colitis and Crohn's disease, and other autoimmune and inflammatory diseases. The ES210 molecule was engineered using our ADAPTIR platform technology to deliver a safer form of the immunosuppressive cytokine IL-10 to CD86-expressing antigen presenting cells. ES210 contains a modified form of IL-10, coupled to binding sites specific for CD86, linked by an immunoglobulin Fc domain. The design of the molecule improves half-life and enables use of a purification process typical of Ig-based molecules. The mechanism of action results in suppression of T-cell responses through inhibition of antigen presentation. Antigen presenting cells play a central role in the generation and regulation of immunity; therefore, inhibiting their function represents a therapeutic opportunity to suppress immunopathological processes in autoimmune and inflammatory disease. ES210 demonstrates potent *in vitro* and *in vivo* blockade of T-cell proliferation in human mixed lymphocyte reactions and in a humanized graft-versus-host disease model. The ES210 ADAPTIR molecule also has potential applications in rheumatoid arthritis and treatment of transplant rejection.

otlertuzumab. Otlertuzumab is a humanized anti-CD37 ADAPTIR monospecific protein therapeutic intended for the treatment of chronic lymphocytic leukemia, or CLL. CLL is a type of cancer that affects the blood and bone marrow and is caused by B-cells within the blood and bone marrow that abnormally proliferate and die. We believe that otlertuzumab's novel properties may provide patients with improved therapeutic options and enhanced efficacy when used in combination with chemotherapy or other targeted therapeutics. We completed a Phase 2 clinical trial evaluating the combination of otlertuzumab and bendamustine (a chemotherapy agent) versus bendamustine alone in people with relapsed CLL (Study 16201). In that study the combination was superior to bendamustine alone. We amended our Phase 1b single-arm, open-label study evaluating the safety and efficacy of otlertuzumab in combination with rituximab, an anti-CD-20 directed biologic, to include evaluating otlertuzumab in combination with obinutuzumab in people with previously untreated CLL (Study 16009). Study 16009 was further amended to add a cohort to evaluate otlertuzumab in combination with rituximab and idelalisib. Patients began enrolling in this arm of the study mid-2015. The preliminary data showed that the combination was active and generally well-tolerated. We continue to evaluate opportunities for this product candidate in the treatment of CLL.

5E3. 5E3 is a humanized anti-amyloid beta oligomer monoclonal antibody under development for the treatment of Alzheimer's disease. 5E3 selectively binds the toxic oligomeric form of amyloid beta through targeting a unique conformational epitope that is not present on the monomer or plaque forms. This selective profile of binding has been observed in pre-clinical studies and linked to slowing progress of neurodegeneration. Currently no disease modifying therapies are available to treat this disease. According to the Alzheimer's Association, this disease affects approximately 5.3 million Americans and is anticipated to grow to 7.1 million by 2025. The 5E3 mAb and the cSNK epitope, on which preliminary data as a vaccine candidate are available, are also being evaluated in the development of diagnostics under research grants from Brain Canada and the Canadian Institutes of Health Research, or CIHR.

ADAPTIR Therapeutic Candidates. Multiple candidates that are focused on immuno-oncology and based on the ADAPTIR platform technology are in different stages of pre-clinical development.

Research and Development

We are engaged in research and development of therapeutics including the product candidates listed above and other new candidates. We incur substantial expenses for these activities. These expenses generally include the cost of inventing new technologies and products, as well as development work on new product candidates. We pursue partnerships with various third parties and these partnerships and the sales of our approved products partially offset these expenditures. Research and development expenses for the years ended December 31, 2015,

2014 and 2013 totaled approximately $34.7 million, $46.6 million and $38.1 million, respectively. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Research and Development Expense” in this information statement for additional information regarding expenditures related to material research and development activities.

Distribution

Our products are sold in the United States by our commercial sales force and distributed to end-users through major U.S. distributors and wholesalers, including Cardinal Health, Inc., McKesson Corporation, AmerisourceBergen Corporation and other specialty distributors. In Canada, our products are sold to Canadian Blood Services and Héma-Québec, with Emergent acting as our exclusive Canadian wholesaler. Outside of North America, our commercial products are distributed primarily through third-party distributors. All third-party logistics (including, for instance, warehousing, inventory management, and shipping) of final drug product are provided by Emergent out of its facilities in either Winnipeg or Baltimore.

Marketing & Sales

We have biotechnology commercial operations and medical affairs teams with experience in sales, marketing, distribution, reimbursement and medical support.

The commercial operations team includes a U.S.-based field sales force that focuses its selling efforts on hemophilia treatment centers, hematology clinics, medical oncology clinics, transplant centers and public and private hospitals. Our team also has a group focused on immunology. Our teams consists of 14 representatives and two managers for hemophilia and six representatives and one manager for immunology. We have a field-based national accounts director and manager and a national sales director overseeing these functions. This team is also responsible for managing day-to-day relationships with third parties, including managed care organizations, pharmacy benefit managers, group purchasing organizations, wholesalers, specialty distributors and specialty pharmacies. Outside the United States, our products are sold through a network of regional independent distributors. The commercial operations team also includes a marketing team with experience in building pharmaceutical and biological brands across all stages of the product life cycle. Reimbursement support, patient assistance/compassionate use and non-medical customer inquiries are handled by customer service personnel within our commercial operations team.

Our medical affairs team includes field-based medical science liaisons, who respond to customer requests for information, establish and maintain company relationships with researchers and clinicians, train our product specialists and sales personnel and interface with clinical trial investigators. Our medical affairs team also supports customers by providing medical information, drug safety and pharmacovigilance services.

Orders are filled upon receipt, and we generally have no orders on backlog.

Competition

Our products and product candidates face significant competition. Any product or product candidate that we successfully develop and commercialize is likely to compete with currently marketed products, as well as other novel product candidates that are in development for the same indications. Specifically, the competition with respect to our products and product candidates includes the following:

- ***WinRho SDF***. In the United States, the use of WinRho SDF is primarily for the immune thrombocytopenia purpura, or ITP, indication. In the U.S. ITP market, WinRho SDF competes with Rhophlac® (CSL Behring, a subsidiary of CSL Limited), Nplate® (Amgen Inc.) and Promacta® (GlaxoSmithKline plc). In Canada, the use of WinRho SDF is primarily for the HDN indication. WinRho SDF is the only anti-D product available for the prevention of HDN and treatment of ITP in Canada. The use of anti-viral drugs is also a competitive threat to this product.

- ***HepaGam B***. HepaGam B competes with two products that are marketed in North America: Nabi-HB® (Biotest Pharmaceuticals Corporation) and HyperHEP B® S/D (Grifols USA, LLC). Nabi-HB® and HyperHEP B® S/D are both licensed to treat acute exposure to blood containing hepatitis B surface antigen and administered via intramuscular injection. HepaGam B is currently the only intravenous hepatitis B immune globulin licensed for the liver transplantation indication in the United States and Canada. The use of anti-viral drugs is also a competitive threat to this product.
- ***VARIZIG***. No other currently manufactured competitive product is licensed in the North American markets.
- ***IXINITY***. Currently, IXINITY competes with five products that are marketed in North America: Rixubis (Baxter International Inc.), Benefix® (Pfizer Inc.) and Alprolix® (Biogen Idec Inc.) recombinant FIX products as well as AlphaNine® (Grifols USA, LLC) and MonoNine® (CSL Behring, a subsidiary of CSL Limited), which are FIX preparations derived from human plasma. We expect that Novo Nordisk Inc. and CSL Behring will also launch additional recombinant factor IX agents in the future.
- ***MOR209/ES414.*** If approved, we anticipate that MOR209/ES414 would compete with Taxotere® (Sanofi-Aventis U.S. LLC), Jevtana (Sanofi-Aventis U.S. LLC), Zytiga® (Janssen Biotech, Inc.), Xtandi® (Astellas Pharma, Inc.), Xofigo® (Bayer HealthCare Pharmaceuticals Inc.), Provenge® (Dendreon Corporation) and potentially other products currently under development. There is a potential that MOR209/ES414 could also be used in combination with these same agents.
- ***ES210.*** If approved, we anticipate that ES210 would compete with products indicated for inflammatory bowel diseases such as ulcerative colitis, including: HUMIRA® (AbbVie Inc.), Remicade® (Janssen Pharmaceuticals, Inc. of Johnson and Johnson) and Entyvio® (Takeda Pharmaceuticals U.S.A., Inc., a subsidiary of Takeda Pharmaceutical Company Limited). Depending on what ES210 is approved for, we anticipate that it could also compete with products indicated for moderate to severe Crohn's Disease, including: Stelara (Janssen Pharmaceuticals, Inc. of Johnson and Johnson) and Xeljanz (Pfizer Inc.).
- ***otlertuzumab***. If approved for CLL, we anticipate that otlertuzumab would compete with, or be combined with, other B-cell depleting therapies, targeted therapies and chemotherapeutics, including: Rituxan® (Genentech, Inc., a member of the Roche Group), Treanda® (Cephalon, a subsidiary of Teva Pharmaceutical Industries Ltd.), Arzerra® (GlaxoSmithKline plc and Genmab A/S), Imbruvica™ (Pharmacyclics, Inc. and Johnson and Johnson), Gayzva™ (Genentech USA, Inc., a member of the Roche Group) and Zydelig® (Gilead Sciences, Inc.). In addition, Boehringer Ingelheim GmbH and ImmunoGen, Inc. are in early stage development for monoclonal antibodies directed to CD37. AbbVie Inc. is developing venetoclax ABT-199, a B-cell lymphoma 2 inhibitor, for treatment of CLL in collaboration with Genentech, Inc.
- ***5E3.*** The U.S. has five approved drugs for Alzheimer's disease that temporarily improve symptoms (cholinesterase inhibitors; Aricept® (Eisai Co. Ltd.), Exelon® (Novartis Pharmaceuticals Corporation), Razadyne® (Johnson & Johnson Health Care Systems Inc.) and Cognex® (Shionogi & Co., Ltd.) and an N-methyl D-aspartate (NMDA) receptor antagonist, Namenda® (Merz Pharma GMBH & Co. KGaA)); however, none of the treatments available today alters the underlying course of this terminal disease. To date, there are no approved therapeutics for the treatment of Alzheimer's disease, but monoclonal antibodies have figured prominently in addressing this unmet clinical need. Among the candidates are Ponezumab (Pfizer Inc., discontinued at PII), Bapineuzumab (Janssen Biotech, Inc./Pfizer Inc., discontinued), Solanezumab (Eli Lilly and Company, PIII), Crenezumab (F. Hoffmann-La Roche Ltd, PII), BAN2401 (Biogen Idec, Eisai Co. Ltd., PII) and more recently Aducanumab (Biogen Idec, PIII). Acumen Pharmaceuticals is developing an amyloid-beta oligomer specific antibody, ACU-193, and claims to be approximately one year from an Investigational New Drug Application, or IND, filing.

MANUFACTURING

In connection with our separation from Emergent, we will enter into a manufacturing services agreement with Emergent. Emergent owns facilities with manufacturing and other capabilities located in Winnipeg, Manitoba, Canada, where our hyperimmune specialty plasma products WinRho SDF, HepaGam B and VARIZIG are currently manufactured. Under the agreement, Emergent will continue to manufacture our hyperimmune specialty plasma products. Under this Agreement, Emergent will also provide third-party logistics services for our hyperimmune specialty plasma products and IXINITY.

The manufacturing services agreement with Emergent will cover each step in the manufacturing process from raw materials procurement, bulk manufacturing, filing and finishing, testing, labeling, and packaging of final product, as well as third-party logistics services for delivery of such product to Aptevo customers on behalf of Aptevo. We will be reliant exclusively on Emergent for the provision of each of these services as it relates to WinRho SDF, HepaGam B and VARIZIG and as it relates to third party logistics services for IXINITY. Emergent, will also serve as our only licensed wholesaler in Canada under the Canadian wholesaler agreement we will enter with Emergent. Pursuant to this arrangement, Emergent will receive product intended for sale in Canada on our behalf and deliver it to our Canadian distributors: Canadian Blood Services and Hema-Quebec. See “Certain Relationships and Related Party Transactions – Commercial Agreements” for further discussion of the manufacturing services agreement and Canadian wholesaler agreement.

We rely primarily on CMC for drug substance manufacture and drug substance release testing of IXINITY. Fill and finish services and associated final drug product release testing for IXINITY are provided by Emergent and various other parties. IXINITY will be delivered to Aptevo customers by Emergent as part of the third-party logistics services it provides to Aptevo under the manufacturing services agreement. For additional information, see the section entitled “Risk Factors—Risks Related to Aptevo’s Business.” Commercial packaging, packaging component procurement and release, ancillary procurement and release and distribution for IXINITY will be provided by Emergent and various other parties.

Sources and Availability of Raw Materials

We expect to rely on Emergent for all supplies and raw materials used in the production of WinRho SDF, HepaGam B and VARIZIG. We expect to rely on CMC Biologics for all supplies and raw materials used in the production of IXINITY. Additionally, we currently rely on contract manufacturers and other third parties to manufacture the bulk drug substance and the drug product we require for pre-clinical studies and clinical trials of our product candidates.

INTELLECTUAL PROPERTY

We actively seek intellectual property protection for our products. We will own or exclusively license patent rights supporting IXINITY, the ADAPTIR platform and pipeline products including MOR209/ES414, ES210, otlertuzumab and 5E3. We practice patent life cycle management by filing patent applications to protect new inventions relating to meaningful improvements to our products and related methods. We primarily seek patent protection for inventions that support our products and product candidates, but from time to time we seek patent protection for inventions that could, for instance, support a potential business opportunity or block a competitor from designing around our existing patents.

In general and where possible, we pursue patent protection in countries where we believe there will be a significant market for the corresponding product or product candidate. We generally do not seek patent protection in countries where we have reason to believe we would not be able to enforce patents. For instance, we tend to not file in countries that are frequently listed on the Priority Watch List of the Special 301 Report prepared by the Office of the United States Trade Representative, with the exception that we occasionally file patent applications in China, Russia and India. We may also decide to take a more narrow filing approach for secondary and improvement type inventions as compared to inventions that are more foundational to our

products. We do not seek patent protection in countries which are on the United Nation's, or U.N., list of Least Developed Countries.

The term of protection for various patents associated with and expected to be associated with our marketed products and product candidates is typically 20 years from the filing date but may vary depending on a variety of factors including the date of filing of the patent application or the date of patent issuance and the legal term of patents in the countries in which they are obtained. The protection afforded by a patent varies on a product-by-product basis and country-to-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of regulatory-related extensions, the necessity for terminal disclaimers, the availability of legal remedies in a particular country and the validity and enforceability of the patents.

In some cases, we may decide that the best way to protect our intellectual property is to retain proprietary information as trade secrets and confidential information rather than to apply for patents, which would involve disclosure of proprietary information to the public. When determining whether to protect intellectual property as a trade secret, we consider many factors including, for instance, our ability to maintain the trade secret, the likelihood that a competitor will independently develop the information, our ability to patent protect the intellectual property and the likelihood we would be able to enforce a resulting patent.

We are a party to a number of license agreements under which we license patents, patent applications and other intellectual property. These agreements impose various commercial diligence and financial payment obligations on us. We expect to continue to enter into these types of license agreements in the future.

ADAPTIR Platform. Aptevo protects the ADAPTIR platform technology through a combination of patents and trade secrets. In order to differentiate our platform inventions from antibodies and other antibody-like constructs that have been publicly disclosed, many of our patents and patent applications are directed to unique aspects or components of our platform such as linkers or binding domains. Our ADAPTIR platform can be homodimeric or heterodimeric. Although most of our patent families protect both homodimeric and heterodimeric forms of the platform, we also have a patent family that is focused on the heterodimeric form of the platform.

We have filed patent applications for the ADAPTIR platform in the U.S. and in countries and territories, including Australia, Brazil, Canada, China, Egypt, Europe, India, Indonesia, Israel, Japan, Malaysia, Mexico, New Zealand, Singapore, South Africa, South Korea, United Arab Emirates and Vietnam. We plan to continue to improve our ADAPTIR platform and to file patent applications on those improvements. Our decision as to where to file any new ADAPTIR improvement inventions will be based in part on the significance of the improvement. If patents issue on the pending ADAPTIR patent applications, the patent term for those patents are estimated to expire between June 2027 and September 2036.

Hyperimmune products, WinRho, HepaGam B and VARIZIG. We rely on the confidential nature of our in-licensed manufacturing know-how as well as trade secret protection to protect our licensed products to the extent we are able to do so. In connection with our separation from Emergent, we will have received a license from Emergent under certain of its proprietary human hyperimmune platform manufacturing know-how that we may exercise under specified circumstances. We rely on this intellectual property to protect our WinRho SDF, HepaGam B and VARIZIG products. We do not have patent protection for WinRho SDF, HepaGam B or VARIZIG.

IXINITY® (coagulation factor IX (recombinant)). We license patents and patent applications from the University of North Carolina, which support the manufacture of Factor IX and other Vitamin K Dependent Proteins. In addition to the patent assets licensed from the University of North Carolina, we own a patent portfolio with claims generally directed to Factor IX pharmaceutical compositions, methods of making recombinant Factor IX protein, and cell lines producing recombinant Factor IX protein. This patent portfolio includes issued patents in Australia, Europe and Japan and pending patent applications in other territories including the U.S. If patents issue on our pending patent applications, the patent term for those patents is

estimated to expire between December 2026 and October 2030. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

MOR209/ES414. We have patents and pending patent applications supporting the MOR209/ES414 product candidate. We have foundational patents and patent applications in countries including the U.S., Australia, Brazil, Canada, China, Egypt, Europe, Hong Kong, India, Indonesia, Israel, Japan, Malaysia, Mexico, New Zealand, Singapore, South Africa, United Arab Emirates and Vietnam. The foundational patents which grant in this patent family are estimated to expire in April 2032. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

ES210. We have patents and pending patent applications supporting our ES210 product candidate. We have foundational patents and patent applications in countries and territories, including the U.S., Australia, Brazil, Canada, China, Eurasia, Europe, Hong Kong, India, Japan, Mexico, New Zealand, Singapore, South Africa and South Korea. The foundational patents which grant in this patent family are estimated to expire in October 2029. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

otlertuzumab. We have patents and pending patent applications supporting the otlertuzumab product candidate. We have foundational patents and patent applications in countries and territories, including the U.S., Canada, China, Europe, Hong Kong, India, Israel, Japan, Mexico, New Zealand, Russia, South Africa and South Korea. The foundational patents and patent applications which grant in these patent families are estimated to expire between July 2026 and April 2029. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

5E3. We have licensed from the University of British Columbia the right to make, have made, use, offer for sale, sell, and import products in the field of beta-amyloid disorders under certain of the University's patents. The University's patents and patent applications encompassed by the license are generally directed to antibodies that bind a specific conformational amyloid beta epitope and related pharmaceutical compositions, antigenic peptides and related pharmaceutical compositions, and methods of treating and preventing Alzheimer's disease. If patents issue on the currently pending patent applications, the projected expiration dates of the licensed patent portfolio range from March 2031 to July 2035. The estimated patent expirations are subject to change based on patent term adjustments, extensions or terminal disclaimers.

Corporate Trademarks. Where possible, we pursue registered trademarks for our marketed products in significant markets. In addition, we have pending trademark applications covering APTEVO, a graphic logo, APTEVO THERAPEUTICS, APTEVO BIOTHERAPEUTICS, APTEVO RESEARCH AND DEVELOPMENT and ADAPTIR.

REGULATION

Regulations in the United States and other countries have a significant impact on our product development, manufacturing and marketing activities.

Product Development for Therapeutics

Pre-clinical Testing. Before beginning testing of any compounds with potential therapeutic value in human subjects in the United States, stringent government requirements for pre-clinical data must be satisfied. Pre-clinical testing includes both *in vitro*, or in an artificial environment outside of a living organism, and *in vivo*, or within a living organism, laboratory evaluation and characterization of the safety and efficacy of a drug and its formulation. We perform pre-clinical testing on all of our product candidates before we initiate any human trials.

Investigational New Drug Application. Before clinical testing may begin, the results of pre-clinical testing, together with manufacturing information, analytical data and any other available clinical data or literature, must be submitted to the FDA as part of an IND. The sponsor must also include an initial protocol detailing the first phase of the proposed clinical investigation, together with information regarding the qualifications of the clinical investigators. The pre-clinical data must provide an adequate basis for evaluating both the safety and the scientific rationale for the initial clinical studies in human volunteers. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA imposes a clinical hold within that 30-day time period.

Clinical Trials. Clinical trials involve the administration of the drug to healthy human volunteers or to patients with the target disease or disorder under the supervision of a qualified physician (also called an investigator) pursuant to an FDA-reviewed protocol. Human clinical trials typically are conducted in three sequential phases, although the phases may overlap with one another. Clinical trials must be conducted under protocols that detail the objectives of the study, the parameters to be used to monitor safety and the efficacy criteria, if any, to be evaluated. Each protocol must be submitted to the FDA as part of the IND.

- Phase 1 clinical trials test for safety, dose tolerance, absorption, bio-distribution, metabolism, excretion and clinical pharmacology and, if possible, for early evidence regarding efficacy.
- Phase 2 clinical trials involve a small sample of individuals with the target disease or disorder and seek to assess the efficacy of the drug for specific targeted indications to determine dose response and the optimal dose range and to gather additional information relating to safety and potential adverse effects.
- Phase 3 clinical trials consist of expanded, large-scale studies of patients with the target disease or disorder to obtain definitive statistical evidence of the efficacy and safety of the proposed product and dosing regimen. The safety and efficacy data generated from Phase 3 clinical trials typically form the basis for FDA approval of the product candidate.
- Phase 4 clinical trials, if conducted, are conducted after a product has been approved. These trials can be conducted for a number of purposes, including to collect long-term safety information or to collect additional data about a specific population. As part of a product approval, the FDA may require that certain Phase 4 studies, which are called post-marketing commitment studies, be conducted post-approval.

Good Clinical Practice. All of the phases of clinical studies must be conducted in conformance with the FDA's bioresearch monitoring regulations and Good Clinical Practices, or GCP, which are ethical and scientific quality standards for conducting, recording and reporting clinical trials to assure that the data and reported results are credible and accurate and that the rights, safety and well-being of trial participants are protected.

Marketing Approval—Biologics and Drugs

Biologics License Application/New Drug Application. All data obtained from a comprehensive development program, including research and product development, manufacturing, pre-clinical and clinical trials, labeling and related information are submitted in a Biologics License Application, or BLA, to the FDA and in similar regulatory filings with the corresponding agencies in other countries for review and approval. For small molecule drugs, this information is submitted in a filing called a New Drug Application, or NDA. The submission of an application is not a guarantee that the FDA will find the application complete and accept it for filing. The FDA may refuse to file the application and request additional information rather than accept the application for filing, in which case the application must be resubmitted with the supplemental information. The FDA has two months to review an application for its acceptability for filing. Once an application is accepted for filing, the Prescription Drug User Fee Act, or PDUFA, establishes a two-tiered review system: Standard Review and Priority Review. When conducting Priority Review, the FDA has a goal to review and act on BLA and NDA submissions within six months from the date of the FDA's acceptance for filing of the application, rather than the 10-month month goal under a Standard Review. The FDA gives Priority Review status to product candidates that provide safe and effective therapies where no satisfactory alternative exists or to a product candidate that constitutes a significant improvement compared to marketed products in the treatment, diagnosis or prevention of a disease.

In addition, under the Pediatric Research Equity Act of 2003, or PREA, BLAs, NDAs and certain supplements must contain data to assess the safety and efficacy of the drug for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of data or full or partial waivers. Unless otherwise required by regulation, PREA does not apply to any drug or biologic for an indication for which orphan designation has been granted.

In reviewing a BLA or NDA, the FDA may grant approval, deny the application if it determines the application does not provide an adequate basis for approval or again request additional information. Even if such additional information and data are submitted, the FDA may ultimately decide that the BLA or NDA does not satisfy the criteria for approval. The receipt of regulatory approval often takes many years, involving the expenditure of substantial financial resources. The speed with which approval is granted often depends on a number of factors, including the severity of the disease in question, the availability of alternative treatments and the risks and benefits demonstrated in clinical trials. The FDA may also impose conditions upon approval. For example, it may require a Risk Evaluation and Mitigation Strategy, or REMS, for a product. This can include various required elements, such as publication of a medication guide, patient package insert, a communication plan to educate health care providers of the drug's risks and/or restrictions on distribution and use, such as limitations on who may prescribe or dispense the drug. The FDA may also significantly limit the indications approved for a given product and/or require, as a condition of approval, enhanced labeling, special packaging or labeling, post-approval clinical trials, expedited reporting of certain adverse events, pre-approval of promotional materials or restrictions on direct-to-consumer advertising, any of which could negatively impact the commercial success of a drug.

Fast Track Designation. The FDA may designate a product as a fast track drug if it is intended for the treatment of a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for this disease or condition. Sponsors granted a fast track designation for a drug are granted more opportunities to interact with the FDA during the approval process and are eligible for FDA review of the application on a rolling basis, before the application has been completed.

Breakthrough Therapy. Under the provisions of the Food and Drug Administration Safety and Innovation Act, or FDASIA, the FDA may designate a product as a breakthrough therapy if the product is intended, alone or in combination with one or more other products, to treat a serious or life-threatening disease or condition, and preliminary clinical evidence indicates that the product may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. Products designated as breakthrough therapies are also eligible for accelerated approval. The FDA must take certain actions, such as holding timely meetings and providing advice, intended to expedite the development and review of an application for approval of a breakthrough therapy.

Orphan Drugs. Under the Orphan Drug Act, an applicant can request the FDA to designate a product as an "orphan drug" in the United States if the drug is intended to treat an orphan, or rare, disease or condition. A disease or condition is considered orphan if it affects fewer than 200,000 people in the United States. Orphan Drug designation must be requested before submitting a BLA or NDA. Products designated as orphan drugs are eligible for special grant funding for research and development, FDA assistance with the review of clinical trial protocols, potential tax credits for research, reduced filing fees for marketing applications and a special seven-year period of market exclusivity after marketing approval. Orphan drug exclusivity (afforded to the first applicant to receive approval for an orphan designated drug) prevents FDA approval of applications by others for the same drug for the designated orphan disease or condition. The FDA may approve a subsequent application from another applicant if the FDA determines that the application is for a different drug or different use, or if the FDA determines that the subsequent product is clinically superior, or that the holder of the initial orphan drug approval cannot assure the availability of sufficient quantities of the drug to meet the public's need. A grant of an orphan designation is not a guarantee that a product will be approved. The FDA has designated VARIZIG with

Orphan Drug exclusivity through December 2019 for post-exposure prophylaxis of varicella (chickenpox) in high-risk patient groups, including immunocompromised children, newborns and pregnant women. Our product candidate otlertuzumab was granted orphan drug designation by the FDA in November 2011 and received orphan medicinal product designation from the European Commission in December 2012 for the treatment of chronic lymphocytic leukemia. Orphan designation in Europe qualifies a drug for certain development and commercial incentives, including protocol assistance, access to centralized authorization procedures, reduced fees for regulatory activities, and 10 years of market exclusivity after approval.

Post-Approval Requirements. Any drug, biologic or medical device product for which we receive FDA approval will be subject to continuing regulation by the FDA, including, among other things, record keeping requirements, reporting of adverse experiences, providing the FDA with updated safety and efficacy information, product sampling and distribution requirements, current good manufacturing practices, or cGMP, and restrictions on advertising and promotion. Adverse events that are reported after marketing approval can result in additional limitations being placed on the product's distribution or use and, potentially, withdrawal or suspension of the product from the market. In addition, the FDA has post-approval authority to require post-approval clinical trials and/or safety labeling changes if warranted by the appearance of new safety information. In certain circumstances, the FDA may impose a REMS after a product has been approved. Facilities involved in the manufacture and distribution of approved products are required to register their establishments with the FDA and certain state agencies and are subject to periodic unannounced inspections by the FDA for compliance with cGMP and other laws. The FDA also closely monitors advertising and promotional materials we may disseminate for our products for compliance with restrictions on off-label promotion and other laws. We may not promote our products for conditions of use that are not included in the approved package inserts for our products. Certain additional restrictions on advertising and promotion exist for products that have so-called "black box warnings" in their approved package inserts, such as WinRho SDF.

Pricing and Reimbursement

In the United States and internationally, sales of our products and our ability to generate revenues on such sales are dependent, in significant part, on the availability and level of reimbursement from third-party payors, including state and federal governments and private insurance plans. Insurers have implemented cost-cutting measures and other initiatives to enforce more stringent reimbursement standards and likely will continue to do so in the future. These measures include the establishment of more restrictive formularies and increases in the out-of-pocket obligations of patients for such products. In addition, particularly in the United States and increasingly in other countries, we are required to provide discounts and pay rebates to state and federal governments and agencies in connection with purchases of our products that are reimbursed by such entities. Various provisions of the Patient Protection and Affordable Care Act (as amended by the Health Care and Education Reconciliation Act), collectively referred to as the Affordable Care Act, increased the levels of rebates and discounts that we have to provide in connection with sales of such products that are paid for, or reimbursed by, certain state and federal government agencies and programs. It is possible that future legislation in the United States and other jurisdictions could be enacted, which could potentially impact the reimbursement rates for our products and also could further impact the levels of discounts and rebates we are required to pay to state and federal government entities. The most significant governmental reimbursement programs in the United States relevant to our products are described below:

Medicare Part B. Medicare Part B covers certain drug products provided in a physician's office or hospital outpatient setting under a payment methodology using "average sales price," or ASP, information. We are required to provide ASP information to the Centers for Medicare & Medicaid Services, or CMS, on a quarterly basis. Medicare payment rates using an ASP methodology are currently set at ASP plus six percent, although this rate could change in future years. If we fail to timely or accurately submit ASP, we could be subject to civil, monetary and other penalties. WinRho SDF, HepaGam B, VARIZIG and IXINITY are all eligible to be reimbursed under Medicare Part B.

Medicaid Rebate Program. For products to be covered by Medicaid, drug manufacturers must enter into a rebate agreement with the Secretary of HHS on behalf of the states and must regularly submit certain pricing information to CMS. The pricing information submitted, including information about the "average manufacturer price," or AMP, and "best price" for each of our covered drugs, determines the amount of the rebate we must pay. The total rebate also includes an "additional" rebate, which functions as an "inflation penalty." The Affordable Care Act increased the amount of the basic rebate and, for some "line extensions," increased the additional rebate. It also requires manufacturers to pay rebates on utilization by enrollees in managed care organizations. If we fail to timely or accurately submit required pricing information, we could be subject to civil, monetary and other penalties. In addition, the Affordable Care Act made changed the definition of AMP to address which manufacturer sales are to be considered, which affected the rebate liability for our products. Sales of WinRho SDF, HepaGam B, VARIZIG and IXINITY that are reimbursed through Medicaid are subject to the obligations related to this program.

340B/PHS Drug Pricing Program. The availability of federal funds to pay for WinRho SDF, HepaGam B, VARIZIG and IXINITY under the Medicaid and Medicare Part B programs requires that we extend discounts under the 340B/Public Health Service, or PHS, drug pricing program. The 340B/PHS drug pricing program requires participating manufacturers to charge no more than a statutorily-defined "ceiling" price to a variety of community health clinics and other covered entities that receive health services grants from the PHS, as well as the outpatient departments of hospitals that serve a disproportionate share of Medicaid and Medicare beneficiaries. A product's ceiling price for a quarter reflects its Medicaid AMP from two quarters earlier less its Medicaid rebate amount from two quarters earlier. Therefore, the above-mentioned revisions to the Medicaid rebate formula and AMP definition enacted by the Affordable Care Act could cause the discount produced by the ceiling price to increase. Under the Affordable Care Act, several additional classes of entities were made eligible for these discounts, increasing the volume of sales for which we must now offer the 340B/PHS discounts.

Federal Supply Schedule. We make WinRho SDF, HepaGam B, VARIZIG and IXINITY available for purchase by authorized users of the Federal Supply Schedule, or FSS, administered by the Department of Veterans Affairs, or DVA, pursuant to our FSS contract with the DVA. Under the Veterans Health Care Act of 1992, we are required to offer deeply discounted FSS contract pricing to four federal agencies—the DVA, the DoD, the Coast Guard and the PHS (including the Indian Health Service)—for federal funding to be made available for reimbursement of any of our products under the Medicaid program, Medicare Part B and for our products to be eligible to be purchased by those four federal agencies and certain federal grantees. FSS pricing to those four federal agencies must be equal to or less than the "Federal Ceiling Price," which is, at a minimum, 24% less than the Non-Federal Average Manufacturer Price for the prior fiscal year.

Foreign Regulation

Currently, we maintain a commercial presence in the United States and Canada. In the future, we may further expand our commercial presence to additional foreign countries and territories. In the European Union, medicinal products are authorized following a process similarly demanding as the process required in the United States. Medicinal products must be authorized in one of two ways, either through the decentralized procedure, which provides for the mutual recognition procedure of national approval decisions by the competent authorities of the EU Member States or through the centralized procedure by the European Commission, which provides for the grant of a single marketing authorization that is valid for all EU member states. The authorization process is essentially the same irrespective of which route is used. We are also subject to many of the same continuing post-approval requirements in the EU as we are in the United States (*e.g.*, good manufacturing practices).

Anti-Corruption Laws

We are subject to various federal and state laws pertaining to health care "fraud and abuse," including state and federal anti-kickback laws and false claims laws. Anti-kickback laws make it illegal for a drug manufacturer to solicit, offer, receive or pay any remuneration in exchange for, or to induce, the referral of business, including

the purchase or prescription of a particular drug. Due to the breadth of the statutory provisions, it is possible that our practices might be challenged under anti-kickback or similar laws. False claims laws prohibit anyone from knowingly and willingly presenting, or causing to be presented for payment, to third-party payors (including Medicare and Medicaid) claims for reimbursed drugs or services that are false or fraudulent, claims for items or services not provided as claimed or claims for medically unnecessary items or services. Our activities relating to the sale and marketing of our products may be subject to scrutiny under these laws. If we violate the kickback or false claims laws, we could be subject to civil and criminal penalties, including exclusion from participation in federal healthcare programs such as Medicare and Medicaid. Similar restrictions are imposed on the promotion and marketing of medicinal products in the European Union and other countries. Laws (including those governing promotion, marketing and anti-kickback provisions), industry regulations and professional codes of conduct are often strictly enforced. Even in those countries where we are not directly responsible for the promotion and marketing of our products, inappropriate activity by our international distribution partners can have implications for us. In addition, as part of the Affordable Care Act, the federal government enacted the Physician Payment Sunshine Act. Manufacturers of drugs are required to publicly report payments and transfers of value made to physicians and teaching hospitals. This information is posted on a public website. Failure to timely and accurately submit required information could subject us to civil penalties. Some states have similar laws. Many of these transparency requirements are new and uncertain and the extent to which the laws will be enforced is not always clear.

Our operations are also subject to compliance with the U.S. Foreign Corrupt Practices Act, or FCPA, which prohibits corporations and individuals from directly or indirectly paying, offering to pay, or authorizing the payment of anything of value to any foreign government official or employee, or any foreign political party or political candidate in an attempt to obtain or retain business or to otherwise influence such official, employee, party or candidate in his or her or its official capacity. We also may be implicated under the FCPA by activities taken on our behalf by our partners, collaborative partners, consultants, distributors, contract research organizations, vendors or other agents and representatives. As a public company, the FCPA also requires us to make and keep books and records that accurately and fairly reflect all of our transactions and to devise and maintain an adequate system of internal accounting controls. Our operations are also subject to compliance with the Bribery Act of 2010, which applies to activities both in the public and private sector, Canada's Corruption of Foreign Public Officials Act and similar laws in other countries where we do business.

Other Regulation

Our present and future business has been and will continue to be subject to various other laws and regulations. Various laws, regulations and recommendations relating to safe working conditions, laboratory practices, the experimental use of animals, and the purchase, storage, movement, import, export, use and disposal of hazardous or potentially hazardous substances, including radioactive compounds and infectious disease agents used in connection with our product development, are or may be applicable to our activities.

EMPLOYEES

Following the separation, we expect to employ approximately 140 full-time persons. The team is comprised of a dedicated group of accomplished professionals who bring a broad range of academic achievements combined with significant industry experience. We believe that our future success will depend in part on our continued ability to attract, hire and retain qualified personnel. None of our employees is represented by a labor union or covered by collective bargaining agreements. We believe that our relations with our employees are good.

AVAILABLE INFORMATION

The Aptevo investor website *www.AptevoTherapeutics.com* will be operational as of our separation date. We will make available, free of charge on our website, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, or the Exchange Act, as soon as reasonably practicable after we electronically file those reports with, or furnish them to, the Securities and Exchange Commission, or SEC.

We will also make available, free of charge on our website, the reports filed with the SEC by our executive officers, directors and 10% stockholders pursuant to Section 16 under the Exchange Act as soon as reasonably practicable after copies of those filings are provided to us by those persons. In addition, we intend to make available on our website all disclosures that are required to be posted by applicable law, the rules of the SEC or the NASDAQ listing standards regarding any amendment to, or waiver of, our code of business conduct and ethics. We have included our website address as an inactive textual reference only. The information contained on, or that can be accessed through, our website is not a part of, or incorporated by reference into, this information statement.

PROPERTIES

We lease our headquarters office and laboratory space in Seattle, Washington. The Seattle facility is approximately 51,000 square feet. The Seattle lease expires in April of 2020. We also lease approximately 5,000 square feet of satellite office space in Berwyn, Pennsylvania. The Berwyn lease expires in May 2017.

LEGAL PROCEEDINGS

From time to time, we are involved in various routine legal proceedings incident to the ordinary course of our business. We believe that the outcome of all pending legal proceedings in the aggregate is unlikely to have a material adverse effect on our business, financial condition or results of operations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with the audited combined financial statements and the corresponding notes and the unaudited pro forma combined balance sheet and the corresponding notes included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. You should review the "Special Note Regarding Forward-Looking Statements" and "Risk Factors" sections of this information statement for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Overview

On August 6, 2015, Emergent BioSolutions Inc. announced its plan to separate into two independent publicly-traded companies, one a biotechnology company focused on novel oncology and hematology therapeutics to meaningfully improve patients' lives and the other a global specialty life sciences company focused on providing specialty products for civilian and military populations that address intentional and naturally emerging public health threats. To accomplish this separation, Emergent created a new company, Aptevo Therapeutics Inc., to be the parent company for the development-based pharmaceuticals business focused on novel oncology and hematology therapeutics business. Aptevo was incorporated in Delaware in February 2016 and is currently a wholly-owned subsidiary of Emergent. For purposes of this discussion, Aptevo refers to the development-based pharmaceuticals business focused on novel oncology and hematology therapeutics of Emergent prior to separation. To effect the separation, Emergent will make a pro rata distribution of Aptevo's common stock to Emergent's stockholders. See "The Separation and Distribution" section of this information statement for additional details on these conditions. After the distribution, Aptevo will operate as an independent, publicly-traded company.

Aptevo will consist of certain assets currently in Emergent's biosciences division, including commercial products and development programs, and the ADAPTIR platform technology. Emergent will retain the biodefense marketed products and development programs, platform technologies, including the hyperimmune specialty plasma product manufacturing platform, and manufacturing infrastructure, including the contract fill/finish business. Certain historical operations that were included by Emergent in its biosciences segment have been reallocated to Emergent's continuing operations, and as a result these financial statements differ from Emergent's historically reportable biosciences segment.

Aptevo's historical combined financial statements have been prepared on a standalone basis and are derived from Emergent's consolidated financial statements and accounting records. The combined financial statements reflect Aptevo's financial position, results of operations, and cash flows as its business was operated as part of Emergent prior to the distribution, in conformity with U.S. generally accepted accounting principles.

The combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Emergent corporate level but which are specifically identifiable or allocable to Aptevo. Cash and cash equivalents held by Emergent were not allocated to Aptevo unless the cash was held by an entity that will be transferred to Aptevo in the distribution. All Aptevo intracompany transactions and accounts have been eliminated. All intercompany transactions between Aptevo and Emergent are considered to be effectively settled in the combined financial statements at the time the transaction was recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statement of cash flows as a financing activity and in the combined balance sheet as net investment from Emergent.

The historical financial statements do not necessarily include all of the expenses that would have been incurred had Aptevo been a separate, standalone entity and may not necessarily reflect Aptevo's results of operations, financial position and cash flows had Aptevo been a standalone company during the periods presented. Aptevo's combined financial statements include an allocation of expenses related to certain Emergent corporate functions, including senior management, legal, human resources, finance, information technology, and

quality assurance. These expenses have been allocated to Aptevo based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of expenses, headcount, square footage, or other measures. Aptevo considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had Aptevo operated as an independent, publicly-traded company for the periods presented.

Aptevo's investigational stage products MOR209/ES414, ES210 and otlertuzumab are built on our novel ADAPTIR™ (modular protein technology) platform, which is designed to expand on the utility and effectiveness of therapeutic antibodies. The technology can produce monospecific and multispecific, for example, bispecific therapeutic molecules, which may have structural advantages over monoclonal antibodies. The mechanisms of action for MOR209/ES414, ES210 and otlertuzumab include redirected T-cell cytotoxicity, or RTCC, and targeted cytokine delivery. The structural differences of ADAPTIR molecules over monoclonal antibodies allow for the development of other ADAPTIR immunotherapeutics that engage disease targets in a unique manner and produce a unique signaling response. We are skilled at product candidate generation, validation and subsequent clinical development using the ADAPTIR platform. We have the ability to progress ADAPTIR molecules from concept to marketed product by way of our protein engineering, pre-clinical development and process development capabilities and cGMP manufacturing oversight. We also have the ability to launch, market and commercialize these product candidates upon approval.

Aptevo's marketed products are:

- WinRho® SDF [Rh_o(D) Immune Globulin Intravenous (Human)], for treatment of autoimmune platelet disorder, also called immune thrombocytopenic purpura or ITP, and, separately, for the treatment of hemolytic disease of the newborn, or HDN;
- HepaGam B® [Hepatitis B Immune Globulin Intravenous (Human)], for prevention of hepatitis-B recurrence following liver transplantation in HBsAg-positive liver transplant patients, and for post-exposure prophylactic treatment of hepatitis-B;
- VARIZIG® [Varicella Zoster Immune Globulin (Human)], for post-exposure prophylactic treatment of varicella zoster virus, which causes chickenpox, in high risk individuals; and
- IXINITY® [coagulation factor IX (recombinant)], indicated in adults and children 12 years of age and older with hemophilia B for control and prevention of bleeding episodes, and for perioperative management;

Aptevo's investigational stage product candidates include:

- MOR209/ES414, a protein therapeutic being developed for metastatic castration-resistant prostate cancer under Aptevo's collaboration with MorphoSys AG;
- ES210, a protein therapeutic being developed for Ulcerative Colitis and other autoimmune and inflammatory diseases;
- otlertuzumab, a protein therapeutic being developed for Chronic Lymphocytic Leukemia;
- 5E3 mAb, a monoclonal antibody therapeutic being developed for Alzheimer's disease; and
- Other protein therapeutic product candidates primarily targeting immuno-oncology.

Critical Accounting Policies and Estimates

Our discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses.

On an ongoing basis, we evaluate our estimates and judgments, including those related to revenues, accrued expenses, income taxes, stock-based compensation, inventory, intangible assets, in-process research and development and goodwill. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates.

We believe the following critical accounting policies affect the more significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

Aptevo recognizes revenues if four basic criteria have been met (1) there is persuasive evidence of an arrangement, (2) delivery has occurred or services have been rendered, (3) the fee is fixed or determinable and (4) collectability is reasonably assured.

Aptevo markets and sells its products through commercial wholesalers (direct customers) who purchase the products at a price referred to as the wholesale acquisition cost ("WAC"). Additionally, Aptevo may enter into separate agreements with indirect customers to acquire its products for a contracted price that is less than the product's WAC. The indirect customers, such as group-purchasing organizations, physician practice-management groups and hospitals, continue to purchase Aptevo's products from the wholesalers, but at their respective contractual prices. Per its wholesaler agreements, Aptevo guarantees to credit the wholesaler for the difference between the WAC and the indirect customers' contracted price. This credit is referred to as a chargeback and revenues from product sales are recorded net of estimated chargebacks. Adjustments to the chargeback provisions are made periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results.

All revenues from product sales are also recorded net of applicable allowances for sales and government rebates, special promotional programs, and discounts. These allowances are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels, contract terms, and actual discounts offered. In arriving at these estimates, Aptevo further utilizes information received from third parties including market data, inventory reports from major wholesalers, historical information and analysis. These estimates are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates and reflect other limitations.

Aptevo defers the recognition of revenue from the sales of new product introductions until the commercial wholesalers resell the product through to healthcare providers. This is due to the inherent uncertainties in estimating normal wholesaler inventory levels of new products in addition to Aptevo provided extended payment terms and expanded return rights that allow the wholesalers to return the product. Once Aptevo gains enough historical experience to reasonably estimate ultimate product sales, revenue from sales are no longer deferred. As of December 31, 2015, Aptevo had $3.3 million of deferred revenue for sales related to the IXINITY product introduction during 2015.

Revenue generating collaborative research and development agreements may contain one or more provisions including licensing, research services and milestone deliverables. Aptevo analyzes its multiple element revenue generating arrangements to determine whether the elements can be separated and accounted for individually as separate units of accounting. An item can generally be considered a separate unit of accounting if both of the following criteria are met: (1) the delivered item(s) has value to the customer on a standalone basis and (2) if the arrangement includes a general right of return and delivery, the performance of the undelivered item(s) is considered probable and substantially in the control of Aptevo. Items that cannot be divided into separate units are consolidated with other units of accounting, as appropriate. Consideration to be received is allocated among the separate units based on each unit's relative selling price and is then recognized when the appropriate revenue recognition criteria are met. Aptevo deems services to be rendered if no continuing obligation exists on the part of Aptevo.

Revenue associated with non-refundable upfront license fees that can be treated as a single unit of accounting are recognized when all ongoing obligations have been delivered. Revenue associated with non-refundable upfront license fees under arrangements where the license fees and research and development activities cannot be accounted for as separate units of accounting are deferred and recognized as revenue either on a straight-line basis over Aptevo's continued involvement in the research and development process or based on the proportional performance of Aptevo's expected future obligations under the contract.

Revenues from the achievement of research and development milestones, if deemed substantive, are recognized as revenue when the milestones are achieved and the milestone payments are due and collectible. Milestones are considered substantive if all of the following conditions are met: (1) the milestone is non-refundable, (2) achievement of the milestone was not reasonably assured at the inception of the arrangement, (3) substantive effort is involved to achieve the milestone and (4) the amount of the milestone payment appears reasonable in relation to the effort expended. If not deemed substantive, Aptevo recognizes such milestone as revenue on a straight-line basis over the remaining expected term of continued involvement in the research and development process. Payments received in advance of revenue recognized are recorded as deferred revenue.

Mergers and Acquisitions

In a business combination, the acquisition method of accounting requires that the assets acquired and liabilities assumed be recorded as of the date of the merger or acquisition at their respective fair values with limited exceptions. Assets acquired and liabilities assumed in a business combination that arise from contingencies are recognized at fair value if fair value can reasonably be estimated. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accordingly, Aptevo may be required to value assets at fair value measures that do not reflect Aptevo's intended use of those assets. Any excess of the purchase price (consideration transferred) over the estimated fair values of net assets acquired is recorded as goodwill. Transaction costs and costs to restructure the acquired company are expensed as incurred. The operating results of the acquired business are reflected in Aptevo's combined financial statements after the date of the merger or acquisition.

The fair values of intangible assets are determined utilizing information available near the merger or acquisition date based on expectations and assumptions that are deemed reasonable by management. Given the considerable judgment involved in determining fair values, Aptevo typically obtains assistance from third-party valuation specialists for significant items. The judgments made in determining estimated fair values assigned to assets acquired and liabilities assumed in a business combination, as well as asset lives, can materially affect Aptevo's results of operations.

The fair values of identifiable intangible assets related to currently marketed products and product rights are primarily determined by using an "income approach" through which fair value is estimated based on each asset's discounted projected net cash flows. Aptevo's estimates of net cash flows consider historical and projected pricing, margins and expense levels, the performance of competing products where applicable, relevant industry and therapeutic area growth drivers and factors, current and expected trends in technology and product life cycles, the time and investment that will be required to develop products and technologies, the ability to obtain marketing and regulatory approvals, the ability to manufacture and commercialize the products, the extent and timing of potential new product introductions by Aptevo's competitors, and the life of each asset's underlying patent, if any. The net cash flows are then probability-adjusted where appropriate to consider the uncertainties associated with the underlying assumptions, as well as the risk profile of the net cash flows utilized in the valuation. The probability-adjusted future net cash flows of each product are then discounted to present value utilizing an appropriate discount rate.

The fair values of identifiable intangible assets related to in-process research and development ("IPR&D") are determined using an income approach, through which fair value is estimated based on each asset's probability-adjusted future net cash flows, which reflect the different stages of development of each product and

the associated probability of successful completion. The net cash flows are then discounted to present value using an appropriate discount rate. Amounts allocated to acquired IPR&D are capitalized and accounted for as indefinite-lived intangible assets. Upon successful completion of each project, Aptevo will make a separate determination as to the then useful life of the asset and begin amortization.

Provision for Chargebacks

We record sales for our products primarily net of provisions for chargebacks, administration fees, rebates and other adjustments. These provisions are primarily estimated based on historical experience, future expectations, contractual arrangements with wholesalers and indirect customers, and other factors known to management at the time of accrual. Provisions for chargebacks, administration fees, rebates and other adjustments require varying degrees of subjectivity. While rebates generally are based on contractual terms and require minimal estimation, chargebacks require management to make more subjective assumptions.

The provision for chargebacks is a significant and complex estimate used in the recognition of revenue. We sell our products directly primarily to large commercial wholesale distributors. We also sell our products indirectly to group-purchasing organizations, physician practice-management groups and hospitals, collectively referred to as “indirect customers.” We enter into agreements with our indirect customers to establish pricing for certain of our products. The indirect customers then independently select a wholesaler from which to purchase the products. If the price paid by the indirect customers is lower than the price paid by the wholesaler, we will provide a credit, called a chargeback, to the wholesaler for the difference between the contractual price with the indirect customers and the wholesaler purchase price. The provision for chargebacks is based on expected sell-through levels by our wholesale customers to the indirect customers and estimated wholesaler inventory levels.

As sales to large wholesale customers fluctuate the reserve for chargebacks will also generally fluctuate in the same direction. However, the degree of the fluctuation depends on product mix and the amount of sales made to indirect customers with which we have specific chargeback agreements.

On a quarterly basis, management reviews actual payments for provisions, wholesaler and distributor sales to our indirect customers, inventory balances at the wholesalers and distributors, as well as any known market factors that may impact our estimate, and we make adjustments when we believe that actual expected chargebacks may differ from the actual chargeback reserve.

Financial Operations Overview

Revenues

Revenues consist primarily of product sales of our marketed products and collaboration revenues from our collaborative partners, generally in the form of upfront or milestone payments.

Cost of Product Sales

The primary expense that we incur to deliver our marketed products to our customers is manufacturing costs consisting of fixed and variable costs. Variable manufacturing costs consist primarily of costs for materials and personnel-related expenses for direct and indirect manufacturing support staff, contract manufacturing and filling operations, and sales-based royalties. Fixed manufacturing costs include facilities, utilities and amortization of intangible assets. We determine the cost of product sales for products sold during a reporting period based on the average manufacturing cost per unit in the period those units were manufactured.

Research and Development Expenses

We expense research and development costs as incurred. Our research and development expenses consist primarily of:

- personnel-related expenses;
- fees to professional service providers for, among other things, analytical testing, independent monitoring or other administration of our clinical trials and obtaining and evaluating data from our clinical trials and non-clinical studies;
- costs of contract manufacturing services for clinical trial material; and
- costs of materials used in clinical trials and research and development.

We expect our research and development spending will be dependent upon such factors as the results from our clinical trials, the availability of reimbursement of research and development spending, the number of product candidates under development, the size, structure and duration of any clinical programs that we may initiate, and the costs associated with manufacturing our product candidates on a large-scale basis for later stage clinical trials. These research and development costs may be partially offset by cost-sharing arrangements with collaborative partners, such as our collaboration with MorphoSys AG.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of personnel-related costs and professional fees in support of our executive, sales and marketing, business development, finance, accounting, information technology, legal and human resource functions. Other costs include facility costs not otherwise included in cost of product sales or research and development expense.

Collaboration with MorphoSys AG

In August 2014, Aptevo entered into a collaboration agreement, or MorphoSys Agreement, with MorphoSys AG for the joint worldwide development and commercialization of MOR209/ES414, a targeted immunotherapeutic protein, which activates host T-cell immunity specifically against cancer cells expressing prostate specific membrane antigen, an antigen commonly overexpressed on prostate cancer cells. MOR209/ES414 was constructed using Aptevo's proprietary ADAPTIR platform technology.

In accordance with the initial terms of the MorphoSys Agreement, Aptevo received a nonrefundable $20.0 million upfront payment and could have received up to $163.0 million in additional contingent payments, comprised of up to $80.0 million and up to $83.0 million, respectively, due upon the achievement of specified development and regulatory milestones. MorphoSys and Aptevo agreed to jointly fund further development of MOR209/ES414, with Aptevo responsible for 36% of the total development costs and MorphoSys responsible for the remainder, with Aptevo's funding requirement capped at $186.0 million. Aptevo's development effort includes the performance of non-clinical, clinical, manufacturing and regulatory activities. Aptevo retains commercialization rights in the U.S. and Canada, with a tiered royalty obligation to MorphoSys, ranging from mid-single digit up to 20% of sales. MorphoSys has worldwide commercialization rights excluding the U.S. and Canada, with a low single digit royalty obligation to Aptevo.

In December 2015, after a joint review of data from the ongoing Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys decided to adjust the dosing regimen and administration of MOR209/ES414. Aptevo plans to continue the current clinical trial under an amended protocol with recruitment to start around mid-2016. As a result of the revised dosing regimen and administration and the resultant impact to overall development timeline and technical risk, the MorphoSys Agreement was restructured. In December 2015, Aptevo and MorphoSys amended the collaboration agreement to (1) decrease the additional

contingent payments due Aptevo upon the achievement of specified development and regulatory milestones of up to $32.5 million and up to $41.5 million, respectively, (2) change the total funding requirement cap for Aptevo to up to approximately $250.0 million and (3) change the jointly funded development cost allocation to the following:

- 2016: Aptevo is responsible for 75%; MorphoSys responsible for 25%
- 2017-2018: Aptevo is responsible for 49%; MorphoSys responsible for 51%
- 2019 and beyond: Aptevo is responsible for 36%; MorphoSys responsible for 64%

In addition, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial.

Aptevo evaluated the MorphoSys Agreement and determined that it was a revenue arrangement with multiple deliverables or performance obligations. Aptevo determined there were two units of accounting under the MorphoSys Agreement: (1) the delivered license to further develop and commercialize MOR209/ES414 and (2) undelivered items related to development services. Aptevo determined that the license had standalone value as the drug candidate has been (1) developed and is currently Phase 1 clinical trial ready, (2) MorphoSys possesses the knowledge, technology, skills, experience and infrastructure necessary to complete all further development of the drug through commercialization, and (3) MorphoSys has the right to further sublicense the product. Aptevo allocated the $20.0 million upfront payment to the two units of accounting using the relative selling price method. Aptevo determined the estimated selling price for the license using the income approach and an appropriate discount rate. The estimated selling price includes unobservable inputs (Level 3), such as estimates of revenues and operating margins; the time and resources needed to complete the development and approval of the product candidate; and the risk related to the viability of and potential for alternative treatments. Aptevo determined the estimated selling price of the development services unit of accounting based on the estimated number of full-time equivalent personnel at the contractual rate as defined in the MorphoSys Agreement, whose rates and terms approximate those of other Emergent or Aptevo service related contracts and those observed generally through other collaboration negotiations. The allocation resulted in $15.3 million of the $20.0 million upfront payment being allocated to the license and $4.7 million being allocated to the development services. Aptevo determined the license fee unit of accounting was delivered and completed on the date the MorphoSys Agreement was executed and thus recognized $15.3 million of license revenue in August 2014. Revenue related to the development services is recognized as the services are performed with $0.7 million and $0.2 million, respectively, recognized in the years ended December 31, 2015 and 2014. The current estimated service period for the undelivered development services under the MorphoSys Agreement is through 2023.

Further, Aptevo determined that contingent payments for the achievement of the development and regulatory milestones are substantive milestones and will be accounted for as revenue in the period in which the milestones are achieved. Aptevo received a $5.0 million milestone payment from MorphoSys reflecting the initiation of a Phase I clinical study to evaluate the safety, tolerability, and clinical activity of MOR209/ES414 in patients with metastatic castration-resistant prostate cancer. Aptevo recognized this substantive milestone achievement payment as collaborations revenue during the year ended December 31, 2015.

IXINITY

In the acquisition of Cangene Corporation, or Cangene, in February 2014, Aptevo acquired the IXINITY product candidate, an IPR&D intangible asset. As part of the purchase price allocation, Aptevo’s management determined that the estimated acquisition date fair value related to the IXINITY IPR&D asset was $8.3 million. The estimated fair value was determined using the income approach, which discounts probability-adjusted future net cash flows to present value. The projected cash flows used in determining the fair value of IXINITY were based on key assumptions, including: estimates of revenues and operating profits considering its stage of development on the acquisition date, the time and resources needed to complete the development and approval of the product candidate, the life of the potential commercialized product and associated risks, including the

inherent difficulties and uncertainties in developing a product candidate such as obtaining marketing approval from the FDA and other regulatory agencies, and risks related to the viability of and potential alternative treatments in any future target markets.

Amounts allocated to acquired IPR&D are capitalized and accounted for as indefinite-lived intangible assets. Upon successful completion of each project, Aptevo made a separate determination as to the then useful life of the asset and begin amortization. In April 2015, the Food and Drug Administration, or FDA, approved IXINITY for the treatment of Hemophilia B in adults and children. As a result, the $8.3 million IXINITY IPR&D asset was reclassified as a definite-live intangible asset and is being amortized over 10 years.

CMC ICOS Biologics, Inc., or CMC, is the exclusive manufacturer of bulk drug substance for our IXINITY product. During 2015, we ordered nine manufacturing lots of bulk drug substance from CMC. CMC successfully manufactured and released only one of the nine lots ordered and has not successfully manufactured or released any lots of bulk drug substance in 2016. If current efforts by CMC to manufacture and release bulk drug substance are not successful, the resulting lack of supply of bulk drug substance could lead to a projected supply shortage of IXINITY. This inability to supply IXINITY would adversely affect Aptevo's sales, market position and viability.

Results of Operations

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue

Product Sales:

Product sales revenue decreased by $2.1 million, or 7%, to $27.9 million for 2015 from $30.0 million for 2014. This decrease was primarily related to a decrease in non-U.S. sales of WinRho.

Product sales of IXINITY commenced in the second quarter of 2015 following FDA approval. As of December 31, 2015, $3.3 million of IXINITY product sales revenue has been deferred and recorded as deferred revenue on the combined balance sheet until such time as we can reasonably estimate chargebacks and other allowances related to this new product.

Collaborations:

Collaborations revenue decreased by $9.9 million, or 63%, to $5.7 million for 2015 from $15.6 million for 2014. The decrease in collaboration revenue was from our collaboration with MorphoSys, primarily related to recognition of $15.3 million in revenue in 2014 related to an upfront license fee payment as compared to the achievment and recognition of a $5.0 million research and development milestone payment in 2015.

Cost of Product Sales

Cost of product sales increased by $0.6 million, or 4%, to $16.9 million for 2015 from $16.3 million for 2014. The increase in cost of product sales was primarily due to commencement of IXINITY product sales in the second quarter of 2015 after FDA approval. This increase was partially offset by the decrease in WinRho non-US sales in 2015.

Research and Development Expense

Research and development expenses decreased by $11.9 million, or 26%, to $34.7 million for 2015 from $46.6 million for 2014. Our principal research and development expenses by program for 2015 and 2014 are shown in the following table:

(in thousands)	Year ended December 31, 2015	2014	Change
MOR209/ES414	$ 5,765	$11,914	$ (6,149)
IXINITY	14,622	17,456	(2,834)
otlertuzumab	4,851	8,714	(3,863)
ES210	1,895	3,286	(1,391)
5E3 (formerly Alzheimer's)	2,666	1,838	828
Other ADAPTIR related programs	4,405	2,284	2,121
Other	522	1,097	(575)
Total	$34,726	$46,589	$(11,863)

The decrease in expense for our MOR209/ES414 product candidate was primarily due to the timing of manufacturing activities along with increased reimbursement from MorphoSys for development activities under our collaboration agreement. The decrease in expense for our IXINITY product candidate (which was approved by the FDA in April 2015) was primarily for manufacturing activities and the timing of clinical trial activities. The decrease in expense for our otlertuzumab product candidate was primarily related to the timing of clinical trial activities. The decrease in ES210 was primarily due to process development along with clinical and non-clinical strategy activities. The increase in expense for 5E3 was primarily due to early stage non-clinical activities. The increase in expense for Other ADAPTIR related programs was primarily due to characterization studies and non-clinical activities. The decrease in expense for our Other activities was primarily due to centralized research and development activities not otherwise attributable to specific product candidates or programs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $8.7 million, or 25%, to $43.0 million for 2015 from $34.3 million for 2014. This increase was primarily due to an increase in selling costs of $5.0 million associated with a full year in 2015 of the operations acquired through the acquisition of Cangene in February 2014, including product launch costs for IXINITY in 2015, and an increase in general and administrative expense of $3.8 million, due primarily to an increase in our provision for uncollectable accounts in 2015.

Other (Expense) Income, net

Other expense, net was $0.2 million for both 2015 and 2014. The amount is primarily from foreign exchange losses associated with the timing of receipt of a VAT receivable in Germany.

Income Taxes

Benefit from income taxes increased by $1.4 million, or 233%, to $2.0 million for 2015 from $0.6 million for 2014. The increase in the benefit was primarily due to increased Canadian scientific research and experimental development tax credits.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Product Sales:

Product sales revenue was $30.0 million for 2014 due to the products acquired from Cangene in February 2014. There were no product sales in 2013.

Collaborations:

Collaborations revenue increased by $15.4 million to $15.6 million for 2014 from $0.2 million for 2013. The increase was primarily related to recognition of $15.3 million in upfront license fee revenue in 2014 from MorphoSys.

Cost of Product Sales

Cost of product sales was $16.3 million for 2014 due to the products acquired from Cangene in February 2014. There were no product sales in 2013.

Research and Development Expense

Research and development expenses increased by $8.5 million, or 22%, to $46.6 million for 2014 from $38.1 million for 2013. Our principal research and development expenses by program for 2014 and 2013 are shown in the following table:

(in thousands)	Year ended December 31, 2014	2013	Change
MOR209/ES414	$11,914	$ 7,625	$ 4,289
IXINITY	17,456	—	17,456
otlertuzumab	8,714	26,744	(18,030)
ES210	3,286	3,115	171
5E3 (formerly Alzheimer's)	1,838	—	1,838
Other ADAPTIR related programs	2,284	152	2,132
Other	1,097	438	659
Total	$46,589	$38,074	$ 8,515

The increase in expense for our MOR209/ES414 product candidate was primarily due to ongoing manufacturing activities. The expense for our IXINITY product candidate, acquired from Cangene in February 2014, was primarily for clinical trial and manufacturing activities. The decrease in expense for our otlertuzumab (formerly TRU-016) product candidate was primarily related to the timing of clinical trial activities. The increase in expense for ES210 was primarily for process development along with clinical and non-clinical strategy activities. The expense for 5E3, was primarily due to early stage non-clinical activities. The increase in expense for Other ADAPTIR related programs was primarily due to characterization studies and non-clinical activities. The increase in expense for our Other activities was primarily due to centralized research and development activities not otherwise attributable to product candidates or programs.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by $18.8 million, or 121%, to $34.3 million for 2014 from $15.5 million for 2013. The increase in selling general and administrative expenses was primarily due to ongoing post-acquisition selling, general and administrative costs of $14.7 million associated with the operations of Cangene, acquired in February 2014, including selling and marketing costs for Aptevo's products.

Other (Expense) Income, net

Other expense, net was $0.2 million for 2014, an increase of $0.2 million from 2013. The increase was primarily due to foreign exchange losses associated with the timing of receipt of a VAT receivable in Germany.

Liquidity and Capital Resources

Sources of Liquidity

At the closing of the spin-off of Aptevo from Emergent, Emergent will provide Aptevo, from its cash reserves on hand, cash of approximately $40 million, along with a commitment in the form of a promissory note to provide another $20 million within six to 12 months after the separation. We expect this initial cash funding will support Aptevo's operations for at least 12 months after the completion of the spin-off, based on current operating plans and financial forecasts. Prior to the spin-off, the development-based biosciences business of Emergent was funded entirely by Emergent.

Capital Requirements

Aptevo expects to incur losses from operations for the foreseeable future primarily due to research and development expenses, including expenses related to conducting clinical trials. Aptevo's future capital requirements will depend on a number of factors, including:

- the level, timing and cost of product sales;
- the collection of accounts receivable from customers;
- the extent to which we invest in products or technologies;
- capital improvements to new or existing facilities;
- the payment obligations under any future indebtedness;
- the scope, progress, results and costs of our development activities;
- the costs of commercialization activities, including product marketing, sales and distribution;
- the costs associated with the separation from Emergent and costs associated with performance under agreements to be entered into with Emergent; and
- the costs associated with replicating or outsourcing from other providers certain facilities, systems, operational and administrative infrastructure, including information technology infrastructure and personnel, to which we will no longer have access after our separation from Emergent.

Cash Flows

The following table provides information regarding our cash flows for the years ended December 31, 2015, 2014 and 2013.

	Year ended December 31,		
(in thousands)	**2015**	**2014**	**2013**
Net cash provided by (used in):			
Operating activities	$(48,760)	$(47,007)	$(51,392)
Investing activities	(1,527)	(48,800)	(1,021)
Financing activities	51,331	99,400	52,413
Net increase in cash and cash equivalents	$ 1,044	$ 3,593	$ —

Net cash used in operating activities of $48.8 million in 2015 was primarily due to our net loss of $59.3 million and an increase in inventory of $2.7 million due to the timing of sales of IXINITY, partially offset by a decrease in accounts receivable of $3.9 million due to the timing of collection of WinRho receivables, an increase in deferred revenue of $2.6 million due primarily to the timing of revenue recognition for IXINITY, along with a non-cash charge of $3.5 million as a provision for uncollectible accounts.

Net cash used in operating activities of $47.0 million in 2014 was primarily due to our net loss of $51.1 million and an increase in accounts receivable of $6.1 million due to the timing of collection of product sales receivables, partially offset by a decrease in inventory of $5.0 million due to the acquisition of Cangene and an increase in deferred revenue of $4.5 million due the timing of revenue recognition for our MorphoSys collaboration.

Net cash used in operating activities of $51.4 million in 2013 was primarily due to our net loss of $53.4 million.

Net cash used in investing activities for 2015, 2014 and 2013 was primarily due to the purchases of property, plant and equipment, and, in 2014, the $47.8 million acquisition of the Aptevo related portion of Cangene.

Net cash provided by financing activities for 2015, 2014 and 2013 was principally due to the net investment from Emergent of $52.2 million, $100.1 million and $52.4 million to support the operations of Aptevo.

Contractual Obligations

The following table summarizes our contractual obligations at December 31, 2015:

		Payments due by period			
(in thousands)	**Total**	**Less than 1 year**	**1 to 3 Years**	**4 to 5 Years**	**More than 5 years**
Contractual obligations:					
Operating lease obligations	$7,029	$ 1,672	$3,203	$2,154	$ —
Total contractual obligations	$7,029	$ 1,672	$3,203	$2,154	$ —

MANAGEMENT

Executive Officers Following the Separation

While some of Aptevo's executive officers are currently officers and employees of Emergent, upon the separation, none of these individuals will continue to be employees or executive officers of Emergent. The following table sets forth information regarding individuals who are expected to serve as Aptevo's executive officers, including their positions after the separation. One of Aptevo's executive officers will also hold a position as a member of Aptevo's board of directors. For more information see "Board of Directors Following the Separation" below.

Name	Age	Title
Marvin L. White	54	Director and Chief Executive Officer
Jeffrey G. Lamothe	50	Senior Vice President and Chief Financial Officer
Scott C. Stromatt, M.D.	58	Chief Medical Officer and Senior Vice President, Clinical Development & Medical Affairs

Marvin L. White will be the Chief Executive Officer of Aptevo and will serve on Aptevo's board of directors. Mr. White is currently a member of Emergent's board of directors and has served as a director since June 2010. Since April 2014, Mr. White has served as president and chief executive officer of The MLW Advisory Group, LLC, a management advisory company targeting the needs of healthcare and related companies. From 2008 to March 2014, Mr. White served as system vice president and chief financial officer of St. Vincent Health, and was responsible for finance, materials management, accounting, patient financial services and managed care for all 19 hospitals and 36 joint ventures. Prior to joining St. Vincent Health in 2008, Mr. White was executive director and chief financial officer of LillyUSA, a subsidiary of Eli Lilly and Company, where he also held leadership positions in Corporate Finance and Investment Banking in the Corporate Strategy Group. He serves on the boards of CoLucid Pharmaceuticals, Inc., a public pharmaceutical company, WP Glimcher Inc., a public retail real estate investment trust, and OneAmerica Financial Insurance Partners, Inc., a private insurance and financial services company. We believe Mr. White's service as our Chief Executive Officer and his prior financial experience and service on other boards make him strongly qualified to serve on our board of directors.

Jeffrey G. Lamothe will be the Senior Vice President and Chief Financial Officer of Aptevo. He currently serves as Emergent's Vice President Finance, Biosciences Division. Mr. Lamothe assumed this role in April 2014 when Emergent concluded the acquisition of Cangene Corporation, where he was Chief Financial Officer.

Scott C. Stromatt, M.D. will be the Chief Medical Officer and Senior Vice President, Clinical Development & Medical Affairs of Aptevo. He will continue the clinical development programs for the ADAPTIR molecules that he has designed and directed. Since 2010, Dr. Stromatt has served as Chief Medical Officer at Emergent. From 2000-2002, Dr. Stromatt worked as a biotechnology analyst for Wall Street investment firm C.E. Unterberg.

Board of Directors Following the Separation

The following table sets forth information with respect to those persons who are expected to serve on Aptevo's board of directors following the completion of the separation, including Mr. White, whose biographical information is included above in the section entitled "Executive Officers Following the

Separation." The nominees will be presented to Aptevo's sole stockholder, Emergent, for election prior to the separation. Aptevo may name and present additional nominees for election prior to the separation.

Name	Age	Title
Fuad El-Hibri	58	Chairman
Marvin L. White	54	Director, Chief Executive Officer
Daniel J. Abdun-Nabi	61	Director
Grady Grant, III	60	Director
Zsolt Harsanyi, Ph.D.	72	Director
Barbara Lopez Kunz	58	Director
John E. Niederhuber, M.D.	77	Director

At the time of the separation, Aptevo expects that its board of directors will consist of the directors set forth above. Upon completion of the separation, Aptevo's board of directors will be divided into three classes. Each class will be as equal in number as is possible. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which Aptevo expects to hold in 2017. The directors designated as Class II directors will have terms expiring at the following year's annual meeting of stockholders, which Aptevo expects to hold in 2018, and the directors designated as Class III directors will have terms expiring at the following year's annual meeting of stockholders, which Aptevo expects to hold in 2019. Aptevo expects that Class I will be comprised of Mr. Harsanyi and Ms. Kunz; Class II will be comprised of Mr. Abdun-Nabi and Mr. Grant; and Class III will be comprised of Mr. El-Hibri, Mr. Niederhuber and Mr. White. Commencing with the first annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. At any meeting of stockholders for the election of directors at which a quorum is present, the election will be determined by a plurality of the votes cast by the stockholders entitled to vote in the election.

Fuad El-Hibri will be the Chairman of Aptevo's board of directors. Mr. El-Hibri is the founder and Executive Chairman of the board of directors of Emergent. Mr. El-Hibri has served as the executive chairman of Emergent's board of directors since April 2012. From June 2004 to March 2012, Mr. El-Hibri served as chief executive officer and chairman of Emergent's board of directors. Mr. El-Hibri previously served as president of Emergent from March 2006 to April 2007. Mr. El-Hibri served as chief executive officer and chairman of the board of directors of BioPort Corporation, or BioPort, from May 1998 until June 2004, when, as a result of Emergent's corporate reorganization, BioPort became a wholly-owned subsidiary of Emergent and was subsequently renamed Emergent BioDefense Operations Lansing Inc. Mr. El-Hibri is chairman of East West Resources Corporation, a venture capital and business consulting firm, a position he has held since June 1990. He served as president of East West Resources from September 1990 to January 2004. We believe Mr. El-Hibri's qualifications to serve on our board of directors include his service on other boards as well as his prior business experience, including as Emergent's chief executive officer and as an Emergent director.

Daniel J. Abdun-Nabi is the President and Chief Executive Officer of Emergent, a position he has held since April 2012. From May 2007 to March 2012, Mr. Abdun-Nabi served as Emergent's president and chief operating officer. Mr. Abdun-Nabi previously served as Emergent's corporate secretary from December 2004 to January 2008, Emergent's senior vice president, corporate affairs and general counsel from December 2004 to April 2007 and Emergent's vice president and general counsel from May 2004 to December 2004. Mr. Abdun-Nabi served as general counsel for IGEN International, Inc., a biotechnology company, and its successor BioVeris Corporation, from September 1999 to May 2004. Prior to joining IGEN, Mr. Abdun-Nabi served as senior vice president, legal affairs, general counsel and secretary of North American Vaccine, Inc., a private vaccine company acquired by Baxter International Inc. in 2000. We believe Mr. Abdun-Nabi's qualifications to serve on our board of directors include his extensive experience in senior management positions and his demonstrated business judgment, including his long service as a senior executive of Emergent.

Grady Grant, III is the Vice President of Medical Sales for Mead Johnson Nutrition, a public company focused on pediatric nutrition. He has held this position since December 2011, preceded by 30 years of service at Eli Lilly and Company which includes his service as Vice President of Sales Neuroscience from January 2006 to December 2011. We believe Mr. Grant's qualifications to serve on our board of directors include his operating and senior management experience in the industry.

Zsolt Harsanyi, Ph.D. has served on the board of directors of Emergent since August 2004. Dr. Harsanyi has served as chairman of the board of N-Gene Research Laboratories, Inc., a privately-held biotechnology company, since March 2011. Prior to that, Dr. Harsanyi served as chief executive officer and chairman of the board of directors of Exponential Biotherapies Inc., a private biotechnology company, from December 2004 to February 2011. Dr. Harsanyi served as president of Porton International plc, or Porton International, a pharmaceutical and vaccine company, from January 1983 to December 2004. Dr. Harsanyi was a founder of Dynport Vaccine Company LLC in September 1996. Prior to joining Porton International, Dr. Harsanyi was vice president of corporate finance at E.F. Hutton, Inc. Previously, Dr. Harsanyi directed the first assessment of biotechnology for the U.S. Congress' Office of Technology Assessment, served as a consultant to the President's Commission for the Study of Ethical Problems in Medicine and Biomedical and Behavioral Research and was on the faculties of Microbiology and Genetics at Cornell Medical College. We believe Dr. Harsanyi's qualifications to serve on our board of directors include his industry experience, including his senior executive and financial positions.

Barbara Lopez Kunz is currently the Global Chief Executive of the Drug Information Association, a private health care products company. From January 2007 to March 2013, she worked as President of Health and Life Sciences at Battelle Memorial Institute, a private nonprofit applied science and technology development company. From August 2003 to December 2007, she worked as Senior VP/GM for Thermo Fisher Scientific's Fisher Biosciences and led the Latin America regional business from January 2000 to July 2003 at Uniqema, a private company acquired by Croda International plc in 2006. We believe that Ms. Kunz is qualified to serve on our board of directors because of her extensive leadership experience and knowledge of the industry.

John E. Niederhuber, M.D. is the founder, Executive Vice President, and Chief Executive Officer of the Inova Translational Medicine Institute, a not-for-profit genomics research institute. Dr. Niederhuber has served as a director of Emergent since August 2010. He previously served as the director of the National Cancer Institute (NCI), the National Institutes of Health from 2006 to 2010. Dr. Niederhuber joined the Inova Health System in August 2010 as Executive Vice President and CEO of the Inova Translational Medicine Institute. Dr. Niederhuber is also an adjunct professor of surgery and oncology at the Johns Hopkins University School of Medicine. He currently serves on the board of directors of PierianDX, a private genomics analytics company. Prior to joining NCI, Dr. Niederhuber was Director of the University of Wisconsin Comprehensive Cancer Center and professor of surgery and oncology (member of the McArdle Laboratory) at the University of Wisconsin School of Medicine from 1997 to 2005. He chaired the Department of Surgery at Stanford University School of Medicine from 1991 to 1997 and held professorships at the Johns Hopkins University School of Medicine from 1987 to 1991 and at the University of Michigan from 1973 to 1987. We believe that Dr. Niederhuber's medical background in oncology, his laboratory research in immunology and cancer biology, and his extensive leadership experience in public and government institutions make him uniquely qualified to serve on our board of directors.

In anticipation of the separation, Mr. White and Dr. Niederhuber are expected to resign as directors of Emergent prior to Emergent's 2016 annual meeting of stockholders to be held on May 19, 2016, while Messrs. El-Hibri and Abdun-Nabi and Dr. Harsanyi are expected to continue as directors of Emergent. Mr. Abdun-Nabi is expected to continue as President and Chief Executive Officer of Emergent. Dr. Niederhuber is expected to enter into a consulting agreement with Emergent. For further discussion of consulting agreements entered into by Emergent in anticipation of the separation, see the section entitled "Certain Relationships and Related Party Transactions–Treatment of Equity Based Compensation".

Director Independence

It is expected that a majority of our board of directors, and the entire membership of our Audit and Compensation Committees of our Board, will consist of directors who are "independent" as defined by the applicable rules of The NASDAQ Stock Market Rules, the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the corporate governance guidelines to be adopted by our board of directors.

Rule 5605 of The NASDAQ Stock Market Rules requires a majority of a listed company's board of directors to be comprised of independent directors. In addition, The NASDAQ Stock Market Rules require that, subject to specified exceptions, each member of a listed company's audit, compensation and corporate governance and nominating committees be independent and that audit committee members also satisfy independence criteria set forth in Rule 10A-3 under the Exchange Act. Under Rule 5605(a)(2), a director will only qualify as an "independent director" if, in the opinion of our board of directors, that person does not have a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In order to be considered independent for purposes of Rule 10A-3, a member of an audit committee of a listed company may not, other than in his or her capacity as a member of the audit committee, the board of directors, or any other board committee: (1) accept, directly or indirectly, any consulting, advisory or other compensatory fee from the listed company or any of its subsidiaries; or (2) be an affiliated person of the listed company or any of its subsidiaries. In addition, in affirmatively determining the independence of any director who will serve on a company's compensation committee, Rule 10C-1 under the Exchange Act requires that a company's board of directors consider all factors specifically relevant to determining whether a director has a relationship to such company which is material to that director's ability to be independent from management in connection with the duties of a compensation committee member, including, but not limited to: (i) the source of compensation of the director, including any consulting, advisory or other compensatory fee paid by such company to the director; and (ii) whether the director is affiliated with the company or any of its subsidiaries or affiliates.

Based upon information requested from and provided by each director concerning his or her background, employment and affiliations, including family relationships, our board of directors has determined that none of Mr. Grant, Dr. Harsanyi, Ms. Kunz or Dr. Niederhuber, representing four of our seven directors, has a relationship that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director and that each of these directors is "independent" as that term is defined under Rule 5605(a)(2) of the NASDAQ Marketplace Rules. Our board of directors has also determined that Mr. Grant, Dr. Harsanyi and Ms. Kunz, who will comprise our audit committee, and Mr. Grant, Ms. Kunz and Dr. Niederhuber, who will comprise our compensation committee, each satisfy the independence standards for such committees established by the SEC and the NASDAQ Marketplace Rules, as applicable.

Committees of the Board of Directors

Effective upon the completion of the separation, Aptevo's board of directors will have the following standing committees: an Audit Committee and a Compensation Committee.

Audit Committee. Mr. Grant, Dr. Harsanyi and Ms. Kunz are expected to be the members of the board's Audit Committee. Dr. Harsanyi is expected to be the Audit Committee Chairman. The board of directors is expected to determine that at least one member of the Audit Committee meets the criteria of the SEC for an "audit committee financial expert". In addition, Aptevo expects that the board of directors will determine that each of the members of the Audit Committee will be "independent" under Rule 5605 of The NASDAQ Stock Market Rules and Rule 10A-3 of the Exchange Act. The Audit Committee's responsibilities will include: (1) appointing, approving the compensation of and assessing the independence of Aptevo's independent registered public accounting firm; (2) overseeing the work of Aptevo's independent registered public accounting firm; (3) reviewing and discussing with management and the independent registered public accounting firm Aptevo's annual and quarterly financial statements and related disclosures; (4) monitoring Aptevo's internal

control over financial reporting, disclosure controls and procedures and code of business conduct and ethics; (5) overseeing Aptevo's internal audit function; (6) assisting the board in overseeing Aptevo's compliance with legal and regulatory requirements; (7) periodically discussing Aptevo's risk management policies, and reviewing and commenting on a periodic risk assessment by management; (8) establishing policies regarding hiring employees from Aptevo's independent registered public accounting firm and procedures for the receipt and retention of accounting related complaints and concerns; (9) meeting independently with Aptevo's internal auditing staff, independent registered public accounting firm and management; (10) reviewing and approving or ratifying any related party transactions; and (11) preparing audit committee reports required by SEC rules.

Compensation Committee. Mr. Grant, Ms. Kunz and Dr. Niederhuber are expected to be the members of the board's Compensation Committee. Dr. Niederhuber is expected to be the Compensation Committee Chairman. The board of directors is expected to determine that each member of the Compensation Committee will be "independent" under Rule 5605 of The NASDAQ Stock Market Rules and Rule 10A-3 of the Exchange Act. The Compensation Committee's responsibilities will include: (1) annually reviewing and approving corporate goals and objectives relevant to the compensation of Aptevo's executive officers; (2) determining the compensation of Aptevo's chief executive officer; (3) reviewing and approving the compensation of Aptevo's other named executive officers; (4) overseeing the evaluation of Aptevo's senior executives; (5) overseeing and administering Aptevo's cash and equity incentive plans; and (6) preparing the compensation committee report required by SEC rules.

The board of directors is expected to adopt a written charter for each of the Audit Committee and the Compensation Committee. These charters will be posted on Aptevo's website in connection with the separation.

Compensation Committee Interlocks and Insider Participation

During the company's fiscal year ended December 31, 2015, Aptevo was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of Aptevo's executive officers who currently serve as Emergent's executive officers were made by Emergent, as described in the section of this information statement captioned "Compensation Discussion and Analysis."

Corporate Governance

Director Nominations

Aptevo's amended and restated by-laws will contain provisions that address the process by which a stockholder may nominate an individual to stand for election to the board of directors. We do not expect to have a standing nominating committee upon completion of the separation and distribution, though we intend to form a corporate governance and nominating committee as and when required to do so by law or NASDAQ rules. Accordingly, pursuant to Rule 5605(e)(1)(A) of the NASDAQ rules, director nominees will be selected, or recommended for our board's selection, by a majority of the independent directors. We believe that the independent directors can satisfactorily carry out the responsibility of properly selecting or approving director nominees without the formation of a standing nominating committee. The directors who we expect to participate in the consideration and recommendation of director nominees are Mr. Grant, Dr. Harsanyi, Ms. Kunz and Dr. Niederhuber. In accordance with Rule 5605(e)(1)(A) of the NASDAQ rules, we expect that all such directors will be independent. As there will be no standing nominating committee, we do not have a nominating committee charter in place. Aptevo expects that the board of directors will adopt a policy concerning the evaluation of stockholder recommendations of board candidates by the independent directors.

Corporate Governance Guidelines

We do not have a standing nominating and corporate governance committee, although, as discussed above, we intend to form a nominating and corporate governance committee as and when required to do so by law or

NASDAQ rules. Our board of directors believes that the independent directors can satisfactorily carry out the responsibility of developing and recommending to the board of directors corporate governance principles without the formation of a standing nominating and corporate governance committee. The directors who participate in the consideration and recommendation of director nominees are Mr. Grant, Dr. Harsanyi, Ms. Kunz or Dr. Niederhuber. As there is no standing nominating and corporate governance committee, we do not have a nominating and corporate governance committee charter in place.

Aptevo's board of directors is expected to adopt a set of corporate governance guidelines in connection with the separation to assist it in guiding Aptevo's governance practices. These practices will be regularly re-evaluated by the independent directors in light of changing circumstances in order to continue serving the company's best interests and the best interests of its stockholders.

Communicating with the Board of Directors

Aptevo's board of directors will give appropriate attention to written communications that are submitted by stockholders and other interested parties and will respond if and as appropriate. The lead director, with the assistance of Aptevo's corporate secretary, will be primarily responsible for monitoring communications from stockholders and other interested parties and for providing copies or summaries to the other directors as the lead director considers appropriate.

Under procedures that will be approved by a majority of Aptevo's independent directors, communications will be forwarded to all directors if they relate to important substantive matters and include suggestions or comments that the lead director considers to be important for the directors to know. In general, communications relating to corporate governance and corporate strategy are more likely to be forwarded than communications relating to ordinary business affairs, personal grievances and matters as to which Aptevo receives repetitive or duplicative communications.

Stockholders and other interested parties who wish to send communications on any topic to the board of directors, lead director or independent directors as a group should address such communications to the board of directors, Lead Director or Independent Directors, as applicable, c/o Corporate Secretary, Aptevo Therapeutics Inc., 2401 4th Ave. Suite 1050, Seattle, Washington 98121. The Corporate Secretary will review all such correspondence and forward to the board, lead director or independent directors a summary and/or copies of any such correspondence that deals with the functions of the board or its committees or that he otherwise determines requires their attention.

Governance Structure and Lead Director

Aptevo's corporate governance guidelines are expected to provide the board of directors flexibility in determining its leadership structure. The board of directors is expected to keep separate the positions of chief executive officer and board chairman. The board of directors believes this separate governance structure is optimal because it will enable Mr. White to focus his entire energy on running the company while affording us the benefits of continued leadership and other contributions from Mr. El-Hibri.

Aptevo's corporate governance guidelines are expected to provide that in the event the chairman of the board of directors is not an independent director, a majority of the board's independent directors may appoint an independent director, who has been nominated by a majority of our independent directors, to serve as lead director. Because Mr. El-Hibri is not expected to be an independent director, Aptevo's independent directors, based on the recommendation of a majority of our independent directors, will appoint a lead director in connection with the separation. The lead director will serve as the presiding director at all executive sessions of the non-management or independent directors, facilitate communications between Mr. El-Hibri and other members of the board of directors, determine the need for special meetings of the board of directors and consult with Mr. El-Hibri on matters relating to corporate governance and board performance.

Policies on Business Ethics

In connection with the separation, Aptevo will adopt a Code of Business Conduct and Ethics that will require all business activities to be conducted in compliance with laws, regulations and ethical principles and values. All directors, officers, and employees of Aptevo will be required to read, understand and abide by the requirements of the Code of Conduct.

The Code of Conduct will be accessible on the company's website. Any waiver of the Code of Conduct for directors or executive officers may be made only by the board of directors. Aptevo will disclose any amendment to, or waiver from, a provision of the Code of Conduct for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on its website within four business days following the date of the amendment or waiver. In addition, Aptevo will disclose any waiver from the Code of Conduct for the other executive officers and for directors on its website.

Risk Oversight and Risk Management

Aptevo's board of directors will be actively engaged in oversight of risks Aptevo faces and consideration of the appropriate responses to those risks. The Audit Committee will periodically discuss risk management, including guidelines and policies to govern the process by which Aptevo's exposure to risk is handled, with senior management. The Audit Committee will also review and comment on a periodic risk assessment performed by management. After the Audit Committee performs its review and comment function, it will report any significant findings to the board of directors. The board of directors will be responsible for oversight of Aptevo's risk management programs and, in performing this function, will receive periodic risk assessment and mitigation initiatives for information and approval as necessary.

Procedures for Treatment of Complaints Regarding Accounting, Internal Accounting Controls, and Auditing Matters

In accordance with the Sarbanes-Oxley Act of 2002, Aptevo expects that its Audit Committee will adopt procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, and auditing matters and to allow for the confidential, anonymous submission by employees and others of concerns regarding questionable accounting or auditing matters.

COMPENSATION DISCUSSION AND ANALYSIS

Executive Summary

For purposes of this Compensation Discussion and Analysis and the disclosure under the various executive compensation tables included herein, the persons who we currently expect will be our named executive officers as of the distribution date have been identified. The information provided reflects summary information concerning Aptevo's executive compensation approach developed to date in connection with planning for the separation.

As a result, this Compensation Discussion and Analysis has two main parts:

- Anticipated Aptevo Compensation Programs—This section discusses the anticipated executive compensation programs and policies at Aptevo, including the effect of the separation on outstanding Emergent compensation awards held by our named executive officers.
- 2015 Emergent Compensation—This section describes the compensation programs at Emergent in 2015 that applied to our named executive officers in 2015.

The persons we expect will be our named executive officers, or the Aptevo named executive officers, are as follows:

- Marvin L. White, *Aptevo Chief Executive Officer*.
- Jeffrey G. Lamothe, *Aptevo Senior Vice President and Chief Financial Officer*.
- Scott C. Stromatt, M.D., *Aptevo Chief Medical Officer and Senior Vice President, Clinical Development & Medical Affairs*.

We are currently a wholly-owned subsidiary of Emergent and not an independent company, and our compensation committee has not yet been formed. Decisions as to the past compensation of those individuals who are expected to serve as our named executive officers upon the separation have been made by Emergent. This Compensation Discussion and Analysis discusses the Emergent historical compensation and practices that applied to the Aptevo named executive officers in 2015 and attempts to outline certain aspects of Aptevo's anticipated compensation structure for the Aptevo named executive officers following the separation.

While Aptevo has discussed its anticipated programs and policies with the compensation committee of Emergent's board of directors, or the Emergent compensation committee, they remain subject to the review and approval of Aptevo's own compensation committee, which may decide to change these programs and policies following the completion of the separation.

Anticipated Aptevo Compensation Programs

Because our compensation committee has not yet been formed, Aptevo has not established its own specific set of objectives or principles for its executive compensation program. Until the separation, the Emergent compensation committee will continue to make compensation decisions and take actions regarding our compensation philosophy, principles and program design. Following the separation, these decisions will be made, and related actions taken, by our compensation committee.

Executive Compensation Principles

In anticipation of the separation, the Emergent compensation committee engaged Willis Towers Watson, its independent compensation consultant, to prepare a potential compensation philosophy for Aptevo, which includes the following:

- Pay should be linked to performance;

- Compensation opportunities should be competitive with similarly-sized commercial and pre-commercial biopharmaceutical companies and locally based companies;
- Equity compensation programs should align employee interests with those of stockholders; and
- Supplemental benefits and perquisites should be limited and used selectively in specific circumstances to attract and retain executive officers.

Elements of Executive Compensation

In anticipation of the separation, the Emergent compensation committee reviewed competitive market data and industry surveys to assist in setting salaries, target bonus percentages and long-term incentive award guidelines. Willis Towers Watson advised Emergent in connection with this process. Compensation for Aptevo's named executive officers is expected to consist of the following elements:

- Base salary;
- Annual cash bonuses;
- Equity awards;
- Traditional benefits generally available to all employees; and
- Severance and change of control benefits.

The competitive market data reviewed by the Emergent compensation committee consisted of proxy data and published survey data, as described below:

- *2016 Radford Global Life Sciences Survey data.* The Emergent compensation committee reviewed competitive market data from a custom data sample from the Radford Global Life Sciences Survey data comprised of companies that fit the following profile:
  - A blend of commercial and pre-commercial biopharmaceutical companies (75% of the sample consisted of pre-commercial companies to reflect Aptevo's on-going business strategy);
  - R&D Long-Term strategy;
  - Companies with less than $200 million in revenue; and
  - Employee size of between 50 and 500.

  We refer to this customized data as the "Aptevo 2016 Radford Survey data."
- *2016 Proxy Peer Group.* The Emergent compensation committee also reviewed peer group data from the proxy statements of select pharmaceutical and biotechnology companies with approximately 50 to 300 employees, an R&D long-term strategy (with a handful of commercial companies to reflect the complexity of the business model), and a market capitalization of between $65 million and $650 million.

The Aptevo 2016 proxy peer group includes the following list of companies.

2016 Aptevo Proxy Peer Group
Advaxis, Inc.
Agenus Inc.
Argos Therapeutics, Inc.
Bellicum Pharmaceuticals, Inc.
BIND Therapeutics, Inc.
Caladrius Biosciences, Inc.
Curis, Inc.
Five Prime Therapeutics, Inc.
Idera Pharmaceuticals, Inc.
Immune Design Corp.
Immunomedics Inc.
Inovio Pharmaceuticals, Inc.
Omeros Corporation
OncoGenex Pharmaceuticals, Inc.
Oncothyreon Inc.
Peregrine Pharmaceuticals, Inc.
Progenics Pharmaceuticals, Inc.
Rigel Pharmaceuticals, Inc.
Sorrento Therapeutics, Inc.
Sucampo Pharmaceuticals, Inc.
TG Therapeutics, Inc.
Vanda Pharmaceuticals, Inc.
XBiotech Inc.

Base Salary. Based upon a review of the market data from the Aptevo 2016 Radford Survey data and proxy peer data and taking into account the new positions of the Aptevo named executive officers, the annual base salaries of Mr. White, Mr. Lamothe and Dr. Stromatt at the time of the separation are expected to be $525,000, $372,500 and $402,500, respectively. Aptevo expects that post-separation adjustments to base salary, if any, will be made by Aptevo's compensation committee and will reflect factors such as each Aptevo named executive officer's post-separation level of responsibility as well as competitive market data for similar positions at comparable peer companies.

Annual Cash Bonuses. Based upon a review of the market data from the Aptevo 2016 Radford Survey data and proxy peer data and taking into account the new positions of the Aptevo named executive officers, the target annual cash bonus percentages for Mr. White, Mr. Lamothe and Dr. Stromatt at the time of the separation are expected to be 50%, 40% and 40% of their base salaries, respectively. Post-separation adjustments to these target annual cash bonus percentages, if any, will be made by Aptevo's compensation committee. In connection with the separation, Aptevo expects to adopt an annual bonus plan with terms to be determined by its compensation committee. Aptevo expects that its compensation committee will establish performance goals based on an incentive structure that initially will be similar to that of Emergent. See section titled "2015 Emergent Compensation—Annual Cash Bonuses" for a general overview of Emergent's incentive bonus structure and performance goals for the periods indicated. Aptevo also expects that the annual incentive objectives for the Aptevo named executive officers will be aligned with competitive market rates based on peer company comparisons.

Equity Awards. Aptevo expects its board of directors to adopt, and Emergent, as its sole stockholder prior to the distribution, to approve, the Aptevo Stock Incentive Plan, which will become effective upon Emergent's approval. The Aptevo Stock Incentive Plan will provide for the grant of incentive stock options, nonstatutory stock options, stock appreciation rights, awards of restricted stock, restricted stock units, other stock-based awards, and cash-based awards.

Upon effectiveness of the Aptevo Stock Incentive Plan, the number of shares of Aptevo common stock that will be reserved for issuance under the Aptevo Stock Incentive Plan will be [●] shares. Aptevo's employees, officers, directors, consultants and advisors will be eligible to receive awards under the Aptevo Stock Incentive Plan; however, incentive stock options may only be granted to Aptevo's employees. The maximum number of shares of common stock with respect to which awards may be granted to any participant under the Aptevo Stock Incentive Plan is [●] per calendar year. For purposes of this limit on the maximum number of shares that may be awarded to any participant, the combination of an option in tandem with a stock appreciation right will be treated as a single award. In addition, under the Aptevo Stock Incentive Plan, awards can provide for cash payments of up to [●] per calendar year per individual. In addition, the Aptevo Stock Incentive Plan provides that in any calendar year, the sum of cash compensation paid to any non-employee director for service as a director and the value of awards under the Aptevo Stock Incentive Plan made to such non-employee director (calculated based on the grant date fair value for financial reporting purposes) may not exceed [●].

Pursuant to the terms of the Aptevo Stock Incentive Plan, Aptevo's board of directors (or a committee delegated by our board of directors) administers the plan and, subject to any limitations set forth in the plan, will select the recipients of awards and determine:

- The number of shares of Aptevo's common stock covered by options and the dates upon which the options become exercisable;
- The type of options to be granted;
- The duration of options, which may not be in excess of ten years;
- The exercise price of options, which price must be at least equal to the fair market value of Aptevo's common stock on the date of grant;
- The methods of payment of the exercise price of options; and
- The number of shares of Aptevo's common stock subject to and the terms and conditions of any stock appreciation rights, awards of restricted stock, restricted stock units, other stock-based awards, or cash-based awards including conditions for repurchase, measurement price, issue price and repurchase price and performance conditions (though the measurement price of stock appreciation rights must be at least equal to the fair market value of Aptevo's common stock on the date of grant and the duration of such awards may not be in excess of ten years), if any.

If Aptevo's board of directors delegates authority to one or more of Aptevo's officers to grant awards under the Aptevo Stock Incentive Plan, the executive officer will have the power to make awards to all of Aptevo's employees, except executive officers (as defined by Rule 3b-7 under the Exchange Act) and officers (as defined by Rule 16a-1(f) under the Exchange Act) and to exercise such powers under the Aptevo Stock Incentive Plan as Aptevo's board of directors may determine. However, Aptevo's board of directors will fix the terms of the awards to be granted by such officers, the maximum number of shares subject to awards that such officers may grant, and the time period in which awards may be granted. Awards to Aptevo's non-employee directors will be granted and administered by a committee of Aptevo's board of directors, all of the members of which will be independent directors under The NASDAQ Marketplace Rules.

In the event of any stock split, reverse stock split, stock dividend, recapitalization, combination of shares, reclassification of shares, spin-off or other similar change in capitalization or event, or any dividend or distribution to holders of Aptevo's common stock other than an ordinary cash dividend, Aptevo is required by the

Aptevo Stock Incentive Plan to make equitable adjustments (or make substitute awards, if applicable), in a manner determined by Aptevo's board, to:

- The number and class of securities available under the Aptevo Stock Incentive Plan;
- The share counting rules and sublimits under the Aptevo Stock Incentive Plan;
- The number and class of securities and exercise price per share of each outstanding option;
- The share and per-share provisions and measurement price of each outstanding stock appreciation right;
- The number of shares and repurchase price per share subject to each outstanding award of restricted stock; and
- The share and per-share related provisions and purchase price, if any, of each outstanding restricted stock unit and other stock-based award.

Upon a merger or other reorganization event (as defined in the Aptevo Stock Incentive Plan) regardless of whether such event also constitutes a change in control event (as defined in the Aptevo Stock Incentive Plan), Aptevo's board of directors may, on such terms as Aptevo's board determines (except to the extent specifically provided otherwise in an applicable award agreement or other agreement between the participant and Aptevo), take any one or more of the following actions pursuant to the Aptevo Stock Incentive Plan, as to all or any (or any portion of) outstanding awards, other than awards of restricted stock:

- Provide that all outstanding awards will be assumed or substantially equivalent awards will be substituted by the acquiring or successor corporation (or an affiliate thereof);
- Upon written notice to a participant, provide that all of the participant's unexercised and/or unvested awards will terminate immediately prior to the consummation of such reorganization event unless exercised by the participant (to the extent then exercisable) within a specified period following the date of such notice;
- Provide that outstanding awards will become exercisable, realizable or deliverable, or restrictions applicable to an award will lapse, in whole or in part, prior to or upon such reorganization event;
- In the event of a reorganization event pursuant to which holders of shares of Aptevo's common stock will receive a cash payment for each share surrendered in the reorganization event, make or provide for a cash payment to the participants with respect to each award held by a participant equal to (1) the number of shares of Aptevo's common stock subject to the vested portion of the award (after giving effect to any acceleration of vesting that occurs upon or immediately prior to such reorganization event) multiplied by (2) the excess, if any, of the cash payment for each share surrendered in the reorganization event over the exercise, grant or purchase price of such award and any applicable tax withholdings, in exchange for the termination of such award; and
- Any combination of the foregoing.

Aptevo's board of directors is not obligated by the Aptevo Stock Incentive Plan to treat all awards, all awards held by a participant, or all awards of the same type, identically. In the case of certain restricted stock units, no assumption or substitution is permitted, and the restricted stock units will instead be settled in accordance with the terms of the applicable restricted stock unit agreement.

Notwithstanding the provisions described above and except to the extent specifically provided to the contrary in the applicable award agreement or any other agreement between the participant and Aptevo, each award (other than an award of restricted stock) will become immediately vested, exercisable or free from forfeiture, as applicable, if on or prior to the first anniversary of the date of the change in control event, the participant's service with Aptevo or the successor corporation is terminated without cause by Aptevo or the successor corporation or is terminated for good reason by the participant (as such terms are defined in the Aptevo Stock Incentive Plan).

Upon the occurrence of a reorganization event (regardless of whether such event also constitutes a change in control event), the repurchase and other rights with respect to outstanding awards of restricted stock will continue for the benefit of the successor company and will, unless Aptevo's board of directors otherwise determines, apply to the cash, securities or other property which Aptevo's common stock is converted into or exchanged for pursuant to the reorganization event. However, Aptevo's board of directors may provide for the termination or deemed satisfaction of such repurchase or other rights under the restricted stock award agreement or any other agreement between the participant and Aptevo, either initially or by amendment. Upon the occurrence of a change in control event (regardless of whether such event also constitutes a reorganization event), except to the extent specifically provided to the contrary in the applicable restricted stock award agreement or any other agreement between the participant and Aptevo, each award of restricted stock will become immediately vested and free from forfeiture if on or prior to the first anniversary of the date of the change in control event, the participant's service with the Aptevo or the successor corporation is terminated without cause by Aptevo or the successor corporation or is terminated for good reason by the participant.

Aptevo's board of directors will specify at the time of grant or thereafter the effect of (i) a reorganization event that is not a change in control event on any other stock-based award or cash-based award granted under the Aptevo Stock Incentive Plan and (ii) a change in control event (regardless of whether such event also constitutes a reorganization event) on any other stock-based award or cash-based award granted under the Aptevo Stock Incentive Plan.

Aptevo's board of directors may at any time provide that any award under the Aptevo Stock Incentive Plan will become immediately exercisable in full or in part, free of some or all restrictions or conditions, or otherwise realizable in whole or in part, as the case may be.

Aptevo's board of directors may amend, modify or terminate any outstanding award under the Aptevo Stock Incentive Plan, including but not limited to, substituting therefor another award of the same or a different type, changing the date of exercise or realization, and converting an incentive stock option into a nonstatutory stock option, subject to certain participant consent requirements. However, unless Aptevo's stockholders approve such action, the Aptevo Stock Incentive Plan provides that Aptevo may not (except as otherwise permitted in connection with a change in capitalization or reorganization event):

- Amend any outstanding stock option or stock appreciation right granted under the Aptevo Stock Incentive Plan to provide an exercise or measurement price per share that is lower than the then-current exercise or measurement price per share of such outstanding award;
- Cancel any outstanding option or stock appreciation right (whether or not granted under the Aptevo Stock Incentive Plan) and grant in substitution therefor new awards under the Aptevo Stock Incentive Plan (other than substitute awards permitted in connection with a merger or consolidation of an entity with Aptevo or Aptevo's acquisition of property or stock of another entity) covering the same or a different number of shares of Aptevo's common stock and having an exercise or measurement price per share lower than the then-current exercise or measurement price per share of the cancelled award;
- Cancel in exchange for a cash payment any outstanding option or stock appreciation right with an exercise or measurement price per share above the then-current fair market value of Aptevo's common stock; or
- Take any other action that constitutes a "repricing" within the meaning of the rules of The NASDAQ Stock Market.

No award may be granted under the Aptevo Stock Incentive Plan after 10 years from the effectiveness of the Aptevo Stock Incentive Plan but awards previously granted may extend beyond that date. Aptevo's board of directors may amend, suspend or terminate the Aptevo Stock Incentive Plan at any time, except that stockholder approval will be required to comply with Section 162(m) of the Internal Revenue Code, applicable law or stock market requirements.

In connection with the separation, the Emergent compensation committee considered long term incentive program guidelines for Aptevo, or the Aptevo LTI Guidelines. These Aptevo LTI Guidelines anticipate that:

- Aptevo will use stock option and restricted stock unit awards as the forms of long-term incentive compensation for executive officers and other employees;
- All stock option and restricted stock unit awards to the Aptevo named executive officers will be approved by Aptevo's compensation committee; and
- Equity awards to the Aptevo named executive officers will be determined using proxy and Radford Survey data.

Fixed share guidelines were developed to provide market competitive grants. The value of the actual grants delivered annually will depend on movements in Aptevo's stock price. Consistent with the Aptevo LTI Guidelines, it is expected that following the separation, Aptevo's compensation committee will make the following grants to the Aptevo named executive officers in 2017:

Name	Shares Subject to Options
Marvin L. White	267,300
Jeffrey G. Lamothe	118,800
Scott C. Stromatt, M.D.	118,800

Each stock option is expected to vest in three equal instalments on the first, second and third annual anniversaries of the date of grant and to have an exercise price equal to the closing sales price per share of Aptevo's common stock on The NASDAQ Global Market on the trading day immediately preceding the date of grant.

Inspiration Grant. It is currently anticipated that all active Aptevo employees, except for Mr. White, will receive a restricted stock unit inspiration grant effective upon the distribution reflecting 40% of their base salary. Vesting will occur in two increments. The first vesting event will occur six months from the distribution date and the second vesting event will take place within 18 months of the distribution.

White Transition Grant. In lieu of receiving an annual restricted stock unit award from Emergent for his service as an Emergent director and the inspiration grant described above, Mr. White is expected to receive a transition grant of options to purchase 400,950 shares of Aptevo common stock as part of his compensation package in connection with his appointment as chief executive officer of Aptevo, which will be granted in connection with the separation. Each stock option is expected to vest in three equal instalments on the first, second and third annual anniversaries of the date of grant and to have an exercise price equal to the closing sales price per share of Aptevo's common stock on The NASDAQ Global Market on the trading day immediately preceding the date of grant.

This grant is rougly equal to 150% of the annual grant guideline established for the Aptevo chief executive officer position.

Stromatt Retention Grant. In addition to his inspiration grant (described above), Dr. Stromatt is expected to receive a retention grant of restricted stock units with a value equal to $229,682 based on the closing sales price per share of Aptevo's common stock on The NASDAQ Global Market on the trading day immediately preceding the date of grant. These restricted stock units are expected to vest 12 months following the date of grant.

Following the distribution, Aptevo's compensation committee may establish its own long-term incentive guidelines and practices, which may differ from the Aptevo LTI Guidelines initially approved.

Benefits. It is anticipated that the Aptevo named executive officers will receive benefits similar to those provided to executives of Emergent. For a summary of provisions concerning retirement, health and welfare benefits to our employees upon completion of the separation, see the section entitled "Certain Relationships and Related Party Transactions—Employee Matters Agreement."

Executive Severance Arrangements. In connection with the separation, the Emergent board of directors is expected to adopt a senior management severance plan for Aptevo, or the Aptevo SMSP, with terms that are similar to those of Emergent's Second Amended and Restated Senior Management Severance Plan, which is described below. See section titled "2015 Emergent Compensation—Executive Severance Arrangements" for a discussion regarding Emergent's Second Amended and Restated Senior Management Severance Plan. The Aptevo SMSP will be effective upon the completion of the separation.

Effects of the Separation on Outstanding Executive Compensation Awards. For a discussion of the treatment of equity compensation awards in the separation, see the sections entitled "The Separation and Distribution—Treatment of Equity Based Compensation" and "Certain Relationships and Related Person Transactions— Employee Matters Agreement."

2015 Emergent Compensation

This section describes the compensation programs at Emergent in 2015 that applied to the Aptevo named executive officers in 2015. None of the Aptevo named executive officers is a named executive officer of Emergent. Mr. White is a non-employee director of Emergent, Mr. Lamothe is a vice president at Emergent and Dr. Stromatt is a senior vice president at Emergent. Therefore, each Aptevo named executive officer was compensated differently from Emergent's named executive officers in the fiscal year ending December 31, 2015. The section titled "Lamothe and Stromatt Compensation" contains a description of the compensation programs to which Mr. Lamothe and Dr. Stromatt were subject in the fiscal year ending December 31, 2015. The Section titled "Marvin White Compensation" contains a qualitative description of the compensation Mr. White received in the fiscal year ending December 31, 2015.

Lamothe and Stromatt Compensation

As employees of Emergent, Mr. Lamothe and Dr. Stromatt are compensated under Emergent's standard compensation program, which is applicable to all senior level employees (other than the named executive officers), consisting of base salary and bonuses, which are set within a range for each position that is determined by senior management. Mr. Lamothe and Dr. Stromatt are also eligible for equity awards under the Third Amended and Restated Emergent BioSolutions Inc. 2006 Stock Incentive Plan.

Base Salary. Emergent generally provides base salaries to its employees that are externally competitive while appropriately recognizing individual contributions. Emergent initially used the Radford Global Life Sciences Survey data to set salaries for each Emergent role. Each Emergent role is assigned a pay grade in the salary structure based on prevailing market rates. Each pay grade consists of a minimum, a midpoint and a maximum pay rate that generally reflects the 25th, 50th and 75th percentile of the market value of the position. Salary ranges are updated annually to reflect market changes using surveys, such as Aon Hewitt and World at Work. New pay ranges are published annually and salary adjustments are recommended based on the review of the data and job performance. While Emergent attempts to target the market median, it recognizes that the percentile for any given position may vary below or above these targets based on a variety of factors, including the employee's scope of responsibilities, individual performance and potential future contributions to Emergent. In addition, Emergent considers its overall financial performance in making decisions to adjust executive salaries.

Emergent management used the information described above in approving the annual base salaries paid to Mr. Lamothe and Dr. Stromatt for 2014 and 2015, which are described below.

Name	2014 Base Salary	2015 Base Salary	Increase from 2014
Jeffrey G. Lamothe	$213,208	$214,274(1)	$ 1,066
Scott C. Stromatt, M.D.	$378,997	$382,803(2)	$ 3,806

(1) Includes a 0.5% merit increase.
(2) Includes a 1% merit increase.

Annual Cash Bonuses. Management has the authority under Emergent's Annual Bonus Plan to award annual cash bonuses. Such cash bonuses are intended to motivate and compensate each participant for achieving financial and operational goals and individual performance objectives. At the beginning of each fiscal year, Emergent establishes objective and clear corporate goals, which may be tied to achievement of specific goals including, but not limited to, specific revenue or net income targets, business development activities, manufacturing objectives, or product development milestones. The divisional group/divisional department goals support the achievement of the corporate goals and provide a framework for development of individual goals. The individual component includes consideration of the employee's day-to-day job performance, achievement of specific annual goals, and performance against job related behavioral competencies. Each of the three components, corporate, divisional group/divisional department and individual, is assigned a rating, from 0% to 150% that is used to calculate the bonus award. At the end of the performance year, each performance factor is assessed. The maximum payout was capped at 200% of the employee's bonus target for bonuses payable in 2015 based on 2014 performance. Management may also award discretionary bonuses outside of the framework of the bonus plan.

The Emergent compensation committee makes an annual assessment of the level of achievement of Emergent's corporate goals to determine the "corporate factor." In January 2015, the Emergent compensation committee met to determine the corporate factor to be applied to bonuses paid in 2015 for 2014 performance and approved a corporate factor of 0.90. In reviewing Emergent's performance against goals set for 2014, the committee considered both financial and non-financial achievement of goals. In its deliberations, and given that Emergent's financial performance is a key driver of shareholder value creation, the committee determined that Emergent had achieved 90% of its overall targets.

The Emergent compensation committee reviewed the Emergent 2014 corporate goals and assessed the degree to which Emergent achieved those goals, as follows:

Goal	Performance	Achievement
Achieve revenue of at least $425 million.	Achieved revenues of approximately $450.1 million.	Achieved; the Emergent compensation committee considered the fact that Emergent exceeded this goal by approximately $25 million, or approximately 6%.
Achieve net income of at least $36 million.	Achieved net income of $36.7 million.	Achieved; reported net income was $36.7 million, or approximately 2% above the target goal.
Complete acquisition of product that will generate revenue within 12 months of acquisition.	Progressing on three potential acquisition targets that could be completed in 2015.	Goal Not Achieved.
Advance product portfolio by initiating partnered Phase 3 study for otlertuzumab.	Agreed with the Emergent board of directors to initiate Phase 2 triple drug combination studies in 2014 and Emergent is on track to initiate such studies; Emergent continues to pursue partnering discussions with third parties.	Goal Not Achieved; the Emergent compensation committee considered the fact that Emergent entered into a partnering agreement for ES414 for up to $183 million with $20 million upfront; financial results are comparable to the targeted otlertuzumab partnering.
Advance progress of Building 55 licensure by completing all activities to support sBLA submission in first half of 2015.	Initiated final pivotal rabbit study; Final data from ongoing non-clinical targeted to be submitted second quarter of 2015.	Achieved
Initiate Factor IX US launch following FDA approval.	Agreement reached with the FDA on path to approval and complete response letter issues addressed with no financial impact; Launch targeted for first half of 2015.	Goal Not Achieved.

Lamothe Annual Bonus. Mr. Lamothe had a 30% bonus target, of which he received $58,953, based on Emergent's 0.90 corporate factor, meeting 100% of his individual factor and exceeding 100% of his group or division level performance factor (actual was 103%). This amount also reflects 10 months proration based on the fact that Mr. Lamothe assumed his position with Emergent in late February 2014 in connection with Emergent's acquisition of Cangene Corporation.

Stromatt Annual Bonus. Dr. Stromatt had a 35% bonus target, of which he received $119,384 based on Emergent's 0.90 corporate factor and meeting 100% of his individual and group factors.

Retention Bonus. Mr. Lamothe also received a retention bonus in the amount of $275,586 in 2015 resulting from his decision to remain employed with Emergent in 2015 after its acquisition of Cangene Corporation in 2014.

Equity Awards. Emergent uses stock option and restricted stock unit awards as forms of long-term incentive compensation for executives and other employees. Equity awards to Mr. Lamothe and Dr. Stromatt in 2015 were valued at $103,333 and $212,500, respectively. Target equity award values are intended to align with the market 50th percentile, but actual grants may be positioned above or below based on individual performance, which is based on an evaluation of each participant's performance of day-to-day responsibilities, behavioral competencies, and achievement of individual goals, which were assessed by management of Emergent for Mr. Lamothe and Dr. Stromatt. The Emergent compensation committee approves equity grant guidelines that set forth a dollar value for the amount of annual equity grants that Emergent may make to executives and other employees and includes a recommended minimum, midpoint and maximum target value of equity to be awarded at each participant level.

Emergent generally makes an annual equity grant to all executives and eligible employees on the third full trading day following the release of its financial results for the prior fiscal year. Emergent generally makes an equity grant on the third full trading day following the release of its financial results for the most recently completed fiscal quarter to executives and eligible employees who have been hired or promoted since the occurrence of the last equity grant. If circumstances warrant, Emergent also may make equity grants at various other points throughout the year. Emergent's chief executive officer, chief financial officer, and executive chairman have been authorized to make awards to certain eligible employees.

The exercise price of all stock options Emergent grants is equal to the fair market value of its common stock on the date of grant, which Emergent considers to be the closing sales price of its common stock on the NYSE on the trading day immediately preceding the date of grant. Stock options and restricted stock units generally vest in three equal annual instalments beginning one year from the date of grant and stock options have a seven-year term. The vesting feature of Emergent's stock option and restricted stock unit awards is intended to aid in executive retention by providing an incentive to its eligible employees to remain in Emergent's employ during the vesting period.

With stock options, eligible employees are rewarded if Emergent's stock price increases above the exercise price of the stock option. Emergent believes that stock option awards are an effective method of motivating employees to manage the company in a manner that is consistent with the long-term interests of Emergent's stockholders. Emergent believes that restricted stock units are another effective tool for motivating, retaining and incentivizing senior management, particularly when used in combination with stock option awards.

Benefits. Emergent maintains broad-based benefits that are generally available to all employees, including health insurance, life and disability insurance, dental insurance and, for its U.S. employees, a 401(k) plan. Senior management is eligible to participate in all of Emergent's employee benefit plans, in each case on the same basis as other employees, except that Canadian employees, such as Mr. Lamothe receive benefits that are slightly different from their U.S. counterparts. Aptevo is not expected to have any Canadian employees after the separation.

Emergent provides a matching contribution for each 401(k) plan participant of 50% of the participant's elective deferrals for the year up to 6% of the participant's eligible compensation, subject to IRS limitations. The matching contribution is fully and immediately vested.

Executive Severance Arrangements. Dr. Stromatt is a participant in Emergent's Second Amended and Restated Senior Management Severance Plan, or the Senior Management Severance Plan, which includes severance and change of control benefits. The Senior Management Severance Plan provides for payments and benefits as a result of involuntary termination without cause or termination of employment in particular circumstances in connection with a change of control (as such terms are defined in the Senior Management Severance Plan). The Senior Management Severance Plan is designed based on Emergent's understanding of market practice at comparable companies for similarly situated employees and in a manner that Emergent believes is likely to attract and help retain high quality executive talent. The Senior Management Severance Plan is described in greater detail under "Payments Upon Termination or Change of Control." Emergent does not

provide any payments or benefits in the case of termination by an executive without good reason (as defined in the Senior Management Severance Plan) or in the case of termination for cause under its Senior Management Severance Plan.

With respect to Mr. Lamothe, in the event that the biosciences division of Emergent is spun-off, and in connection with such spin-off, he does not become the chief financial officer of the spin-off company, he will be entitled to $335,358 in total severance payments in lieu of any other severance benefits to which he might otherwise be entitled, so long as Mr. Lamothe does not voluntarily decline the position of chief financial officer or the Emergent biosciences division is not acquired by another company. In the event that this severance benefit is triggered, Mr. Lamothe would continue to be covered by the Emergent medical and dental benefits plan for Emergent Canadian employees for the 24 month period commencing on the last day of his employment.

Marvin White Compensation

Marvin L. White is a non-employee director of Emergent and did not receive compensation from Emergent in 2015 beyond his board and committee retainers and the compensation he received under his consulting agreement, which is described in more detail below. Consistent with Emergent's director compensation practices in 2015, Mr. White received 9,400 restricted stock units for his service as a director. Grants of restricted stock units are made by the board of directors effective on the date of Emergent's annual meeting of stockholders, provided that the director continues serving as a director after the annual meeting and has served on the board of directors for at least six months.

On November 11, 2015, Emergent and Mr. White entered into a consulting agreement pursuant to which Mr. White provides consulting services consisting of strategy, advice and guidance in connection with the separation. In accordance with the terms of the consulting agreement, Mr. White received a consulting fee of: $5,000 per month through December 31, 2015; will receive $10,000 per month through March 31, 2016; and $15,000 per month thereafter and is reimbursed for his reasonable out-of-pocket expenses, subject to a limit of $120,000. For fiscal year ended December 31, 2015, Mr. White earned $8,000 in fees under this consulting agreement.

Other Executive Compensation Practices

Stock Ownership Requirements and Hedging Policies. Because Emergent believes it is important for executives to have an equity stake in the company to help align their interests with those of its stockholders, in January 2012 Emergent adopted a formal stock ownership requirement for its directors and employee executive officers. Directors and employee executive officers must directly or indirectly hold stock or restricted stock units in Emergent with a value equal to the amounts set forth in the table below. In May 2014, Emergent revised the stock ownership requirement for its non-employee directors from one to three times the base annual retainer.

Position	Requirement
Non-employee Directors	Three times the base annual retainer
Chief Executive Officer	Three times base salary
Other Executive Officers	One time base salary

Emergent's directors, chief executive officer and employee executive officers have five years to satisfy the ownership requirements, which are measured from January 2012 for all its existing directors and executive officers or from the date of appointment for newly hired directors or executive officers. Until these ownership requirements are satisfied, Emergent's directors, chief executive officer and employee executive officers must retain 50% of after-tax shares after vesting of restricted stock units or exercise of stock options. This requirement became effective beginning in 2014. Although Mr. White is subject to this policy as a director of Emergent, Mr. Lamothe and Dr. Stromatt are not.

Compensation Recovery Policy. In 2011, Emergent adopted a compensation recovery policy pursuant to which certain incentive based compensation can be recouped from a current or former executive officer if Emergent's board of directors determines that:

- Such compensation has been awarded or received by such executive officer based on financial results that were achieved or operating metrics that were satisfied, as a result of fraudulent or illegal conduct;
- Certain restatements of its financial results are required due to material noncompliance with financial reporting requirements by such executive; or
- Such executive officer engaged in intentional misconduct that contributed in any material respect to improper accounting or incorrect financial data resulting in a restatement of its financial results.

Tax and Accounting Considerations. Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, generally disallows a tax deduction for compensation in excess of $1.0 million paid to the chief executive officer and to each other officer (other than the chief financial officer) whose compensation is required to be reported to stockholders pursuant to the Exchange Act by reason of being among the three most highly paid executive officers. Certain compensation, including qualified performance-based compensation, will not be subject to the deduction limit if certain requirements are met. Emergent periodically reviews the potential consequences of Section 162(m) of the Internal Revenue Code and it may structure the performance-based portion of its executive compensation, where feasible, to comply with exemptions in Section 162(m) so that the compensation remains tax deductible to Emergent. However, the Emergent compensation committee may, in its judgment, authorize compensation payments that do not comply with the exemptions in Section 162(m) when it believes that such payments are appropriate to attract and retain executive talent and are in the best interest of Emergent stockholders. We expect that the Aptevo compensation committee will develop its own policies and practices with respect to Section 162(m) of the Internal Revenue Code following completion of the separation.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth information for the fiscal years ended December 31, 2015, 2014 and 2013 regarding the historical compensation that the Aptevo named executive officers received from Emergent.

Name and Principal Position	Year	Salary(1)	Bonus(2)	Option Awards(3)	Stock Awards(4)	All Other Compensation(5)	Total
Marvin L. White	2015	$ —	$ —	$ —	$ 295,066	$ 100,921	$ 395,987
Chief Executive Officer	2014	$ —	$ —	$ 68,593	$ 96,068	$ 120,696	$ 285,357
	2013	$ —	$ —	$ 43,301	$ 51,300	$ 118,500	$ 213,101
Jeffrey G. Lamothe(6)	2015	$ 227,584	$ 342,993	$ 29,542	$ 51,620	$ 12,139	$ 663,878
Chief Financial Officer	2014	$ 218,688	$ 221,418	$ 80,864	$ 139,748	$ 21,666	$ 682,384
Scott C. Stromatt, M .D.	2015	$ 397,409	$ 149,293	$ 60,827	$ 106,285	$ 5,863	$ 719,677
Chief Medical Officer	2014	$ 370,779	$ 119,384	$ 130,710	$ 183,990	$ 7,800	$ 812,663
	2013	$ 369,871	$ 144,388	$ 83,833	$ 99,389	$ 6,695	$ 704,176

(1) Includes amounts deferred at the direction of the participant to Emergent's 401(k) plan or other retirement related plans.

(2) Represents cash bonuses paid in February or March following the year indicated, for performance in the year indicated. For Mr. Lamothe, the bonus amount also includes retention bonuses received in 2014 and 2015.

(3) The amounts in the "Option Awards" column reflect grant date fair value of stock option awards in the fiscal years indicated, calculated in accordance with SEC rules. For a discussion of Aptevo's valuation assumptions, see Note 11 to the combined financial statements included in this information statement.

(4) The amounts in the "Stock Awards" column reflect the grant date fair value of restricted stock unit awards granted in the fiscal years indicated, calculated in accordance with SEC rules. For a discussion of Aptevo's valuation assumptions, see Note 11 to the combined financial statements included in this information statement.

(5) Represents 401(k) or other retirement related plan matching contributions. For Mr. White, all other compensation includes his compensation as a board member of Emergent, along with compensation received under his consulting agreement with Emergent.

(6) Amounts for Mr. Lamothe listed above and in the "Compensation Discussion and Analysis" section are shown in dollars at an exchange rate of 0.720892 and 0.861995 U.S. dollars, respectively, for Canadian dollars for December 31, 2015 and 2014. This exchange rate represents the spot rate as of December 31, 2015 and 2014.

Employment Agreements

None of the Aptevo named executive officers has an employment agreement with Emergent.

Emergent does not have any formal or informal policy for the amount of executive salary and bonus in proportion to total compensation.

2015 GRANTS OF PLAN-BASED AWARDS

The following table sets forth information regarding each grant of an award made to each Aptevo named executive officer by Emergent during the fiscal year ended December 31, 2015 under any plan, contract, authorization or arrangement pursuant to which cash, securities, similar instruments or other property may be received.

Name	Grant Date	Number of Shares of Stock or Units(1)	Number of Securities Underlying Options(2)	Exercise Price of Option Awards ($/sh)(3)	Grant Date Fair Value of Stock and Option Awards(4)
Marvin L. White	3/10/2015	9,400	—	$ —	$ 295,066
Jeffrey G. Lamothe	3/10/2015	1,780	—	$ 29.00	$ 29,542
	3/10/2015	—	3,560	$ —	$ 51,620
Scott C. Stromatt, M.D.	3/10/2015	3,665	—	$ 29.00	$ 60,827
	3/10/2015	—	7,330	$ —	$ 106,285

(1) Represents shares of common stock underlying a restricted stock unit award.
(2) Represents shares of common stock issuable upon exercise of stock options.
(3) Represents the fair market value of Emergent's common stock on the date of grant, which is considered to be the closing sales price of Emergent's common on the NYSE on the trading day immediately preceding the date of grant.
(4) The amounts in the "Grant Date Fair Value of Stock and Option Awards" column reflect the grant date fair value of each equity award calculated in accordance with SEC rules. For a discussion of Aptevo's valuation assumptions, see Note 11 to Aptevo's combined financial statements included in this information statement.

In 2015, all equity awards granted to Emergent officers and directors were made under Emergent BioSolutions Inc. Third Amended and Restated 2006 Stock Incentive Plan, as amended, and vest in three equal instalments on the day prior to the first, second and third annual anniversaries of the grant date. All stock options have an exercise price equal to the closing sale price per share of Emergent's common stock on the NYSE on the trading day immediately preceding the date of grant. Under the terms of the agreements governing the restricted stock unit awards granted to Emergent officers and directors in 2015, each is entitled to receive, at the time of the issuance of any shares upon vesting of the applicable restricted stock unit award, an amount of cash equal to the aggregate amount of all dividends paid by Emergent between the date of grant and the issuance of such shares, if any.

2015 OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth information regarding unexercised Emergent stock options and unvested restricted stock unit awards outstanding as of December 31, 2015 for each of the Aptevo named executive officers.

	2015 Outstanding Equity Awards at Fiscal Year-End					
	Option Awards				Stock Awards	
	Number of Securities Underlying					
Name	Exercisable	Unexercisable	Option Award	Option Award Expiration Date	Unvested Stock Awards	Market Value Unvested Stock
Marvin White	10,800	—	$15.75	5/31/2020	—	$ —
	7,200	—	$22.02	5/19/2021	—	$ —
	7,200	—	$14.66	5/17/2019	—	$ —
	4,800	2,400(1)	$14.25	5/22/2020	—	$ —
	3,134	6,266(2)	$20.44	5/22/2021	—	$ —
	—	—	$ —	—	1,200(6)	$ 48,012(12)
	—	—	$ —	—	3,133(7)	$ 125,351(12)
	—	—	$ —	—	9,400(8)	$ 376,094(12)
Jeff Lamothe	3,317	6,633(3)	$28.09	3/10/2021	—	$ —
	—	3,560(4)	$29.00	3/9/2022	—	$ —
	—	—	$ —	—	3,316(9)	$ 132,673(12)
	—	—	$ —	—	1,780(10)	$ 71,218(12)
Scott C. Stromatt, M.D.	—	4,517(5)	$14.67	3/11/2020	—	$ —
	—	8,733(3)	$28.09	3/10/2021	—	$ —
	—	7,330(4)	$29.00	3/9/2022	—	$ —
	—	—	$ —	—	2,258(11)	$ 90,343(12)
	—	—	$ —	—	4,366(9)	$ 174,684(12)
	—	—	$ —	—	3,665(10)	$ 146,637(12)

(1) The unexercisable portion of this stock option award will vest on May 18, 2016.
(2) Approximately one half of this stock option award will vest on May 18, 2016 and the remaining unvested portion of this stock option award will vest on May 21, 2017.
(3) Approximately one half of this stock option award vested on March 10, 2016 and the remaining unvested portion of this stock option award will vest on March 10, 2017.
(4) Approximately one third of this stock option award vested on March 9, 2016 and approximately one third of this stock option award will vest on each of March 9, 2017 and 2018.
(5) The unexercisable portion of this stock option award vested on March 11, 2016.
(6) The unvested portion of this restricted stock unit award will vest on May 18, 2016.
(7) Approximately one half of this restricted stock unit award will vest on May 18, 2016 and the remaining unvested portion of this restricted stock unit award will vest on May 21, 2017.
(8) Approximately one third of this restricted stock unit award will vest on May 20, 2016 and approximately one third of this restricted stock unit award will vest on each of May 20, 2017 and 2018.
(9) Approximately one half of this restricted stock unit award vested on March 10, 2016 and the remaining unvested portion of this restricted stock unit award will vest on March 10, 2017.
(10) Approximately one third of this restricted stock unit award vested on March 9, 2016 and approximately one third of this restricted stock unit award will vest on each of March 9, 2017 and 2018.
(11) The unvested portion of this restricted stock unit award vested on March 11, 2016.
(12) Represents the closing price of Emergent's common stock on December 31, 2015 multiplied by the number of shares underlying the unvested proration of the restricted stock unit award as of December 31, 2015.

2015 OPTION EXERCISES AND STOCK AWARDS VESTED

The following table sets forth information regarding the exercise of stock options and the vesting of restricted stock unit awards during the fiscal year ended December 31, 2015 for each of the Aptevo named executive officers on an aggregated basis.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise	Value Realized on Exercise(1)	Number of Shares Acquired on Vest	Value Realized on Vest(2)
Marvin L. White	—	$ —	3,967	$ 122,088
Jeffrey G. Lamothe	—	$ —	1,659	$ 48,094
Scott C. Stromatt, M.D.	28,800	$ 893,376	6,175	$ 178,568

(1) The amounts in the "Value Realized on Exercise" column are calculated based on the difference between the closing market price per share of Emergent's common stock on the date of exercise and the exercise price per share of the applicable stock option.

(2) The amounts in the "Value Realized on Vest" column are calculated based on the closing market price per share of Emergent's common stock on the date of vest.

PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The Emergent Senior Management Severance Plan is for the benefit of employees with the title of executive chair, chief executive officer, president, executive vice president, senior vice president or vice president who have been designated to participate in the Senior Management Severance Plan by Emergent's board of directors or, with the authorization of its board of directors, by Emergent's chief executive officer. Emergent's chief executive officer is authorized to designate the greater of 7% of the total number of its employees or 35 employees to be participants in the Senior Management Severance Plan at any particular time, on the basis of name, title, function or compensation level.

For-cause terminations. If during the term of the Senior Management Severance Plan, Emergent terminates a participant's employment with cause, as defined in the Senior Management Severance Plan, then the participant will not be entitled to receive any compensation, benefits or rights under the Senior Management Severance Plan, and any stock options or other equity participation benefits vested on or prior to the date of the termination, but not yet exercised, will immediately terminate.

Without-cause terminations. If during the term of the Senior Management Severance Plan, Emergent terminates a participant's employment without cause, the participant will be entitled to:

- Any unpaid base salary and accrued paid time-off through the date of termination;
- A pro rata portion of the participant's target annual bonus in respect of the year of termination paid in equal installments for a stated period following the participant's date of termination as indicated in the table below;
- Any bonus earned but unpaid as of the date of termination for any previously completed year paid in equal installments for a stated period following the participant's date of termination as indicated in the table below;
- Reimbursement for any unreimbursed expenses incurred by the participant prior to the date of termination;
- An amount equal to a specified percentage of the participant's annual base salary and target bonus, as indicated in the table below paid in installments for a stated period following the participant's date of termination as indicated in the table below;

- Employee and fringe benefits and perquisites, if any, to which the participant may be entitled as of the date of termination under Emergent's relevant plans, policies and programs; and
- Continued eligibility for the participant and his or her eligible dependents to receive employee benefits (such as medical, dental, life insurance (not to exceed one year), and pension benefits), for a stated period following the participant's date of termination as indicated in the table below, except when the provision of employee benefits would result in a duplication of benefits provided by any subsequent employer.

The following table sets forth the percentage of base salary and the stated period over which certain payments are made and the participant in entitled to continued employee benefits if Emergent terminates the participant's employment without cause for each of Aptevo's named executive officers who participates in the plan.

	Benefits for a Termination Without Cause	
Name	Percentage of Annual Base Salary and Bonus	Stated Period for Continued Employee Benefits
Marvin L. White	none	none
Jeffrey G. Lamothe(1)	none	24 months
Scott C. Stromatt, M.D.	100%	9 months

(1) Mr. Lamothe opted out of the Senior Management Severance Plan and entered into a separate severance agreement with Aptevo.

The following table sets forth the amount of potential payments and value of benefits to which each of Aptevo's named executive officers that participates in the plan would have received if Emergent had terminated their employment without cause on December 31, 2015.

	Termination without Cause		
Name	Cash Payments(1)	Value of Benefits(2)	Value of Equity
Marvin L. White	$ —	$ —	$ —
Jeffrey G. Lamothe	$ 334,771	$ 36,657	$ —
Scott C. Stromatt, M.D.	$ 535,924	$ 25,393	$ —

(1) The amounts in this column represent the aggregate amount equal to the applicable specified percentage of the participant's annual base salary and target bonus in effect on December 31, 2015 plus 100% (the applicable pro rata portion) of the participant's target annual bonus for 2014.
(2) The amounts in this column reflect the estimated value of future premiums under Emergent's health and welfare benefit plans and life insurance program.

Change-of-control terminations. If during the term of the Senior Management Severance Plan, Emergent terminates a participant's employment without cause or a participant resigns for good reason, as defined in the Senior Management Severance Plan, in each case within 18 months following a change of control, as defined in the Senior Management Severance Plan, then the participant will be entitled to the payments and benefits described below. If, however, Emergent terminates a participant's employment prior to a change of control at the request of a party involved in such change of control or otherwise in connection with or in anticipation of a change of control, the participant becomes entitled to the same payments and benefits described below but they are paid or distributed in the same manner as if the termination had been a without cause termination.

- A lump sum amount equal to the sum of:
  - Any unpaid base salary and accrued paid time-off through the date of termination,
  - A pro rata portion of the participant's target annual bonus in respect of the year of termination,
  - Any bonus earned but unpaid as of the date of termination for any previously completed year,
  - Any unreimbursed expenses incurred by the participant prior to the date of termination, and

- An amount equal to a specified percentage of the sum of the participant's base salary and the participant's target bonus, as indicated in the table below;
- Employee and fringe benefits and perquisites, if any, to which the participant may be entitled as of the date of termination of employment under Emergent's relevant plans, policies and programs;
- Any unvested stock options, stock appreciation rights, shares of restricted stock, restricted stock units and other stock-unit awards held by the participant that are outstanding on the date of termination will become fully vested as of that date. In addition, the period during which any stock options held by the participant that are outstanding on that date may be exercised shall be extended to a date that is the later of the 15th day of the third month following the termination date, or December 31 of the calendar year in which the stock option would otherwise have expired if the exercise period had not been extended, but not beyond the final date the stock option could have been exercised if the participant's employment had not terminated, in each case based on the term of the option at the original grant date;
- Continued eligibility for the participant and his or her eligible dependents to receive employee benefits (such as medical, dental, life insurance (not to exceed one year), disability and pension benefits), for a stated period following the participant's date of termination as indicated in the table below, except when the provision of employee benefits would result in a duplication of benefits provided by any subsequent employer;
- The retention for the maximum period permitted by applicable law of all rights the participant has to indemnification from Emergent immediately prior to the change of control and the continuation throughout the period of any applicable statute of limitations of any director's and officer's liability insurance covering the participant immediately prior to the change of control; and
- The advancement to the participant of all costs and expenses, including attorney's fees and disbursements, incurred by the participant in connection with any legal proceedings that relate to the termination of employment or the interpretation or enforcement of any provision of the Senior Management Severance Plan, for which the participant will have no obligation to reimburse Emergent if the participant prevails in the proceeding with respect to at least one material issue or the proceeding is settled.

The following table sets forth the percentage of base salary and bonus and the stated period for continued employee benefits to which each participant is entitled under the circumstances described above in connection with a change of control.

	Benefits for a Termination In Connection with a Change in Control	
Name	Percentage of Annual Base Salary and Bonus	Stated Period for Continued Employee Benefits
Marvin L. White	none	none
Jeffrey G. Lamothe(1)	none	24 months
Scott C. Stromatt, M.D.	125%	12 months

(1) Mr. Lamothe opted out of the Senior Management Severance Plan and entered into a separate severance agreement with Aptevo.

The following table sets forth the amount of potential payments and value of benefits that each participant would have received if Emergent had terminated their employment prior to or in connection with a change of control on December 31, 2015.

	Termination Prior to or in Connection with a Change of Control		
Name	Cash Payments(1)	Value of Benefits(2)	Value of Equity Awards(3)
Marvin L. White	$ —	$ —	$ —
Jeffrey G. Lamothe(3)	$ 334,771	$ 36,657	$ 322,152
Scott C. Stromatt, M.D.	$ 669,906	$ 19,045	$ 710,924

(1) The amounts in this column represent the aggregate amount equal to the applicable specified percentage of the participant's annual base salary and target bonus in effect on December 31, 2015, plus 100% (the applicable pro rata portion) of the participant's target annual bonus for 2015.
(2) The amounts in this column reflect the estimated value of future premiums under Emergent's health and welfare benefit plans and life insurance program.
(3) The amounts in this column reflect the value of accelerated vesting of stock options and restricted stock units. The amounts reflecting the value of accelerated vesting of stock options are calculated by multiplying the number of shares subject to accelerated vesting under outstanding stock options by the difference between $40.01, which was the closing market price per share of Emergent common stock on December 31, 2015, and the per share exercise price of the applicable accelerated stock option. The amounts reflecting the value of accelerated vesting of restricted stock units are calculated by multiplying the number of shares subject to accelerated vesting under restricted stock unit grants by $40.01, which was the closing market price per share of Emergent common stock on December 31, 2015.

General provisions. All payments under the Senior Management Severance Plan will be reduced by any applicable taxes required by applicable law to be paid or withheld by Emergent. If at the time a participant's employment is terminated, the participant is a specified employee within the meaning of Section 409A of the Internal Revenue Code, or Section 409A, then any payments to the participant that constitute non-qualified deferred compensation within the meaning of Section 409A will be delayed by a period of six months. All such payments that would have been made to the participant during the six-month period will be made in a lump sum on the date that is six months and one day following the date of termination, and all remaining payments will commence in the seventh month following the date of termination. Emergent's board of directors or any committee thereof designated by the Emergent board of directors is authorized to administer the Senior Management Severance Plan and has authority to adopt, amend and repeal the administrative rules, guidelines and practices relating to the Senior Management Severance Plan as it deems advisable.

As a condition to payment of any amounts payable upon a termination without cause under the Senior Management Severance Plan, the participant is required:

- For a period of 12 months (or six months for vice presidents who participate in the Senior Management Severance Plan) not to:
  - Induce, counsel, advise, solicit or encourage its employees to leave its employ or to accept employment with any other person or entity,
  - Induce, counsel, advise, solicit or encourage any person who Emergent employed within six months prior to that time to accept employment with any person or entity besides us or hire or engage that person as an independent contractor,
  - Solicit, interfere with or endeavor to cause any of its customers, clients or business partners to cease or reduce its relationship with it or induce any such customer, client or business partner to breach any agreement that such customer, client or business partner may have with Emergent, and
  - Engage in or have a financial interest in any business competing with Emergent within any state, region or locality in which Emergent is then doing business or marketing products;
- Upon reasonable notice and at Emergent's expense, to cooperate fully with any reasonable request that may be made by Emergent in connection with any investigation, litigation or other similar activity to which Emergent is or may be a party or may otherwise be involved and for which the participant may have relevant information; and
- To sign and deliver a suitable waiver and release under which the participant will release and discharge Emergent from and on account of any and all claims that relate to or arise out of the employment relationship.

Director Compensation Following the Separation

Aptevo's non-employee directors have not received, and will not receive, any compensation for their service on Aptevo's board of directors prior to the completion of the distribution.

In anticipation of the separation, the Emergent compensation committee engaged Willis Towers Watson to review market practice and recommend a potential compensation structure for Aptevo's non-employee directors. Upon this review, the Emergent board of directors approved the Aptevo Directors Compensation Program, which we expect to be effective upon the completion of the separation and distribution, subject to any adjustments by Aptevo's compensation committee and board of directors following the distribution. Under the Aptevo Directors Compensation Program, we expect that Aptevo's non-employee directors will receive the compensation set forth in the table below. We also expect to reimburse Aptevo's non-employee directors for out-of-pocket expenses incurred in connection with attending our board and committee meetings.

Element	Program
Annual Cash Retainer	$40,000
Committee Chair Retainer	$20,000 – Audit $15,000 – Compensation
Committee Member Retainer	$10,000 – Audit $7,500 – Compensation
Annual Equity Grant	25,000 options
Initial Equity Grant (including annual)	37,500 options

As indicated in the table above, we expect that the Aptevo Director Compensation Program will provide for the award of stock options upon commencement of service on Aptevo's board of directors and for the annual award of stock options. The initial grant of stock options are expected to vest in three equal instalments on the first, second and third annual anniversaries of the date of grant. Thereafter, annual equity grants are expected to vest in four equal instalments each quarter of the year.

Director Transition Grants

It is currently anticipated that Emergent directors who will join Aptevo as directors and those Emergent directors who will serve on both boards of directors following the separation will receive additional equity grants in connection with their formal Aptevo appointments. As previously noted, Mr. White is expected to receive a transition grant of options to purchase 400,950 shares of Aptevo common stock in connection with his appointment as Aptevo's chief executive officer. Final decisions regarding equity grants to other Emergent directors who will join the Aptevo board will be made in the future.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with Emergent

Following the separation and distribution, Aptevo and Emergent will operate separately, each as an independent public company. Aptevo will enter into a separation and distribution agreement with Emergent, which is referred to in this information statement as the "separation agreement," to effect the separation. In connection with the separation, Aptevo will also enter into various other agreements to provide a framework for its relationship with Emergent after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian wholesaler agreement, a trademark license agreement and a product license agreement. These agreements will provide for the allocation between Aptevo and Emergent of Emergent's assets, liabilities and obligations (including investments, property and employee benefits, and tax-related assets and liabilities) attributable to periods prior to, at and after Aptevo's separation from Emergent and will govern certain relationships between Aptevo and Emergent after the separation.

The material agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth the terms of the agreements that we believe are material. These summaries are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. When used in this section, "distribution date" refers to the date on which Emergent distributes Aptevo common stock to the holders of Emergent common stock.

Separation Agreement

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of Aptevo and Emergent as part of the separation of Emergent into two companies, and will provide for when and how these transfers, assumptions and assignments will occur. Certain of the necessary transfers, assumptions and assignments will be accomplished through the internal reorganization. In particular, the separation agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets related to Emergent's biosciences business (and certain legacy businesses and operations of Aptevo), which we refer to as the "Aptevo Assets," will be transferred to Aptevo or one of its subsidiaries;
- certain liabilities related to Aptevo's business or the Aptevo Assets, which we refer to as the "Aptevo Liabilities," will be retained by or transferred to Aptevo, including certain liabilities associated with previously consummated divestitures of assets primarily related to the biosciences business; and
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the Aptevo Assets and Aptevo Liabilities (such assets and liabilities, other than the Aptevo Assets and the Aptevo Liabilities, we refer to as the "Excluded Assets" and "Excluded Liabilities," respectively) will be retained by or transferred to Emergent.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither Aptevo nor Emergent will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either Aptevo or Emergent, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be

transferred on an "as is," "where is" basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law, agreements, security interests, or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement will provide that, in the event that the transfer or assignment of certain assets and liabilities to Aptevo or Emergent, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, Aptevo or Emergent, as applicable, will hold such assets in trust for the other party.

The Distribution

The separation agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, Emergent will distribute to its stockholders that hold Emergent common stock as of the record date for the distribution all of the issued and outstanding shares of Aptevo common stock on a pro rata basis. Stockholders will receive cash in lieu of any fractional shares, if applicable.

Conditions to the Distribution

The separation agreement will provide that the distribution is subject to satisfaction (or waiver by Emergent) of certain conditions. These conditions are described under "The Separation and Distribution—Conditions to the Distribution." Emergent will have the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent that it determines to so proceed, to determine the record date for the distribution and the distribution date.

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement will provide that Aptevo and its affiliates will release and discharge Emergent and its affiliates from all liabilities assumed by Aptevo as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to Aptevo's business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement. Emergent and its affiliates will release and discharge Aptevo and its affiliates from all liabilities retained by Emergent and its affiliates as part of the separation and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, a transition services agreement, a tax matters agreement, an employee matters agreement, a manufacturing services agreement, a Canadian wholesaler agreement, a trademark license agreement and a product license agreement.

Indemnification

In the separation agreement, Aptevo will agree to indemnify, defend and hold harmless Emergent, each of Emergent's affiliates and each of Emergent and its affiliates' respective directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the failure of Aptevo, any subsidiary of Aptevo, or any person controlled by Aptevo, which we refer to as the "Aptevo Group" or any other person to pay, perform or otherwise promptly discharge any Aptevo Liabilities or Aptevo Contract in accordance with its respective terms, whether prior to, on or after the distribution date;
- the business and operations of the biosciences business and related businesses and operations (except to the extent it constitutes an Excluded Liability), any Aptevo Liability or any Aptevo Contract;
- any breach by Aptevo or any other member of the Aptevo Group of the separation agreement or any of the ancillary agreements;
- except to the extent it constitutes an Excluded Liability, any guarantee, indemnification obligation, letter of credit reimbursement obligation, surety, bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Aptevo Group by Emergent, any subsidiary of Emergent, any person controlled by Emergent, which we refer to as the "Emergent Group," that survives following the distribution; and
- any untrue statement or alleged untrue statement in the registration statement on Form 10, including within this information statement, of a material fact, except to the extent related exclusively to Emergent Group, Emergent Business, Emergent's intentions with respect to the distribution or terms of the distribution.

Emergent will agree to indemnify, defend and hold harmless Aptevo, each of Aptevo's affiliates and each of Aptevo's and Aptevo's affiliates' respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the failure of Emergent or any other member of the Emergent Group or any other person to pay, perform or otherwise promptly discharge any Excluded Liabilities in accordance with their terms, whether prior to, on or after the distribution date;
- the Excluded Liabilities;
- the businesses and operations of the Emergent Group other than the biosciences business (except to the extent it constitutes an Aptevo Liability and other than the conduct of business, operations or activities for the benefit of the Aptevo Group pursuant to any ancillary agreement);
- any breach by Emergent or any other member of the Emergent Group of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement in the registration statement on Form 10, including within this information statement, of a material fact, solely to the extent such statement or omission is related exclusively to Emergent Group, Emergent Business, Emergent's intentions with respect to the distribution or terms of the distribution.

The separation agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Insurance

The separation agreement provides for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and sets forth procedures for the administration of insured claims.

Non-competition and Non-solicitation Provisions

The separation agreement prohibits Emergent from making, manufacturing, using, selling, offering for sale, importing or otherwise exploiting protein therapeutics intended to treat oncolytic diseases during the period

commencing upon completion of the distribution and ending on the earlier of the third anniversary of the completion of the distribution or a change of control of Emergent, subject to certain exceptions.

The separation agreement also prohibits, for a period of 12 months following the completion of the distribution, each of Emergent and Aptevo from soliciting the employees of the other party to leave his or her employment with the other party, or to hire such party, subject to certain exceptions.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, both Aptevo and Emergent agree in the separation agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between Aptevo and Emergent related to the separation or distribution. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by negotiation by applicable local or functional representatives of Aptevo and Emergent and, if necessary, escalation of the matter to a transition committee composed of representatives of Aptevo and Emergent. If such efforts are not successful, either Aptevo or Emergent may submit the dispute, controversy or claim to binding arbitration, subject to the provisions of the separation agreement.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, Emergent will be responsible for all costs and expenses incurred in connection with the separation prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation. Except as expressly set forth in the separation agreement or in any ancillary agreement, or as otherwise agreed in writing by Emergent and Aptevo, all costs and expenses incurred in connection with the separation after the distribution will be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation agreement will include access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Termination

The separation agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole discretion of Emergent without the approval of any person, including Aptevo or Emergent stockholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation agreement may not be terminated except by an agreement in writing signed by both Emergent and Aptevo.

Transition Services Agreement

Aptevo and Emergent will enter into a transition services agreement in connection with the separation pursuant to which Emergent and its affiliates will provide to Aptevo and its affiliates, on an interim, transitional basis, various services, including, but not limited to, accounts payable administration, information technology

services, regulatory and clinical support, general administrative services and other support services. The agreed-upon charges for such services are generally intended to allow Emergent to recover all direct and indirect costs. Aptevo will be provided with reasonable information that supports the charges for such transition service by Emergent.

The services will commence on the distribution date and terminate up to two years following the distribution date. Aptevo may terminate certain specified services by giving prior written notice to Emergent and paying any applicable wind-down charges.

Subject to certain exceptions, the liabilities of Emergent under the transition services agreement will generally be limited to the aggregate charges (excluding any third-party costs and expenses included in such charges) actually paid to Emergent by Aptevo pursuant to the transition services agreement. The transition services agreement also will provide that Emergent will not be liable to Aptevo for any special, indirect, incidental, punitive or consequential damages.

Tax Matters Agreement

In connection with the separation, Aptevo and Emergent will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes (including taxes arising in the ordinary course of business and taxes, if any, incurred as a result of any failure of the distribution and certain related transactions to qualify as tax-free for U.S. federal income tax purposes), tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and assistance and cooperation in respect of tax matters.

With respect to taxes arising in the ordinary course of business, Aptevo will generally be liable for all taxes relating to the biosciences business that are attributable to the period after the distribution, and Emergent will indemnify Aptevo for all taxes relating to the biosciences business that are attributable to the period prior to the distribution.

In addition, to preserve the tax-free treatment to Emergent and its stockholders of the distribution, under the tax matters agreement, Emergent and Aptevo will be restricted from taking, or failing to take, any action that could reasonably be expected to prevent the distribution, together with certain related transactions, from qualifying as a transaction described in Sections 355 and 368(a)(1)(D) of the Code. In particular, for a period of two years following the separation, Aptevo will be restricted from taking certain actions (including restrictions on share issuances, business combinations, sales of assets, amendments to organizational documents and similar transactions) that could cause the distribution, together with certain related transactions, to fail to so qualify. Aptevo may take such a restricted action if (i) it provides Emergent with an opinion from a U.S. tax counsel or accountant of recognized national standing, reasonably acceptable to Emergent, in form and substance satisfactory to Emergent, that the transaction will not affect the tax-free status of the distribution and certain related transactions, (ii) Emergent obtains, at Aptevo's request, a supplemental ruling from the IRS, in form and substance reasonably satisfactory to Emergent, that the action will not affect the tax-free status of the distribution and certain related transactions, or (iii) Emergent waives in writing the requirement to obtain such opinion or ruling.

The tax matters agreement will provide special rules that allocate tax liabilities and related expenses (including damages related to claims of Emergent stockholders) resulting from the failure of the distribution, together with certain related transactions, to qualify as a tax-free transaction under Sections 355 and 368(a)(1)(D) of the Code. In general, under the tax matters agreement, each party is expected to be responsible for any taxes imposed on Aptevo or Emergent that arise from the failure of the distribution, together with certain related transactions, to qualify as a transaction described under Sections 355 and 368(a)(1)(D), to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant representations or covenants made by that party in the tax matters

agreement or the IRS private letter ruling or in the representation letters provided to WilmerHale LLP in connection with its providing an opinion regarding the tax consequences of the distribution and certain related transactions. This indemnification will apply with respect to an acquisition of a party's stock even if such party has not facilitated such acquisition. This indemnification will also apply even if Emergent has permitted Aptevo to take an action that would otherwise have been prohibited under the tax-related covenants described above.

Employee Matters Agreement

Aptevo and Emergent will enter into an employee matters agreement prior to the distribution to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefit plans and programs and other related matters.

Generally, the employee matters agreement will provide for the transfer or assignment of employees from Emergent to Aptevo, provide for the establishment of Aptevo compensation and benefit plans and programs, which are expected to be generally comparable to those currently in place at Emergent, and allocate liabilities and responsibilities relating to their respective employees' and former employees' compensation and benefit plans and programs between Emergent and Aptevo. Among other things, the employee matters agreement will provide that, following the distribution, Aptevo's active employees generally will no longer participate in benefit plans sponsored or maintained by Emergent and will commence participation in Aptevo's benefit plans. The employee matters agreement will also provide for the treatment of outstanding Emergent equity awards (as described in the section entitled "The Separation and Distribution—Treatment of Equity Based Compensation") and certain other outstanding incentive awards. In addition, the employee matters agreement will set forth the general principles relating to employee matters, including the assumption and/or retention of liabilities and related benefit plan assets, the treatment of expense reimbursements, workers' compensation, employee leaves of absence, the provision of employee service credit, the sharing of employee information and the non-duplication or acceleration of benefits.

Intellectual Property Agreements

Product License Agreement. Aptevo will enter into a product license agreement with Emergent pursuant to which Emergent will grant to Aptevo a perpetual, exclusive royalty-free, nontransferable worldwide license, under certain licensed intellectual property rights, to research, develop, make, have made, use, sell, offer to sell and import WinRho SDF, HepaGam B and VARIZIG in their respective indications. Aptevo will only be permitted to exercise rights under the license with respect to Emergent's human hyperimmune platform manufacturing know-how through a third-party contract manufacturer, and then only if the manufacturer is bound to maintain the confidentiality of the manufacturing know-how and is either approved by Emergent, in its sole discretion, or there has been a manufacturing failure under the manufacturing services agreement. In addition, Aptevo will grant Emergent a non-exclusive, royalty-free, worldwide, perpetual, irrevocable, fully paid-up, fully sublicensable, fully transferable license to reproduce, copy, make derivative works of, use and otherwise exploit the clinical and pre-clinical data, including the related safety data, that exists on the distribution date and is related to WinRho SDF, HepaGam B and VARIZIG.

Aptevo may terminate its rights under the agreement at any time by providing written notice to Emergent. Emergent may terminate the agreement if Aptevo breaches the agreement and the breach is not cured within a specified period of time or is uncurable. Each party may terminate the agreement if the other party experiences certain bankruptcy events.

Trademark License Agreement. Aptevo will enter into a license agreement with Emergent pursuant to which Emergent will grant Aptevo a non-exclusive, royalty-free, worldwide, non-sublicenseable license under certain trademarks of Emergent to distribute the physical inventory of packaging and marketing materials assigned to Aptevo as part of the distribution, solely to sell, offer to sell and otherwise commercialize the commercial products until such inventory of packaging and marketing materials is depleted but in no event after the third anniversary of the distribution. The license will also permit Aptevo to include Emergent's trademarks on

additional packaging and marketing materials created after the distribution date for WinRho SDF, HepaGam B, and VARIZIG intended for sale outside the United States, to the extent necessary to comply with regulatory requirements for so long as Emergent is providing wholesaler services for those products or manufacturing services for such products, or both. In addition, Emergent will covenant not to sue Aptevo for trade dress infringement pertaining to applicable packaging materials while Emergent is performing services for Aptevo under the manufacturing services agreement and for a specified period of time thereafter. Aptevo will grant Emergent a non-exclusive, worldwide, irrevocable, royalty-free license to use, have used, display and have displayed trademarks of Aptevo in furtherance of Emergent's performance under the agreements between Emergent and Aptevo and for incidental uses (the latter limited to two years from the distribution date).

Aptevo may terminate its rights under the agreement at any time by providing written notice to Emergent. Emergent may terminate the agreement if Aptevo breaches the agreement and the breach is not cured within a specified period of time or is uncurable.

Commercial Agreements

The terms of these agreements are still being finalized and the descriptions included herein will be updated in a subsequent amendment.

Manufacturing Services Agreement. Aptevo will enter a manufacturing services agreement with Emergent prior to the distribution pursuant to which Emergent will manufacture, fill and finish, label, package and ship the hyperimmune products for Aptevo and will provide these services, other than manufacturing and certain other services, for the IXINITY product as well. Management believes these payments approximate those that would be made in an arm's length transaction.

Canadian Wholesaler Agreement. Aptevo will enter into a Canadian wholesaler agreement with Emergent pursuant to which Emergent will make product intended for sale in Canada available to Aptevo's Canadian customers.

Funding Arrangement

At or prior to the separation, Emergent will issue a non-negotiable promissory note in the amount of $20 million to Aptevo. This note will be unsecured, will bear no interest, will be non-transferrable and will be payable by Emergent six to 12 months after the distribution date on demand by Aptevo. For additional information, see the section entitled "Risk Factors—Risks Related to Aptevo's Business."

Consulting Arrangement Entered into in Connection with the Separation

For a discussion of the consulting agreement entered into by and between Emergent and Mr. White in anticipation of the separation, see the section entitled "Compensation Discussion and Analysis—Marvin White Compensation."

Procedures for Approval of Related Party Transactions

Aptevo's board of directors will adopt a written policy regarding the review and approval or ratification of transactions involving Aptevo and its directors, nominees for directors, executive officers, immediate family members of these individuals, and stockholders owning 5% or more of our outstanding common stock, each of whom is referred to as a "related party." The policy will cover any related party transaction, arrangement or relationship where a related party has a direct or indirect material interest and the amount involved exceeds $120,000 in any calendar year. Under the policy, the Audit Committee of Aptevo's Board of Directors will be responsible for reviewing and approving, or ratifying, the material terms of any related party transactions. The committee will be charged with determining whether the terms of the transaction are any less favorable than those generally available from unaffiliated third parties, and determining the extent of the related party's interest in the transaction.

Related party transactions that will require review by the Audit Committee pursuant to this policy will be identified in:

- questionnaires annually distributed to Aptevo's directors and officers;
- certifications submitted annually by our officers related to their compliance with Aptevo's Code of Conduct; or
- communications made directly by the related party to Aptevo's chief financial officer or general counsel.

In determining whether to approve or ratify a related party transaction, the Audit Committee will consider the following items, among others:

- the related party relationship with Aptevo and interest in any transaction with Aptevo;
- the material terms of a transaction with Aptevo, including the type and amount;
- the purpose of, and the potential benefits to Aptevo of, any proposed or actual transaction;
- whether a transaction was undertaken in the ordinary course of our business; and
- any information regarding the related party transaction or the related party in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

This process will be included in the written policy.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the distribution, all of the outstanding shares of Aptevo's common stock will be owned beneficially and of record by Emergent. The following table sets forth information with respect to the expected beneficial ownership of Aptevo's common stock, upon the distribution, by (1) each person who Aptevo believes will be a beneficial owner of 5% or more of Aptevo's outstanding common stock, (2) each expected director and named executive officer of Aptevo and (3) all of Aptevo's expected directors and named executive officers as a group. Aptevo based the share amounts on each person's beneficial ownership of Emergent's common stock and stock options or other equity awards as of ●, 2016 unless Aptevo indicates some other basis for the share amounts, and assume a distribution ratio of ● shares of Aptevo's common stock for every share of Emergent's common stock. The address of each director and executive officer shown in the table below is c/o Aptevo, ●.

Name and Address of Beneficial Owner	Beneficial Ownership of Aptevo's Common Stock	Percent of Class
Fuad El-Hibri		
Marvin L. White		*
Daniel J. Abdun-Nabi		*
Grady Grant, III		*
Zsolt Harsanyi, Ph.D.		*
Barbara Lopez Kunz		*
John E. Niederhuber, M.D.		*
Jeffrey G. Lamothe		*
Scott C. Stromatt, M.D.		*
[●]		
All directors and executive officers as a group (● persons)		

* Less than one percent

Prior to the effectiveness of the registration statement of which this information statement is a part, information regarding the Security Ownership of Certain Beneficial Owners and Management following the separation will be disclosed in accordance with the rules and regulations of the SEC in an amendment to this information statement.

THE SEPARATION AND DISTRIBUTION

Overview

On August 6, 2015, Emergent announced its intention to separate its biosciences business. The separation will occur by means of a pro rata distribution to Emergent stockholders of 100% of the shares of common stock of Aptevo, which was formed to hold certain assets of Emergent's biosciences business. In connection with this distribution, we expect that Emergent will complete an internal reorganization, which we refer to as the "internal reorganization," as a result of which Aptevo will become the parent company of those Emergent operations comprising, and the entities that will conduct, the biosciences business.

On ●, 2016, the Emergent board of directors approved the distribution of all of Aptevo's issued and outstanding shares of common stock on the basis of ● shares of Aptevo common stock for every share of Emergent common stock held as of the close of business on ●, 2016, the record date for the distribution.

At ● on ●, 2016, the distribution date, each Emergent stockholder will receive ● shares of Aptevo common stock for every share of Emergent common stock held at the close of business on the record date for the distribution, as described below. Emergent stockholders will receive cash in lieu of any fractional shares of Aptevo common stock that they would have received after application of this ratio. You will not be required to make any payment, surrender or exchange your Emergent common stock or take any other action to receive your shares of Aptevo common stock in the distribution. The distribution of Aptevo common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution."

Reasons for the Separation

The Emergent board of directors believes that separating the biosciences business from the biodefense business of Emergent is in the best interests of Emergent and its stockholders for a number of reasons, including the following:

- *Allocation of Capital*. The Emergent board believes that the separation will permit each company to allocate its financial resources in a manner more tailored to its own commercial and strategic priorities and eliminate the competition for capital that has arisen between the two businesses.
- *Targeted Investment Opportunities*. The Emergent board believes that the separation will (1) allow each company to target investors attracted to its business profile, (2) allow investors to separately value each company based on its unique investment identity and (3) attract investors to each company that are not willing to invest in a combined entity but are willing to invest in a distinct "pure play" company.
- *Access to Capital and Acquisition Currency*. The Emergent board believes that the separation will create an independent equity currency for each of Emergent and Aptevo that will afford each company (1) direct, standalone access to the capital markets, (2) the opportunity to capitalize on its unique growth opportunities and (3) facilitate an ability to finance future acquisitions using its capital stock.
- *Management Focus and Operational Efficiency*. The Emergent board believes that the separation will permit the management of each company to tailor business strategies to best pursue targeted opportunities for long-term growth and profitability and enhance the business focus of each company and better align resources to achieve strategic priorities.
- *Competitive Equity Compensation*. The Emergent board believes that the separation will permit Aptevo to use equity compensation to attract and retain top talent in a manner and degree consistent with its operational priorities and growth prospects and more competitive with its industry peers, and that the separation will better align the value of equity compensation with the performance of the business for which the individual is employed, which is expected to make equity compensation more attractive to potential and existing employees.

The Emergent board of directors also considered a number of potentially negative factors in evaluating the separation, including the following:

- *Increased Administrative Costs*. As a current part of Emergent, Aptevo takes advantage of certain functions performed by Emergent, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Emergent will not perform certain of these functions for Aptevo, and, because of Aptevo's smaller scale as a standalone company, Aptevo's cost of performing such functions may be higher than the amounts reflected in Aptevo's historical financial statements, which may adversely affect Aptevo's results of operations.
- *Disruption Related to the Separation*. The actions required to separate Emergent's and Aptevo's respective businesses could disrupt Aptevo's operations.
- *Increased Impact of Certain Costs*. Certain costs and liabilities that were otherwise less significant to Emergent as a whole will be more significant for Aptevo as a standalone company due to Aptevo being smaller than Emergent.
- *Significant Separation Costs*. Emergent and Aptevo will incur costs in connection with the transition to being standalone public companies that may include accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Aptevo, costs related to establishing a new brand identity in the marketplace, tax costs and costs to separate information systems.
- *Risk of Failure to Achieve Anticipated Benefits of the Separation*. Aptevo may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: (1) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing its business; and (2) following the separation, Aptevo may be more susceptible to market fluctuations and other adverse events than if Aptevo were still a part of Emergent because its business will be less diversified than Emergent's business prior to the completion of the separation.
- *Limitations on Strategic Transactions*. Under the terms of the tax matters agreement that Aptevo will enter into with Emergent, for a period of two years following the separation, Aptevo will be restricted from taking certain actions that could cause the distribution, together with certain related transactions, to fail to qualify as a tax-free transaction for U.S. federal income tax purposes. During this period, these restrictions may limit Aptevo's ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of its business.
- *Loss of Scale*. As a current part of Emergent, Aptevo takes advantage of Emergent's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, Aptevo may be unable to obtain these goods, services, and technologies at prices or on terms as favorable as those Emergent obtained prior to completion of the separation.
- *Loss of Joint Arrangements*. As a current part of Emergent, Aptevo takes advantage of Emergent's overall presence to procure more advantageous distribution arrangements. After the separation, as a standalone company, Aptevo may be unable to obtain similar arrangements to the same extent as Emergent did, or on terms as favorable as those Emergent obtained, prior to completion of the separation.
- *Uncertainty Regarding Stock Prices*. We cannot predict the effect of the separation on the trading prices of Aptevo or Emergent common stock or whether the combined market value of ● shares of Aptevo common stock and one share of Emergent common stock will be less than, equal to, or greater than the market value of one share of Emergent common stock prior to the distribution.

In determining to pursue the separation, the Emergent board of directors concluded that the potential benefits of the separation outweighed the potential negative factors.

Formation of Aptevo

Aptevo was formed in Delaware in February 2016 for the purpose of holding certain assets and liabilities of Emergent's biosciences business. As part of the plan to separate the biosciences business from the remainder of its businesses, in connection with the internal reorganization, Emergent plans to transfer the equity interests of certain entities that are expected to operate the biosciences business and the assets and liabilities of the biosciences business to Aptevo prior to the distribution.

When and How You Will Receive the Distribution

With the assistance of Broadridge Financial Solutions, Inc., the distribution agent for the distribution, which we refer to as the "distribution agent," Emergent expects to distribute Aptevo common stock at ● on ●, 2016, the distribution date, to all holders of outstanding Emergent common stock as of the close of business on ●, 2016, the record date for the distribution. The distribution agent will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Aptevo common stock.

If you own Emergent common stock as of the close of business on the record date for the distribution, Aptevo common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, the distribution agent will then mail you a direct registration account statement that reflects your shares of Aptevo common stock. If you hold your Emergent shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Aptevo shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. If you sell Emergent common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Aptevo common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Emergent common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Aptevo common stock that have been registered in book-entry form in your name.

Most Emergent stockholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm is said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Emergent common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Aptevo common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Aptevo common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act of 1933, as amended, or the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us, which may include certain of our executive officers, directors or principal stockholders. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of our common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of Aptevo Common Stock You Will Receive

For every share of Emergent common stock that you own at the close of business on ●, 2016, the record date for the distribution, you will receive ● shares of Aptevo common stock on the distribution date. Emergent will

not distribute any fractional shares of Aptevo common stock to its stockholders. Instead, if you are a registered holder, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by Emergent or Aptevo, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either Emergent or Aptevo and the distribution agent is not an affiliate of either Emergent or Aptevo. Neither Aptevo nor Emergent will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The receipt by a holder of a pro rata share of the aggregate net cash proceeds of these sales of fractional shares will be taxable to such holder for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences” for additional information regarding the material U.S. federal income tax consequences of the distribution, including the receipt of cash in lieu of fractional shares. If you hold physical certificates for shares of Emergent common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your shares of Emergent common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity Based Compensation

Generally, pursuant to the employee matters agreement, each award of Emergent restricted stock units that is held by an Emergent employee or service provider (an “Emergent Holder”) as of the effective time of the distribution will be adjusted (the “Adjusted Emergent RSUs”), and each award of Emergent restricted stock units held by an Aptevo employee or service provider (an “Aptevo Holder”) as of the effective time of the distribution will be converted to a restricted stock unit award entitling the Aptevo Holder to Aptevo common stock (the “Aptevo RSUs”). The adjustment and conversion, respectively, will be structured to reflect the effect of the distribution. The Adjusted Emergent RSUs and the Aptevo RSUs will otherwise be subject to the same terms and conditions that applied to the original Emergent restricted stock units immediately before the distribution.

Similarly, the employee matters agreement generally provides that each Emergent stock option that is held by an Emergent Holder will remain an option to purchase Emergent common stock but will be adjusted (an “Adjusted Emergent Option”), and each Emergent stock option that is held by an Aptevo Holder will be converted into an option to purchase Aptevo common stock (an “Aptevo Option”). The exercise price and the number of shares covered by each Adjusted Emergent Option and Aptevo Option will reflect the effect of the distribution. Each Adjusted Emergent Option and Aptevo Option will otherwise be subject to the same terms and conditions that applied to the original Emergent stock options immediately before the distribution.

For purposes of the equity awards, the distribution will not result in a termination of employment or service for any holder of equity awards. Rather, the date of termination of employment or service with the applicable plan sponsor following the distribution shall be the holder’s termination date for purposes of outstanding equity awards. Following the distribution each Aptevo Holder will be considered to have been employed by or have provided services to, as the case may be, Aptevo before and after the distribution for purposes of vesting of such holder’s Aptevo RSUs and/or Aptevo Options.

Notwithstanding the foregoing and his anticipated election to the Aptevo board of directors, the employee matters agreement provides that any outstanding Emergent equity awards held by Dr. Niederhuber at the

effective time of the distribution will not be converted into awards to acquire shares of Aptevo common stock. Rather, he will be treated as an Emergent Holder and receive Adjusted Emergent RSUs and Adjusted Emergent Options. Dr. Niederhuber is expected to enter into a consulting agreement with Emergent, the terms of which will be described in a subsequent amendment to Aptevo's registration statement on Form 10, of which this information statement forms a part, and his Adjusted Emergent RSUs and Adjusted Emergent Options will continue to vest in accordance with their terms while he provides such consulting services to Emergent.

No award shall be adjusted or converted as described above unless such adjustment or conversion is consistent with all applicable laws, including U.S. securities laws. The adjustment or conversion of Emergent stock options and Emergent restricted stock units will be effectuated in a manner that is intended to avoid the imposition of any penalty or other taxes on the holders of such awards pursuant to Section 409A of the Code. Following the distribution, Emergent will be responsible for all liabilities associated with the Adjusted Emergent RSUs and Adjusted Emergent Options, and Aptevo will be responsible for all liabilities associated with Aptevo RSUs and Aptevo Options.

For a further discussion of the employee matters agreement, see the section entitled "Certain Relationships and Related Party Transactions–Employee Matters Agreement."

Internal Reorganization

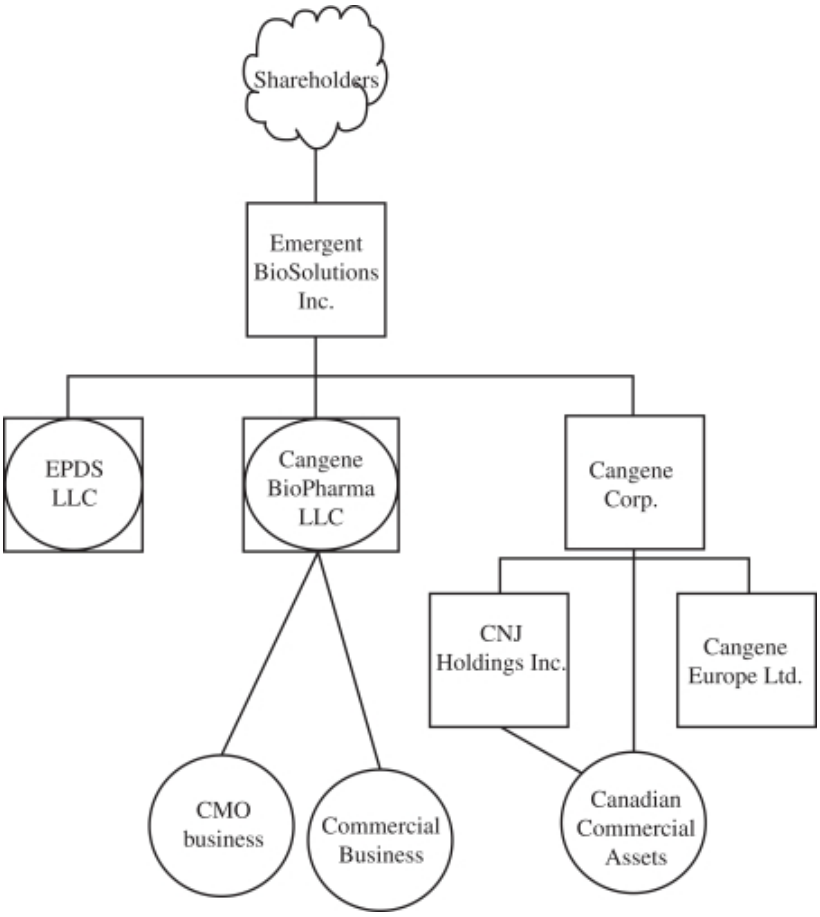
As part of the separation, and prior to the distribution, Emergent and its subsidiaries expect to complete an internal reorganization in order to transfer to Aptevo the biosciences business that Aptevo will hold following the separation. Among other things and subject to limited exceptions, the internal reorganization is expected to result in Aptevo owning, directly or indirectly, the operations comprising and the entities that conduct the biosciences business.

The internal reorganization is expected to include various restructuring transactions pursuant to which (1) the operations, assets and liabilities of Emergent and its subsidiaries used to conduct the biosciences business will be separated from the operations, assets and liabilities of Emergent and its subsidiaries used to conduct the biodefense business and (2) such biosciences operations, assets and liabilities will be contributed, transferred or otherwise allocated to Aptevo or one of its direct or indirect subsidiaries. Such restructuring transactions may take the form of asset transfers, mergers, demergers, dividends, contributions and similar transactions, and may involve the formation of new subsidiaries in U.S. and non-U.S. jurisdictions to own and operate the biosciences business or the biodefense business in such jurisdictions.

In the final step of the internal reorganization, Emergent will contribute to Aptevo certain assets, including all of the equity interests in the entities that are expected to conduct the biosciences business.

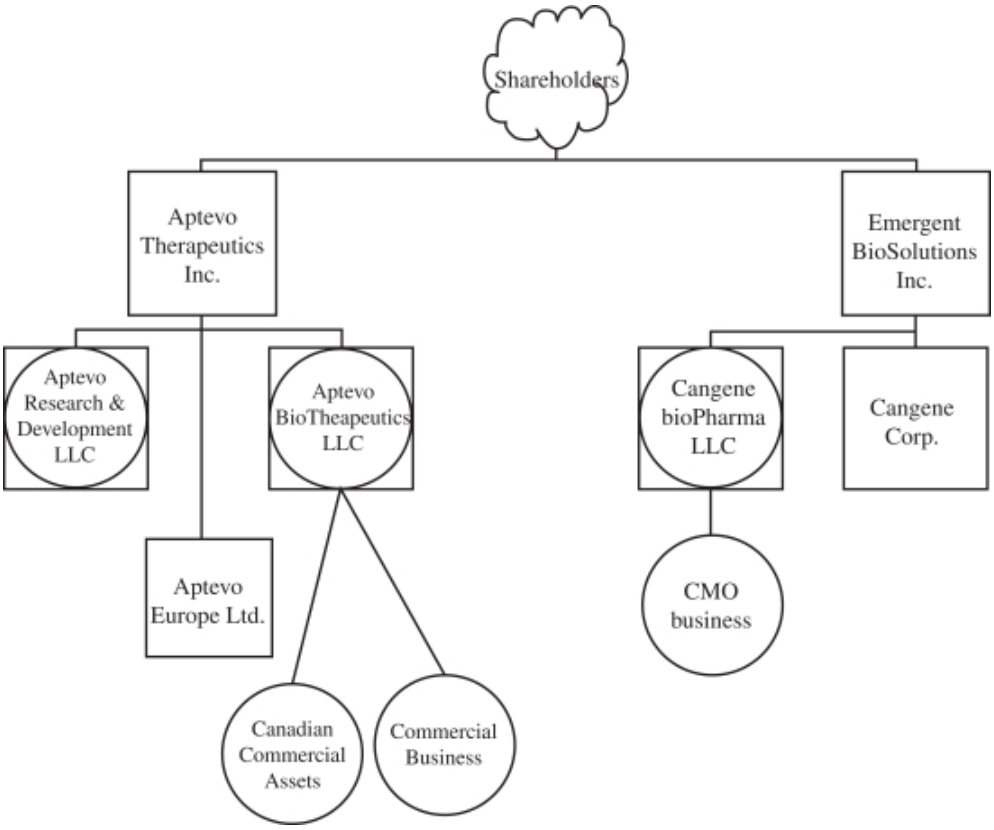
Following the completion of the internal reorganization and immediately prior to the distribution, Aptevo will be the parent company of the entities that are expected to conduct the biosciences business and Emergent (through subsidiaries other than Aptevo and its subsidiaries) will remain the parent company of the entities that are expected to conduct the biodefense business.

The diagram below shows the simplified current structure of the biosciences business entities of Emergent:



This diagram has been simplified for illustrative purposes and does not set forth all affiliated entities, including intermediate subsidiaries.

The diagram below shows what we expect will be the simplified structure of each of Aptevo and Emergent after completion of the internal reorganization, the separation and the distribution:



This diagram has been simplified for illustrative purposes and does not set forth all affiliated entities, including intermediate subsidiaries.

Results of the Distribution

After the distribution, Aptevo will be an independent, publicly-traded company. The actual number of shares to be distributed will be determined at the close of business on ●, 2016, the record date for the distribution, and will reflect any exercise of Emergent options between the date the Emergent board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of Emergent common stock or any rights of Emergent stockholders. Emergent will not distribute any fractional shares of Aptevo common stock.

We will enter into a separation agreement and other related agreements with Emergent before the distribution to effect the separation and provide a framework for our relationship with Emergent after the separation. These agreements will provide for the allocation between Emergent and Aptevo of Emergent's assets, liabilities and obligations (including employee benefits, intellectual property, and tax-related assets and liabilities) attributable to periods prior to Aptevo's separation from Emergent and will govern the relationship between Emergent and Aptevo after the separation. For a more detailed description of these agreements, see "Certain Relationships and Related Party Transactions."

Market for Aptevo Common Stock

There is currently no public trading market for Aptevo common stock. Aptevo intends to apply to have its shares of common stock listed on The NASDAQ Global Market, or NASDAQ, under the symbol "●," subject to official notice of distribution. Aptevo has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

We cannot predict the price at which Aptevo common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of Aptevo common stock that each Emergent stockholder will receive in the distribution and the Emergent common stock held at the record date for the distribution may not equal the "regular-way" trading price of the Emergent common stock immediately prior to the distribution. The price at which Aptevo common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Aptevo common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Aptevo's Common Stock."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, Emergent expects that there will be two markets in Emergent common stock: a "regular-way" market and an "ex-distribution" market. Emergent common stock that trades on the "regular-way" market will trade with an entitlement to Aptevo common stock distributed in the distribution. Emergent common stock that trades on the "ex-distribution" market will trade without an entitlement to Aptevo common stock distributed in the distribution. Therefore, if you sell shares of Emergent common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Aptevo common stock in the distribution. If you own Emergent common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the shares of Aptevo common stock that you are entitled to receive pursuant to your ownership of shares of Emergent common stock as of the record date.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, Aptevo expects that there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for Aptevo common stock that will be distributed to holders of Emergent common stock on the distribution date. If you owned Emergent common stock at the close of business on the record date for the distribution, you would be entitled to Aptevo common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Aptevo common stock, without trading the Emergent common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Aptevo common stock will end, and "regular-way" trading will begin.

Conditions to the Distribution

The distribution will be effective at ● on ●, 2016, which is the distribution date, provided that the conditions set forth in the separation agreement have been satisfied (or waived by Emergent in its sole and absolute discretion), including, among others

- the continued validity of a private letter ruling received by Emergent from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions;
- the receipt of a tax opinion from counsel to Emergent substantially to the effect that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code;

- the internal reorganization having been completed and the transfer of certain assets and liabilities of the biosciences business from Emergent to Aptevo having been completed in accordance with the separation agreement;
- no order, injunction, or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions being in effect;
- the actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws or blue sky laws and the rules and regulations thereunder having been taken or made, and, where applicable, having become effective or been accepted;
- all governmental approvals necessary to consummate the separation, the distribution and the transactions related thereto and to permit the operation of Aptevo's business after the distribution date having been obtained and being in full force and effect;
- the separation and the distribution not violating or resulting in a breach of applicable law or any material contract of Emergent or Aptevo or any of their respective subsidiaries;
- the approval for listing on NASDAQ for the shares of Aptevo common stock to be delivered to the record holders in the distribution having been obtained, subject to official notice of issuance;
- the SEC declaring effective the Form 10, with no order suspending the effectiveness of the Form 10 in effect and no proceedings for such purposes pending before or threatened by the SEC;
- this information statement and such other information concerning Aptevo, its business, operations and management, the distribution and such other matters as Emergent shall determine in its sole and absolute discretion and as may otherwise be required by law having been mailed to the holders of record of Emergent common stock on the record date;
- Emergent's board of directors authorizing and approving the distribution and not having withdrawn such authorization and approval;
- Emergent's board of directors approving the assets and liabilities included in the Aptevo balance sheet; and
- no other events or developments existing or having occurred that, in the judgment of Emergent's board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the transactions related thereto.

Emergent will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date, and the distribution ratio. Emergent will also have sole and absolute discretion to waive any of the conditions to the distribution. Emergent does not intend to notify its stockholders of any modifications to the terms of the separation or distribution that, in the judgment of its board of directors, are not material. For example, the Emergent board of directors might consider material such matters as significant changes to the distribution ratio and the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the Emergent board of directors determines that any modifications by Emergent materially change the material terms of the distribution, Emergent will notify Emergent stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of the material U.S. federal income tax consequences of the distribution to Emergent and Emergent stockholders. This discussion is based on the Code, laws, regulations, rulings and decisions in effect on the date hereof, all of which are subject to change, possibly with retroactive effect, and to varying interpretations, which could result in U.S. federal income tax consequences different from those described below.

This discussion addresses only the U.S. federal income tax consequences to Emergent stockholders who are U.S. holders (as defined below) who hold their shares of Emergent stock as capital assets and does not address all of the U.S. federal income tax consequences that may be relevant to a particular stockholder in light of the holder's individual circumstances. This discussion does not address the tax consequences to holders who are subject to special rules, including, without limitation, financial institutions, tax-exempt organizations, insurance companies, dealers in securities or foreign currencies, persons who hold their shares as part of a straddle, hedge, conversion, constructive sale, synthetic security, integrated investment or other risk-reduction transaction for U.S. federal income tax purposes, holders who acquired their shares pursuant to the exercise of employee stock options or otherwise as compensation, or holders who did not hold their shares continuously from the record date for the distribution to the time of the distribution. In addition, this discussion does not address the tax consequences under any state, local or foreign tax laws or the alternative minimum tax or net investment income tax provisions of the Code.

For purposes of this discussion, a "U.S. holder" is a beneficial owner of Emergent common stock who is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States or any state or political subdivision thereof;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more U.S. persons have the authority to control all of its substantial decisions, or (ii) it has a valid election in place under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (or any other entity or arrangement that is treated as a partnership for U.S. federal income tax purposes) holds Emergent common stock, the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Partnerships (or other entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) that hold Emergent common stock and partners of such partnerships should consult their tax advisors regarding the tax consequences of the distribution to them.

YOU ARE URGED TO CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES TO YOU OF THE DISTRIBUTION, INCLUDING THE EFFECTS OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX RULES AND THE EFFECT OF POSSIBLE CHANGES IN LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.

Emergent has received a favorable private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the distribution and certain related transactions. It is a condition to the distribution that (i) the private letter ruling from the IRS continue to be valid and in full force and effect and (ii) Emergent receive an opinion from WilmerHale LLP, in form and substance satisfactory to Emergent, substantially to the effect

that, for U.S. federal income tax purposes, the distribution and certain related transactions, taken together, will qualify as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code. The IRS private letter ruling is based upon certain facts and representations submitted by Emergent to the IRS. In addition, the opinion from WilmerHale LLP will be based upon and rely on, among other things, the IRS private letter ruling and certain facts and assumptions, as well as certain representations and covenants of Emergent and Aptevo contained in the tax matters agreement and certain representations contained in representation letters provided by Emergent, Aptevo and certain stockholders to WilmerHale LLP, including representations and covenants relating to the past and future conduct of Emergent, Aptevo and such stockholders. If any of these facts, assumptions, representations, or covenants is, or becomes, inaccurate or incomplete, the IRS private letter ruling and/or the opinion of WilmerHale LLP may be invalid and the conclusions reached therein could be jeopardized. In addition, the IRS private letter ruling only addresses certain limited matters relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355(a) and 368(a)(1)(D) of the Code, and the opinion of WilmerHale LLP will represent the judgment of such counsel which is not binding on the IRS or any court. Accordingly, notwithstanding the IRS private letter ruling and the opinion of WilmerHale LLP, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions should be treated as a taxable transaction for U.S. federal income tax purposes or that a court would not sustain such a challenge. If the IRS were successful in any such challenge, Emergent, Aptevo, and our stockholders would be subject to the tax consequences described below under “Material U.S. Federal Income Tax Consequences if the Distribution is Taxable.”

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies Under Sections 355 and 368(a)(1)(D) of the Code

Assuming that the distribution, together with certain related transactions, qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution will generally be as follows:

- subject to the discussion below regarding Section 355(e), no gain or loss will be recognized by Emergent upon the distribution of Aptevo common stock to Emergent stockholders;
- no gain or loss will be recognized by, and no amount will be included in the income of, a holder of Emergent common stock as a result of the distribution, except to the extent such holder receives cash in lieu of a fractional share of Aptevo common stock (as described below);
- an Emergent stockholder who receives shares of Aptevo common stock in the distribution will have an aggregate tax basis in the holder’s shares of Aptevo common stock received in the distribution (including any fractional share of Aptevo common stock to which the holder is entitled) and the holder’s shares of Emergent common stock immediately after the distribution equal to the holder’s aggregate tax basis in the holder’s shares of Emergent common stock immediately before the distribution, which basis will be allocated between the holder’s shares of Emergent common stock and shares of Aptevo common stock (including any fractional share of Aptevo common stock to which the holder is entitled) in proportion to their relative fair market values on the distribution date; and
- the holding period of the shares of Aptevo common stock received by an Emergent stockholder (including any fractional share of Aptevo common stock to which the holder is entitled) will include the holding period for the shares of the Emergent common stock with respect to which the shares of Aptevo common stock are received.

A stockholder of Emergent who receives cash in lieu of a fractional share of Aptevo common stock in the distribution will be treated as having sold such fractional share for cash and will recognize capital gain or loss on the sale of the fractional share equal to the difference between the cash received and the stockholder’s tax basis in the fractional share (as determined above). Such gain or loss will be long-term capital gain or loss if the stockholder’s holding period for its Emergent common stock exceeds one year at the time of the distribution.

If a stockholder of Emergent holds different blocks of Emergent common stock (generally, shares of Emergent common stock acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the tax basis and holding period of shares of Aptevo common stock received in the distribution in respect of particular blocks of Emergent common stock.

Material U.S. Federal Income Tax Consequences if the Distribution is Taxable

If the distribution, together with certain related transactions, does not qualify as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, for U.S. federal income tax purposes, Emergent generally would recognize taxable gain on the distribution equal to the amount by which the fair market value of the Aptevo common stock distributed to Emergent stockholders exceeds Emergent's tax basis in its shares of Aptevo common stock. In addition, each stockholder who receives shares of Aptevo common stock in the distribution would generally be treated as receiving a taxable distribution in an amount equal to the fair market value of the shares of Aptevo common stock received (including any fractional share of Aptevo common stock to which the holder is entitled), which would be taxable as a dividend to the extent of the holder's pro rata share of Emergent's current and accumulated earnings and profits (as increased to reflect any gain recognized by Emergent on the taxable distribution). The balance of the distribution would be treated as a nontaxable return of capital to the extent of the holder's tax basis in its shares of Emergent common stock, with any remaining amount being taxed as capital gain.

Even if the distribution otherwise qualifies as a transaction described under Sections 355 and 368(a)(1)(D) of the Code, it may be taxable to Emergent (but not to Emergent stockholders) under Section 355(e) of the Code, if the distribution is later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, stock representing a 50% or greater interest (by vote or value) in Emergent or Aptevo. For this purpose, any acquisitions (including issuances) of Emergent common stock or of Aptevo common stock within the period beginning two years before the distribution, and ending two years after the distribution, are presumed to be part of such a plan, although Emergent or Aptevo may be able to rebut that presumption. The process for determining whether an acquisition is part of a plan under these rules is complex, inherently factual, and subject to an analysis of the facts and circumstances of a particular case. If acquisitions (including issuances) of Emergent stock or Aptevo stock cause Section 355(e) of the Code to apply, Emergent would recognize taxable gain as described above, but the distribution would be tax-free to each of Emergent's stockholders (except, as described above, for cash received in respect of a fractional share of Aptevo common stock).

Depending on the circumstances, under the tax matters agreement, Aptevo may be required to indemnify Emergent for any taxes and related expenses arising from the failure of the distribution, together with certain related transactions, to qualify as tax-free under Sections 355 and 368(a)(1)(D) of the Code (including as a result of the application of Section 355(e) of the Code). In general, Aptevo is required to indemnify Emergent for such taxes and related expenses to the extent that the failure to so qualify is attributable to actions, events or transactions relating to Aptevo's stock, assets or business, or a breach of the relevant representations or covenants made by Aptevo in the tax matters agreement or the IRS private letter ruling or in the representation letters provided to WilmerHale LLP. See "Certain Relationships and Related Party Transactions–Tax Matters Agreement" for a more detailed discussion of the tax matters agreement between Emergent and Aptevo.

Information Reporting and Backup Withholding

Payments to Emergent stockholders of cash in lieu of fractional shares of Aptevo common stock may be subject to information reporting and to backup withholding, unless such holder delivers a properly completed IRS Form W-9 certifying such holder's correct U.S. taxpayer identification number and certain other information or otherwise establishes a basis for exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against such holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Additional Information to Help Calculate Tax Basis

After completion of the distribution, additional information will be provided to our stockholders concerning the allocation of each stockholder's basis in Emergent common stock prior to the distribution between the shares of Emergent common stock and Aptevo common stock following the distribution, including fractional shares. We intend to provide this information by making it publicly available on the investor websites of Emergent and Aptevo.

Tax Return Statement

U.S. Treasury regulations require each Emergent stockholder who receives shares of Aptevo common stock in the distribution and who, immediately before the distribution, owned at least 5% (by vote or value) of Emergent's total outstanding stock to attach to the holder's U.S. federal income tax return for the year in which the distribution occurs a statement setting forth the information required by Treasury Regulation section 1.355-5(b).

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

DESCRIPTION OF APTEVO'S CAPITAL STOCK

The following description of our capital stock is intended as a summary only and therefore is not a complete description of our capital stock. This description is based upon, and is qualified by reference to, our certificate of incorporation and by-laws, which will be restated prior to the separation, and applicable provisions of Delaware corporate law. You should read our certificate of incorporation and by-laws, to be in effect at the time of the distribution, which are filed as exhibits to Aptevo's registration statement on Form 10, of which this information statement forms a part, for the provisions that are important to you.

Our authorized capital stock consists of 500,000,000 shares of common stock, $0.001 par value per share, and 15,000,000 shares of preferred stock, $0.001 par value per share. Immediately following the distribution, Aptevo expects that approximately ● shares of common stock will be issued and outstanding and no shares of preferred stock will be issued and outstanding.

Common Stock

Stockholder Meetings. Annual meetings of our stockholders will be held on the date designated in accordance with our by-laws. Written notice must be mailed to each stockholder entitled to vote not less than ten nor more than 60 days before the date of the meeting. The presence in person or by proxy of the holders of record of a majority of our issued and outstanding shares entitled to vote at such meeting constitutes a quorum for the transaction of business at meetings of the stockholders. Special meetings of the stockholders may be called for any purpose by our Board of Directors, our Chairman of the Board of Directors or our Chief Executive Officer, but such special meetings may not be called by any other person or persons. Except as may be otherwise provided by applicable law, our restated certificate of incorporation or our by-laws, all elections shall be decided by a plurality, and all other questions shall be decided by a majority, of the votes cast by stockholders entitled to vote thereon at a duly held meeting of stockholders at which a quorum is present.

Voting Rights. The holders of our common stock will be entitled to one vote per share with respect to each matter presented to our stockholders on which the holders of our common stock are entitled to vote and do not have cumulative voting rights. An election of directors by our stockholders is determined by a plurality of the votes cast by the stockholders entitled to vote on the election.

Dividends. Holders of our common stock will be entitled to receive proportionately any dividends as may be declared by our board of directors, subject to any preferential dividend rights of outstanding preferred stock.

Liquidation and Dissolution. In the event of our liquidation or dissolution, the holders of our common stock will be entitled to receive ratably all assets available for distribution to stockholders after the payment of all debts and other liabilities and subject to the prior rights of any outstanding preferred stock.

Other Rights. Holders of our common stock will have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock will be subject to and may be adversely affected by the rights of the holders of shares of any series of preferred stock that we may designate and issue in the future.

Preferred Stock

We will be authorized to issue "blank check" preferred stock, which may be issued in one or more series upon authorization of our board of directors. Our board of directors will be authorized to fix the designation of the series, the number of authorized shares of the series, dividend rights and terms, conversion rights, voting rights, redemption rights and terms, liquidation preferences and any other rights, powers, preferences and limitations applicable to each series of preferred stock. The authorized shares of our preferred stock will be available for issuance without further action by our stockholders, unless such action is required by applicable law

or the rules of any stock exchange on which our securities may be listed. If the approval of our stockholders is not required for the issuance of shares of our preferred stock, our board may determine not to seek stockholder approval.

A series of our preferred stock could, depending on the terms of such series, impede the completion of a merger, tender offer or other takeover attempt. Our board of directors will make any determination to issue preferred shares based upon its judgment as to the best interests of our stockholders. Our directors, in so acting, could issue preferred stock having terms that could discourage an acquisition attempt through which an acquirer may be able to change the composition of our board of directors, including a tender offer or other transaction that some, or a majority, of our stockholders might believe to be in their best interests or in which stockholders might receive a premium for their stock over the then-current market price of the stock.

Provisions of Our Certificate of Incorporation and By-laws and Delaware Law That May Have Anti-Takeover Effects

Our certificate of incorporation and by-laws and Delaware law will contain provisions that could have the effect of delaying, deferring or discouraging another party from acquiring control of us. These provisions, which are summarized below, are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with our board of directors.

We expect that Fuad El-Hibri, our chairman, will be the beneficial owner of approximately ●% of our outstanding common stock upon completion of the separation and distribution, based on the number of shares of Emergent common stock beneficially owned by Mr. El-Hibri as of ●, 2016. As a result, Mr. El-Hibri will have significant influence over the election of the members of our board of directors. This control could discourage others from initiating a potential merger, takeover or other change of control transaction that other stockholders may view as beneficial.

Number of Directors. Subject to the rights of holders of any series of preferred stock to elect directors, our board of directors will establish the number of directors.

Staggered Board; Removal of Directors. Our certificate of incorporation and our by-laws will divide our directors into three classes with staggered three-year terms. Each class will consist, as nearly as may be possible, of one-third of the total number of directors constituting the entire board of directors. Our directors may be removed from office only for cause and only by the affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote.

Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by the vote of a majority of our directors then in office, although less than a quorum. The classification of our board of directors and the limitations on the removal of directors and filling of vacancies could make it more difficult for a third party to acquire, or discourage a third party from seeking to acquire, control of our company.

Stockholder Action by Written Consent; Special Meetings. Our certificate of incorporation and our by-laws will provide that, after such time as Emergent and its subsidiaries, collectively, cease to own a majority of the voting power of all outstanding stock entitled to vote, any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders. Our certificate of incorporation and our by-laws also will provide that, except as otherwise required by law, special meetings of our stockholders can only be called by our board of directors, our chairman of the board or our Chief Executive Officer.

Advance Notice Requirements. Our by-laws will establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for

election to the board of directors. Stockholders at an annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors or by a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has delivered timely written notice in proper form to our secretary of the stockholder's intention to bring such business before the meeting. These provisions could have the effect of delaying until the next stockholder meeting stockholder actions that are favored by the holders of a majority of our outstanding voting securities.

Delaware Business Combination Statute. Section 203 of the General Corporation Law of the State of Delaware, which we refer to as the DGCL, is applicable to us. Section 203 of the DGCL restricts some types of transactions and business combinations between a corporation and a 15% stockholder. A 15% stockholder is generally considered by Section 203 to be a person owning 15% or more of the corporation's outstanding voting stock. Section 203 refers to a 15% stockholder as an "interested stockholder." Section 203 restricts these transactions for a period of three years from the date the stockholder acquires 15% or more of our outstanding voting stock. With some exceptions, unless the transaction is approved by the board of directors and the holders of at least two-thirds of the outstanding voting stock of the corporation, Section 203 prohibits significant business transactions such as:

- a merger with, disposition of significant assets to or receipt of disproportionate financial benefits by the interested stockholder, and
- any other transaction that would increase the interested stockholder's proportionate ownership of any class or series of our capital stock.

The shares held by the interested stockholder are not counted as outstanding when calculating the two-thirds of the outstanding voting stock needed for approval.

The prohibition against these transactions does not apply if:

- prior to the time that any stockholder became an interested stockholder, the board of directors approved either the business combination or the transaction in which such stockholder acquired 15% or more of our outstanding voting stock, or
- the interested stockholder owns at least 85% of our outstanding voting stock as a result of a transaction in which such stockholder acquired 15% or more of our outstanding voting stock. Shares held by persons who are both directors and officers or by some types of employee stock plans are not counted as outstanding when making this calculation.

Super-Majority Voting. The DGCL provides generally that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or by-laws, unless a corporation's certificate of incorporation or by-laws, as the case may be, requires a greater percentage. The affirmative vote of holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote will be required to amend or repeal the provisions of our certificate of incorporation described in this section entitled "Provisions of Our Certificate of Incorporation and By-laws and Delaware Law That May Have Anti-Takeover Effects." The affirmative vote of either a majority of the directors present at a meeting of our board of directors or holders of our capital stock representing at least 75% of the voting power of all outstanding stock entitled to vote will be required to amend or repeal our by-laws.

Limitation of Liability and Indemnification of Officers and Directors

Our certificate of incorporation will contain provisions permitted under the DGCL relating to the liability of directors. The provisions eliminate a director's liability for monetary damages for a breach of fiduciary duty, except in circumstances involving wrongful acts, such as the breach of a director's duty of loyalty or acts or omissions that involve intentional misconduct or a knowing violation of law. Further, our certificate of incorporation will contain provisions to indemnify our directors and officers to the fullest extent permitted by the

DGCL. We will enter into agreements to indemnify our directors and executive officers. These agreements, among other things, will provide that we will indemnify the director or executive officer to the fullest extent permitted by law for claims arising in his or her capacity as a director, officer, manager, employee, agent or representative of us. The indemnification agreements will also establish the procedures that will apply in the event a director or officer makes a claim for indemnification.

Exclusive Forum

Aptevo's amended and restated by-laws will provide that unless Aptevo consents in writing to an alternative forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Aptevo, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer, other employee or stockholder of Aptevo to Aptevo or Aptevo's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL or as to which the DGCL confers jurisdiction on the Court of Chancery of the State of Delaware, or (iv) any action asserting a claim arising pursuant to any provision of Aptevo's amended and restated certificate of incorporation or by-laws or governed by the internal affairs doctrine.

Registration Rights

Holders of an aggregate of approximately ● shares of our common stock immediately following the distribution will have the right to require us to register these shares of common stock under the Securities Act under specified circumstances, including any additional shares issued or distributed by way of a dividend, stock split or other distribution in respect of these shares.

Demand Registration Rights. Subject to specified limitations, holders of these registrations rights may require that Aptevo register all or part of Aptevo common stock subject to the registration rights for sale under the Securities Act. These holders may demand registration of Aptevo common stock so long as the offering price to the public of the shares requested to be registered is at least $25,000,000. Aptevo is required to effect only one demand registration, subject to specified exceptions.

Incidental Registration Rights. If Aptevo proposes to file a registration statement under the Securities Act either for its own account or for the account of other stockholders (other than in connection with a registration statement on Form S-8 or Form S-4 or to cover securities proposed to be issued in exchange for securities or assets of another corporation), the holders of registrable shares will be entitled to notice of the registration and Aptevo will be required to use its commercially reasonable efforts to register all or a portion of any registrable shares then held by such holders that they request that Aptevo register. In the event that any registration in which the holders of registrable shares participate pursuant to the Aptevo stockholders agreement is an underwritten public offering, Aptevo agrees to enter into an underwriting agreement containing such terms as are customary.

Limitations and Expenses. With specified exceptions, the right to include shares in a registration is subject to the right of underwriters for the offering to limit the number of shares included in the offering. Aptevo is required to pay one-half of all fees, costs and expenses of any demand registration, other than underwriting discounts and commissions.

Listing

Aptevo intends to apply to have its shares of common stock listed on The NASDAQ Global Market under the symbol "●."

Sale of Unregistered Securities

On February 22, 2016, Aptevo issued 1,000 shares of its common stock, par value $0.001 per share, to Emergent pursuant to Section 4(2) of the Securities Act. Aptevo did not register this issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for Aptevo's common stock will be Broadridge Financial Solutions, Inc.

WHERE YOU CAN FIND MORE INFORMATION

Aptevo has filed a registration statement on Form 10 with the SEC with respect to the shares of Aptevo common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Aptevo and its common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, N.E., Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, Aptevo will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

Aptevo intends to furnish holders of its common stock with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. Aptevo has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Ernst & Young LLP,
Independent Registered Public Accounting Firm,
on the Audited Combined Financial Statements

The Board of Directors and Stockholder of Aptevo Therapeutics Inc.

We have audited the accompanying combined balance sheets of Aptevo Therapeutics Inc. (as defined in Note 1, the "Company") as of December 31, 2015 and 2014, and the related combined statements of operations, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Aptevo Therapeutics Inc. at December 31, 2015 and 2014, and the combined results of its operations and its cash flows for each of the three years in the period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

McLean, Virginia
April 15, 2016

Aptevo Therapeutics Inc.
(the Biosciences Business of Emergent BioSolutions Inc.)
Combined Balance Sheets
(in thousands)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,637	$ 3,593
Accounts receivable, net	6,456	13,820
Inventories	20,322	17,625
Income taxes receivable	1,376	1,310
Prepaid expenses and other current assets	2,343	5,203
Total current assets	35,134	41,551
Property, plant and equipment, net	4,179	3,202
In-process research and development	41,800	50,100
Intangible assets, net	17,441	11,216
Goodwill	13,902	13,902
Total assets	$ 112,456	$ 119,971
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 10,084	$ 11,472
Accrued compensation	3,334	4,118
Contingent consideration	444	1,119
Provisions for chargebacks	2,238	2,246
Deferred revenue, current portion	3,843	880
Total current liabilities	19,943	19,835
Deferred revenue, net of current portion	3,318	3,661
Deferred income taxes	506	1,867
Other liabilities	71	—
Total liabilities	23,838	25,363
Stockholders' equity:		
Net investment from Emergent	320,606	267,279
Accumulated deficit	(231,988)	(172,671)
Total stockholders' equity	88,618	94,608
Total liabilities and stockholders' equity	$ 112,456	$ 119,971

The accompanying notes are an integral part of the combined financial statements.

Aptevo Therapeutics Inc.
(the Biosciences Business of Emergent BioSolutions Inc.)
Combined Statements of Operations
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
Product sales	$ 27,947	$ 30,036	$ —
Collaborations	5,654	15,595	170
Revenues	33,601	45,631	170
Operating expense:			
Cost of product sales	16,933	16,254	—
Research and development	34,726	46,589	38,074
Selling, general and administrative	43,042	34,280	15,451
Loss from operations	(61,100)	(51,492)	(53,355)
Other (expense) income, net	(237)	(222)	18
Loss before benefit from income taxes	(61,337)	(51,714)	(53,337)
Benefit from income taxes	(2,020)	(599)	—
Net and comprehensive loss	$(59,317)	$(51,115)	$(53,337)

The accompanying notes are an integral part of the combined financial statements.

Aptevo Therapeutics Inc.
(the Biosciences Business of Emergent BioSolutions Inc.)
Combined Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net loss	$(59,317)	$ (51,115)	$(53,337)
Adjustments to reconcile to net cash provided by (used in) operating activities:			
Stock-based compensation expense	1,107	1,074	955
Depreciation and amortization	2,907	2,021	666
Deferred income taxes	(1,361)	117	—
Change in fair value of contingent obligations	214	304	—
Provision for allowance for doubtful accounts	3,481	—	—
Other	—	—	(18)
Changes in operating assets and liabilities:			
Accounts receivable	3,884	(6,134)	(8)
Inventories	(2,697)	4,954	—
Income taxes	(66)	(716)	—
Prepaid expenses and other assets	2,860	(4,246)	29
Accounts payable	(1,669)	820	121
Accrued expenses and other liabilities	69	(63)	(64)
Accrued compensation	(784)	1,223	264
Provision for chargebacks	(8)	299	—
Deferred revenue	2,620	4,455	—
Net cash used in operating activities	(48,760)	(47,007)	(51,392)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(1,527)	(989)	(1,021)
Acquisition of Cangene Corporation, net of cash	—	(47,811)	—
Net cash used in investing activities	(1,527)	(48,800)	(1,021)
Cash flows from financing activities:			
Net investment from Emergent	52,220	100,104	52,413
Contingent obligation payments	(889)	(704)	—
Net cash provided by financing activities	51,331	99,400	52,413
Net increase in cash and cash equivalents	1,044	3,593	—
Cash and cash equivalents at beginning of year	3,593	—	—
Cash and cash equivalents at end of year	$ 4,637	$ 3,593	$ —

The accompanying notes are an integral part of the combined financial statements.

Aptevo Therapeutics Inc.
(the Biosciences Business of Emergent BioSolutions Inc.)
Combined Statement of Changes in Stockholders' Equity
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Beginning Balance	$ 94,608	$ 44,544	$ 44,513
Net transactions with Emergent	53,327	101,179	53,368
Net loss	(59,317)	(51,115)	(53,337)
Ending Balance	$ 88,618	$ 94,608	$ 44,544

The accompanying notes are an integral part of the combined financial statements.

Aptevo Therapeutics Inc.
(the Biosciences Business of Emergent BioSolutions Inc.)
Notes to the combined financial statements

1. Nature of Business and Basis of Presentation

On August 6, 2015, Emergent BioSolutions Inc. ("Emergent"), announced its plan to separate into two independent publicly-traded companies, one a biotechnology company focused on novel oncology and hematology therapeutics to meaningfully improve patients' lives and the other a global specialty life sciences company focused on providing specialty products for civilian and military populations that address intentional and naturally emerging public health threats. In accordance with the separation plan, Emergent will spin off certain assets and liabilities of its biosciences business into Aptevo Therapeutics Inc. ("Aptevo") a wholly-owned subsidiary of Emergent that was incorporated in February 2016. The biosciences business of Emergent is referred to throughout these combined financial statements as "the Company" or Aptevo.

The accompanying combined financial statements include certain components of Emergent's bioscience business as operated by Emergent during the periods presented. Certain historical operations that were included by Emergent in its bioscience segment have been reallocated to Emergent's continuing operations, and as result these financial statements differ from Emergent's historically reportable bioscience segment.

The accompanying combined financial statements have been prepared on a standalone basis and are derived from Emergent's consolidated financial statements and accounting records. The combined financial statements reflect Aptevo's financial position, results of operations, and cash flows as if its business was separately operated as part of Emergent prior to the distribution, in conformity with accounting principles generally accepted in the United States (GAAP).

The combined financial statements include the allocation of certain assets and liabilities that have historically been held at the Emergent corporate level but which are specifically identifiable or allocable to Aptevo. All Aptevo intracompany transactions and accounts have been eliminated. All intercompany transactions between Aptevo and Emergent are considered to be effectively settled in the combined financial statements at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statement of cash flows as a financing activity and in the combined balance sheet as a net investment from Emergent.

Aptevo's combined financial statements include an allocation of expenses related to certain Emergent corporate functions, including senior management, legal, human resources, finance, information technology, and quality assurance. These expenses have been allocated to Aptevo based on direct usage or benefit where identifiable, with the remainder allocated on a pro rata basis of expenses, headcount, square footage, or other measures. Aptevo considers the expense allocation methodology and results to be reasonable for all periods presented. However, the allocations may not be indicative of the actual expense that would have been incurred had Aptevo operated as an independent, publicly-traded company for the periods presented.

The income tax amounts in these combined financial statements have been calculated based on a separate return methodology and presented as if Aptevo's operations were a standalone taxpayer in each of its tax jurisdictions.

Emergent maintains stock-based compensation plans at a corporate level. Aptevo employees participate in those programs and a portion of the cost of those plans is included in Aptevo's combined financial statements. However, Aptevo's combined balance sheet does not include any equity awards related to stock-based compensation.

Aptevo's stockholders equity balances in these combined financial statements represents the excess of total assets over total liabilities, including the net due to/from balances between Aptevo and Emergent (as net investment from Emergent) and accumulated deficit. The net investment from Emergent is primarily impacted by contributions from Emergent which are the result of net funding provided to Aptevo.

Aptevo has a history of operating losses and negative cash flows while operating as part of Emergent and, accordingly, was dependent upon Emergent for its capital funding and liquidity needs. In addition, development activities, clinical and pre-clinical testing and commercialization of Aptevo's products, if approved, will require significant additional funding. Aptevo could delay clinical trial activity or reduce funding of specific programs in order to further extend the cash burn. In accordance with the separation agreement, Emergent has committed to providing Aptevo with a total of $60 million in cash funding, $40 million upon the spin-off and $20 million within six to 12 months after the separation. Management believes this funding will support Aptevo's operations for at least the next 12 months following the separation, based on current operating plans and financial forecasts. The accompanying combined financial statements are prepared on a going concern basis and the Company, post separation, is solely responsible for its financial performance and meeting its capital requirements.

2. Summary of significant accounting policies

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash equivalents

Cash equivalents are highly liquid investments with a maturity of 90 days or less at the date of purchase and include time deposits and investments in money market funds with commercial banks and financial institutions.

Fair value of financial instruments

Financial instruments include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. The carrying value of these instruments approximates their fair value due to their short term nature.

Significant customers and accounts receivable

When appropriate, Aptevo records an allowance for doubtful accounts based upon its assessment of collectability. Aptevo performs ongoing credit evaluations of its customers and generally does not require collateral.

Accounts receivable at December 31, 2015 and 2014 primarily represent amounts due to Aptevo from its commercial wholesalers. For the year ended December 31, 2014, Aptevo had one customer whose accounts receivable balance was approximately 47% of total accounts receivable. For the year ended December 31, 2015, no individual customer accounts receivable balance was a significant percentage of total accounts receivable.

Concentrations of credit risk

Financial instruments that potentially subject Aptevo to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. Aptevo places its cash and cash equivalents with high quality financial institutions and may maintain cash balances in excess of insured limits. Management believes that the financial risks associated with its cash and cash equivalents are minimal.

Inventories

Inventories, including purchased inventories, are stated at the lower of cost or market with cost being determined using a standard cost method, which approximates weighted-average cost. Average cost consists primarily of material, labor and manufacturing overhead expenses (including allocation of fixed production-overhead costs) and includes the services and products of third-party suppliers. Aptevo analyzes its inventory levels quarterly and writes down, in the applicable period, inventory that has become obsolete, inventory that has

a cost basis in excess of its expected net realizable value and inventory in excess of expected customer demand. Aptevo also writes off, in the applicable period, the costs related to expired inventory.

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building improvements	10-39 years
Furniture and equipment	3-15 years
Software	3-7 years or product life
Leasehold improvements	Lesser of the asset life or the remaining lease term

Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations. Repairs and maintenance costs are expensed as incurred.

Income taxes

Income taxes are accounted for using the liability method. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss and research and development tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled.

Aptevo's ability to realize deferred tax assets depends upon future taxable income as well as the limitations discussed below. For financial reporting purposes, a deferred tax asset must be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized prior to expiration. Aptevo considers future taxable income and ongoing tax planning strategies in assessing the need for valuation allowances. In general, if Aptevo determines that it is more likely than not to realize more than the recorded amounts of net deferred tax assets in the future, Aptevo will reverse all or a portion of the valuation allowance established against its deferred tax assets, resulting in a decrease to the provision for income taxes in the period in which the determination is made. Likewise, if Aptevo determines that it is not more likely than not to realize all or part of the net deferred tax asset in the future, Aptevo will establish a valuation allowance against deferred tax assets, with an offsetting increase to the provision for income taxes, in the period in which the determination is made.

Because tax laws are complex and subject to different interpretations, significant judgment is required. As a result, Aptevo makes certain estimates and assumptions, in (1) calculating Aptevo's income tax expense, deferred tax assets and deferred tax liabilities, (2) determining any valuation allowance recorded against deferred tax assets and (3) evaluating the amount of unrecognized tax benefits, as well as the interest and penalties related to such uncertain tax positions. Aptevo's estimates and assumptions may differ significantly from tax benefits ultimately realized.

In November 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2015-17, Balance Sheet Classification of Deferred Taxes ("ASU No. 2015-17"). The amendments in ASU No. 2015-17 change the presentation requirements for deferred tax assets and liabilities, along with any related valuation allowance, to classify the balances solely as noncurrent on the balance sheet. As a result, each jurisdiction will now only have one net noncurrent deferred tax asset or liability. The amendments in ASU No. 2015-17 are effective for years beginning after December 15, 2017, and early adoption is permitted. Aptevo has elected to adopt the accounting standard for the years ended December 31, 2015 and 2014. Prior periods in Aptevo's combined financial statements were not retrospectively adjusted.

Revenue recognition

Aptevo recognizes revenues if four basic criteria have been met (1) there is persuasive evidence of an arrangement, (2) delivery has occurred or services have been rendered, (3) the fee is fixed or determinable and (4) collectability is reasonably assured.

Aptevo markets and sells its products through commercial wholesalers (direct customers) who purchase the products at a price referred to as the wholesale acquisition cost ("WAC"). Additionally, Aptevo may enter into separate agreements with indirect customers to acquire its products for a contracted price that is less than the product's WAC. The indirect customers, such as group-purchasing organizations, physician practice-management groups and hospitals, continue to purchase Aptevo's products from the wholesalers, but at their respective contractual prices. Per its wholesaler agreements, Aptevo guarantees to credit the wholesaler for the difference between the WAC and the indirect customers' contracted price. This credit is referred to as a chargeback and revenues from product sales are recorded net of estimated chargebacks. Adjustments to the chargeback provisions are made periodically to reflect new facts and circumstances that may indicate that historical experience may not be indicative of current and/or future results.

All revenues from product sales are also recorded net of applicable allowances for sales and government rebates, special promotional programs, and discounts. These allowances are estimated based on historical payment experience, historical relationship to revenues, estimated customer inventory levels, contract terms, and actual discounts offered. In arriving at these estimates, Aptevo further utilizes information received from third parties including market data, inventory reports from major wholesalers, historical information and analysis. These estimates are subject to the inherent limitations of estimates that rely on third-party data, as certain third-party information may itself rely on estimates and reflect other limitations.

Aptevo defers the recognition of revenue from the sales of new product introductions until the commercial wholesalers resell the product to the healthcare providers. This is due to the inherent uncertainties in estimating normal wholesaler inventory levels of new products in addition to extended payment terms and expanded return rights that allow the wholesalers to return the product. Once Aptevo gains enough historical experience to reasonably estimate allowances for chargebacks, rebates and other discounts, revenue from sales and the related allowances are recognized upon sale to the wholesaler. As of December 31, 2015, Aptevo had $3.3 million of deferred revenue for sales related to the IXINITY product introduction during 2015.

Revenue generating collaborative research and development agreements may contain one or more provisions including licensing, research services and milestone deliverables. Aptevo analyzes its multiple element revenue generating arrangements to determine whether the elements can be separated and accounted for individually as separate units of accounting. An item can generally be considered a separate unit of accounting if both of the following criteria are met: (1) the delivered item(s) has value to the customer on a standalone basis and (2) if the arrangement includes a general right of return and delivery, the performance of the undelivered item(s) is considered probable and substantially in the control of Aptevo. Items that cannot be divided into separate units are consolidated with other units of accounting, as appropriate. Consideration to be received is allocated among the separate units based on each unit's relative selling price and is then recognized when the appropriate revenue recognition criteria are met. Aptevo deems services to be rendered if no continuing obligation exists on the part of Aptevo.

Revenue associated with non-refundable upfront license fees that can be treated as a single unit of accounting is recognized when all ongoing obligations have been delivered. Revenue associated with non-refundable upfront license fees under arrangements where the license fees and research and development activities cannot be accounted for as separate units of accounting is deferred and recognized as revenue either on a straight-line basis over Aptevo's continued involvement in the research and development process or based on the proportional performance of Aptevo's expected future obligations under the contract.

Revenues from the achievement of research and development milestones, if deemed substantive, are recognized as revenue when the milestones are achieved and the milestone payments are due and collectible. Milestones are considered substantive if all of the following conditions are met: (1) the milestone is non-refundable, (2) achievement of the milestone was not reasonably assured at the inception of the arrangement, (3) substantive effort is involved to achieve the milestone and (4) the amount of the milestone payment appears reasonable in relation to the effort expended. If not deemed substantive, Aptevo recognizes such milestone as revenue on a straight-line basis over the remaining expected term of continued involvement in the research and development process. Payments received in advance of revenue recognized are recorded as deferred revenue.

In May 2014, the FASB issued ASU No. 2014-09, Revenue From Contracts With Customers (Topic 606) Section A—Summary and Amendments That Create Revenue from Contracts with Customers (Topic 606) and Other Assets and Deferred Costs—Contracts with Customers (Subtopic 340-40) ("ASU No. 2014-09"). ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, as well as most industry-specific guidance, and enhances comparability of revenue recognition practices across entities and industries by providing a principles-based, comprehensive framework for addressing revenue recognition issues. In order for a provider of promised goods or services to recognize as revenue the consideration that it expects to receive in exchange for the promised goods or services, the provider should apply the following five steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASU No. 2014-09 also specifies the accounting for some costs to obtain or fulfill a contract with a customer and provides enhanced disclosure requirements. The FASB has deferred ASU No. 2014-09 for one year, and with that deferral, the standard will be effective for annual reporting periods beginning after December 15, 2017, including interim periods within that reporting period. Aptevo is permitted to use either the retrospective or the modified retrospective method when adopting ASU No. 2014-09. Aptevo is assessing the potential impact that ASU No. 2014-09 will have on its combined financial statements and disclosures.

Mergers and Acquisitions

In a business combination, the acquisition method of accounting requires that the assets acquired and liabilities assumed be recorded as of the date of the merger or acquisition at their respective fair values with limited exceptions. Assets acquired and liabilities assumed in a business combination that arise from contingencies are recognized at fair value if fair value can reasonably be estimated. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accordingly, Aptevo may be required to value assets at fair value measures that do not reflect Aptevo's intended use of those assets. Any excess of the purchase price (consideration transferred) over the estimated fair values of net assets acquired is recorded as goodwill. Transaction costs and costs to restructure the acquired company are expensed as incurred. The operating results of the acquired business are reflected in Aptevo's combined financial statements after the date of the merger or acquisition

The fair values of intangible assets are determined utilizing information available near the merger or acquisition date based on expectations and assumptions that are deemed reasonable by management. Given the considerable judgment involved in determining fair values, Aptevo typically obtains assistance from third-party valuation specialists for significant items. The judgments made in determining estimated fair values assigned to assets acquired and liabilities assumed in a business combination, as well as asset lives, can materially affect Aptevo's results of operations.

The fair values of identifiable intangible assets related to currently marketed products and product rights are primarily determined by using an "income approach" through which fair value is estimated based on each asset's discounted projected net cash flows. Aptevo's estimates of net cash flows consider historical and projected pricing, margins and expense levels, the performance of competing products where applicable, relevant industry

and therapeutic area growth drivers and factors, current and expected trends in technology and product life cycles, the time and investment that will be required to develop products and technologies, the ability to obtain marketing and regulatory approvals, the ability to manufacture and commercialize the products, the extent and timing of potential new product introductions by Aptevo's competitors, and the life of each asset's underlying patent, if any. The net cash flows are then probability-adjusted where appropriate to consider the uncertainties associated with the underlying assumptions, as well as the risk profile of the net cash flows utilized in the valuation. The probability-adjusted future net cash flows of each product are then discounted to present value utilizing an appropriate discount rate.

The fair values of identifiable intangible assets related to in-process research and development ("IPR&D") are determined using an income approach, through which fair value is estimated based on each asset's probability-adjusted future net cash flows, which reflect the different stages of development of each product and the associated probability of successful completion. The net cash flows are then discounted to present value using an appropriate discount rate. Amounts allocated to acquired IPR&D are capitalized and accounted for as indefinite-lived intangible assets. Upon successful completion of each project, Aptevo will make a separate determination as to the then useful life of the asset and begin amortization.

In process research and development and long-lived assets

Aptevo assesses IPR&D assets for impairment on an annual basis or more frequently if indicators of impairment are present. Aptevo's annual assessment includes a comparison of the fair value of IPR&D assets to existing carrying value, and recognizes an impairment when the carrying value is greater than the determined fair value. Aptevo believes that the assumptions used in valuing the intangible and IPR&D assets are reasonable and are based upon its best estimate of likely outcomes of sales and clinical development. The underlying assumptions and estimates used to value these assets are subject to change in the future, and actual results may differ significantly from the assumptions and estimates. Aptevo has selected October 1 as its annual impairment test date for indefinite-lived intangible assets.

Aptevo assesses the recoverability of its long-lived assets or asset groups for which an indicator of impairment exists by determining whether the carrying value of such assets can be recovered through undiscounted future operating cash flows. If Aptevo concludes that the carrying value will not be recovered, Aptevo measures the amount of such impairment by comparing the fair value to the carrying value of the assets or asset groups.

Goodwill

Aptevo assesses the carrying value of goodwill for impairment on an annual basis or whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. Aptevo utilizes either: (1) a two-step impairment test, which is a quantitative analysis, or (2) a step zero test, which is a qualitative analysis.

If Aptevo is required to do a two-step test, it would compare the fair value of its reporting unit to the carrying value of the reporting unit, the first step. If the carrying value of the reporting unit exceeds its fair value, then the second step of the impairment test is performed in order to determine the implied fair value of the reporting unit's goodwill. If the carrying value of the reporting unit's goodwill exceeds its implied fair value, an impairment loss equal to the difference is recognized. Aptevo calculates the fair value of the reporting unit utilizing the income approach. The income approach utilizes a discounted cash flow model, using a discount rate based on Aptevo's estimated weighted average cost of capital.

If Aptevo is not required to do a quantitative analysis, it will evaluate goodwill using the qualitative assessment method, which permits companies to qualitatively assess whether it is more-likely-than-not that the fair value of a reporting unit is less than its carrying amount. Aptevo considers developments in its operations, the industry in which it operates and overall macroeconomic factors that could have affected the fair value of the reporting unit since the date of the most recent quantitative analysis of the reporting unit's fair value.

The determination of the fair value of a reporting unit is judgmental in nature and involves the use of significant estimates and assumptions. The estimates and assumptions used in calculating fair value include identifying future cash flows, which requires that Aptevo makes a number of critical legal, economic, market and business assumptions that reflect best estimates as of the testing date. Aptevo's assumptions and estimates may differ significantly from actual results, or circumstances could change that would cause Aptevo to conclude that an impairment now exists or that it previously understated the extent of impairment. Aptevo selected October 1 as its annual impairment test date for goodwill.

Contingent Consideration

Aptevo records contingent consideration associated with sales based royalties at fair value. The fair value model used to calculate this obligation is based on the income approach (a discounted cash flow model) that has been risk adjusted based on the probability of achievement of net sales and achievement of the milestones. The inputs Aptevo use for determining the fair value of the contingent consideration associated with sales based royalties are Level 3 fair value measurements. Aptevo re-evaluates the fair value on a quarterly basis. Changes in the fair value can result from adjustments to the discount rates and updates in the assumed timing of or achievement of net sales. Any future increase in the fair value of the contingent consideration associated with sales based royalties are based on an increased likelihood that the underlying net sales will be achieved.

The associated payment or payments which will therefore become due and payable for sales based royalties will result in a charge to cost of product sales in the period in which the increase is determined. Similarly, any future decrease in the fair value of contingent consideration associated with sales based royalties will result in a reduction in cost of product sales.

Research and development

Research and development costs are expensed as incurred. Research and development costs primarily consist of internal labor costs, fees paid to outside service providers and the costs of materials used in clinical trials and research and development. Other research and development expenses include facility, maintenance and related support expenses.

A substantial portion of the Aptevo's pre-clinical studies and all of its clinical studies have been performed by third-party contract research organizations ("CRO"). The Company reviews the activities performed by the CRO's each period. For pre-clinical studies, the significant factors used in estimating accruals include the percentage of work completed to date and contract milestones achieved. For clinical study expenses, the significant factors used in estimating accruals include the number of patients enrolled and percentage of work completed to date. The Company's estimates are highly dependent upon the timeliness and accuracy of the data provided by its CRO's regarding the status of each program and total program spending and adjustments are made when deemed necessary.

Segment reporting

The Company has determined that it operates in a single segment: the discovery, development, commercialization and sale of novel oncology and hematology therapeutics.

3. Acquisitions

Cangene Corporation

On February 21, 2014, Emergent acquired 100% of the ownership interest of Cangene Corporation ("Cangene") for a total cash purchase price of $221.5 million. This transaction was accounted for by Emergent under the acquisition method of accounting and the assets and liabilities of Cangene were recorded as of the acquisition date at their respective fair values. These combined financial statements only reflect those assets acquired and liabilities assumed associated with Aptevo's biosciences business, representing $48.6 million of the total $221.5 million purchase price.

The table below summarizes the allocation of the Aptevo portion of the purchase price based upon estimated fair values of the Aptevo assets acquired and liabilities assumed:

(in thousands)	February 21, 2014
Fair value of tangible assets acquired and liabilities assumed:	
Acquired assets	$ 32,290
Assumed liabilities(i)	(12,910)
Total fair value of tangible assets acquired and liabilities assumed	19,380
Acquired in-process research and development	8,300
Acquired intangible assets	12,509
Goodwill	8,399
Total purchase price	$ 48,588

(i) Assumed liabilities includes contingent purchase consideration of $1.5 million associated with the acquisition of HepaGam B by Cangene.

The table below summarizes the fair value of intangible assets acquired and the estimated amortization periods:

(in thousands)	Amount	Amortization Period in Years
Corporate tradename	$ 1,309	5
Marketed products	8,100	10
Licensed products	3,100	7
Total intangible assets	$12,509	

The marketed products intangible asset consists of WinRho® SDF [Rho(D) Immune Globulin Intravenous (Human)] and VARIZIG® (Varicella Zoster Immune Globulin (Human)]. The licensed products intangible asset primarily consists of HepaGam B® (Hepatitis B Immune Globulin Intravenous (Human). In addition, as of the date of acquisition, the intangible asset associated with IPR&D acquired from Cangene was the IXINITY product candidate.

4. Fair value measurements

The fair value hierarchy under the accounting standards for fair value measurements consists of the following three levels:

Level 1—Observable inputs for identical assets or liabilities such as quoted prices in active markets;

Level 2—Inputs other than quoted prices in active markets that are either directly or indirectly observable; and

Level 3—Unobservable inputs in which little or no market data exists, which are therefore developed by Company's management using estimates and assumptions that reflect those that a market participant would use.

The Company does not have any fair value measurements done on a recurring basis other than the contingent consideration acquired in the Cangene acquisition. The fair value of contingent consideration obligation associated with HepaGam B changes as a result of management's assessment of discount rates and updates to the projected and actual sales achievement of HepaGam B, which are inputs that have no observable market (Level 3). For the years ended December 31, 2015 and 2014, the contingent purchase consideration obligation increased by $0.2 million and $0.3 million, respectively. These adjustments are primarily due to the differences between the actual and expected timing and volume of HepaGam B sales. The incremental impact is recorded in the accompanying combined statement of operations as cost of product sales.

The following table is a reconciliation of the beginning and ending balance of the liabilities (contingent consideration) measured at fair value using significant unobservable inputs (Level 3) during the years ended December 31, 2015 and 2014.

(in thousands)	
Balance at December 31, 2013	$ —
Expense (income) included in earnings	304
Settlements	(704)
Purchases, sales and issuances	1,519
Transfers in/(out) of Level 3	—
Balance at December 31, 2014	$1,119
Expense (income) included in earnings	214
Settlements	(889)
Purchases, sales and issuances	—
Transfers in/(out) of Level 3	—
Balance at December 31, 2015	$ 444

5. MorphoSys collaboration agreement

In August 2014, Aptevo entered into a collaboration agreement ("MorphoSys Agreement") with MorphoSys AG ("MorphoSys") for the joint worldwide development and commercialization of MOR209/ES414, a targeted immunotherapeutic protein, which activates host T-cell immunity specifically against cancer cells expressing prostate specific membrane antigen, an antigen commonly overexpressed on prostate cancer cells. MOR209/ES414 was constructed using Aptevo's proprietary ADAPTIR platform technology.

In accordance with the initial terms of the MorphoSys Agreement, Aptevo received a nonrefundable $20.0 million upfront payment and could have received up to $163.0 million in additional contingent payments, comprised of up to $80.0 million and up to $83.0 million, respectively, due upon the achievement of specified development and regulatory milestones. MorphoSys and Aptevo jointly agreed to fund further development of MOR209/ES414, with Aptevo responsible for 36% of the total development costs and MorphoSys responsible for the remainder, with Aptevo's funding requirement capped at $186.0 million. Aptevo's development effort includes the performance of non-clinical, clinical, manufacturing and regulatory activities. Aptevo retains commercialization rights in the U.S. and Canada, with a tiered royalty obligation to MorphoSys, ranging from mid-single digit up to 20% of sales. MorphoSys has worldwide commercialization rights excluding the U.S. and Canada, with a low single digit royalty obligation to Aptevo.

In December 2015, after a joint review of data from the ongoing Phase 1 dose escalation study of MOR209/ES414 in prostate cancer patients, Aptevo and MorphoSys decided to adjust the dosing regimen and administration of MOR209/ES414. Aptevo plans to continue the current clinical trial under an amended protocol with recruitment to start around mid-2016. As a result of the revised dosing regimen and administration and the resultant impact to overall development timeline and technical risk, the MorphoSys Agreement was restructured. In December 2015, Aptevo and MorphoSys amended the collaboration agreement to (1) decrease the additional contingent payments due Aptevo upon the achievement of specified development and regulatory milestones of up to $32.5 million and up to $41.5 million, respectively, (2) change the total funding requirement cap for Aptevo to up to approximately $250.0 million and (3) change the jointly funded development cost allocation to the following:

- 2016: Aptevo is responsible for 75%; MorphoSys responsible for 25%
- 2017-2018: Aptevo is responsible for 49%; MorphoSys responsible for 51%
- 2019 and beyond: Aptevo is responsible for 36%; MorphoSys responsible for 64%

In addition, the termination provisions under the MorphoSys collaboration agreement were amended to give MorphoSys a one-time right to terminate the collaboration agreement, without notice, at either the end of 2016 or after review of clinical data from the first six patients enrolled and dosed in the Phase 1 trial.

Aptevo evaluated the MorphoSys Agreement and determined that it was a revenue arrangement with multiple deliverables or performance obligations. Aptevo determined there were two units of accounting under the MorphoSys Agreement: (1) the delivered license to further develop and commercialize MOR209/ES414 and (2) undelivered items related to development services. Aptevo determined that the license had standalone value as the drug candidate has been (1) developed and is currently Phase 1 clinical trial ready, (2) MorphoSys possesses the knowledge, technology, skills, experience and infrastructure necessary to complete all further development of the drug through commercialization, and (3) MorphoSys has the right to further sublicense the product. Aptevo allocated the $20.0 million upfront payment to the two units of accounting using the relative selling price method. Aptevo determined the estimated selling price for the license using the income approach and an appropriate discount rate. The estimated selling price includes unobservable inputs (Level 3), such as estimates of revenues and operating margins; the time and resources needed to complete the development and approval of the product candidate; and the risk related to the viability of and potential for alternative treatments. Aptevo determined the estimated selling price of the development services unit of accounting based on the estimated number of full-time equivalent personnel at the contractual rate as defined in the MorphoSys Agreement, whose rates and terms approximate those of other Emergent or Aptevo service related contracts and those observed generally through other collaboration negotiations. The allocation resulted in $15.3 million of the $20.0 million upfront payment being allocated to the license and $4.7 million being allocated to the development services. Aptevo determined the license fee unit of accounting was delivered and completed on the date the MorphoSys Agreement was executed and thus recognized $15.3 million of license revenue in August 2014. Revenue related to the development services is recognized as the services are performed with $0.7 million and $0.2 million, respectively, recognized in the years ended December 31, 2015 and 2014. The current estimated service period for the undelivered development services under the MorphoSys Agreement is through 2023.

Further, Aptevo determined that contingent payments for the achievement of the development and regulatory milestones are substantive milestones and will be accounted for as revenue in the period in which the milestones are achieved. Aptevo received a $5.0 million milestone payment from MorphoSys reflecting the initiation of a Phase I clinical study to evaluate the safety, tolerability, and clinical activity of MOR209/ES414 in patients with metastatic castration-resistant prostate cancer. Aptevo recognized this substantive milestone achievement payment as research and development revenue during the year ended December 31, 2015.

The MorphoSys Agreement provides for the sharing of development and clinical costs related to MOR209/ES414. In the event Aptevo’s share of the total cost incurred for a given quarter exceeds its pro rata limit, Aptevo records a receivable from MorphoSys for the excess and reduces research and development

expense by this amount. Accordingly, for the years ended December 31, 2015 and 2014, Aptevo has recorded a reduction to research and development expense of $4.3 million and $1.5 million, respectively.

As of December 31, 2015 and 2014, the MorphoSys Agreement related accounts receivable balance was $0.5 million and $1.0 million, respectively, and the related total deferred revenue balance was $3.9 million and $4.5 million, respectively.

6. Accounts receivable

For the year ended December 31, 2015, Aptevo recorded an allowance for uncollectible accounts of approximately $3.5 million in Aptevo's combined statement of operations as selling, general and administrative expense. As of December 31, 2014, no allowance for doubtful accounts was recorded as the collection history from Aptevo's customers indicated that collection was probable.

7. Inventories

Inventories consist of the following:

(in thousands)	December 31, 2015	2014
Raw materials and supplies	$ 6,520	$ 8,252
Work-in-process	4,730	2,986
Finished goods	9,072	6,387
Total inventories	$20,322	$17,625

CMC ICOS Biologics, Inc., ("CMC"), is the exclusive manufacturer of bulk drug substance for the IXINITY product. During 2015, Aptevo ordered nine manufacturing lots of bulk drug substance from CMC. CMC has successfully manufactured and released only one of the nine lots of bulk drug substance ordered by Aptevo, and has not successfully manufactured or released any lots of bulk drug substance in 2016. If current efforts by CMC to manufacture and release bulk drug substance are not successful, the resulting lack of supply of bulk drug substance could lead to a projected supply shortage of IXINITY requiring notification to the FDA. The inability to supply IXINITY would negatively affect sales, market position and viability and as a result, the realizability of IXINITY related inventory. As of December 31, 2015, Aptevo had IXINITY related inventory of approximately $2 million that may be subject to impairment if Aptevo is no longer able to sell the IXINITY product.

8. Property, plant and equipment

Property, plant and equipment consist of the following:

(in thousands)	December 31, 2015	2014
Buildings, building improvements and leasehold improvements	$ 2,152	$ 2,100
Furniture and equipment	6,826	6,246
Software	101	88
Construction-in-progress	957	94
Property, plant and equipment, gross	10,036	8,528
Less: Accumulated depreciation and amortization	(5,857)	(5,326)
Total property, plant and equipment, net	$ 4,179	$ 3,202

Depreciation and amortization expense was $0.8 million, $0.7 million and $0.7 million for the years ended December 31, 2015, 2014 and 2013, respectively.

9. Intangible assets, in-process research and development and goodwill

As of December 31, 2015, Aptevo had $41.8 million of IPR&D assets related to Aptevo's otlertuzumab product candidate. As of December 31, 2014, Aptevo had $50.1 million of IPR&D comprised of $41.8 million for the otlertuzumab product candidate and $8.3 million related to the IXINITY product candidate. On April 29, 2015, the Food and Drug Administration approved IXINITY for the treatment of Hemophilia B. As a result of the approval, the $8.3 million IXINITY IPR&D asset was reclassified to intangible assets in Aptevo's combined balance sheets and is being amortized over 10 years from the approval date.

Aptevo completed its annual impairment assessments for its IPR&D assets and goodwill as of October 1, 2015 and 2014, respectively, and determined that the fair value of the IPR&D assets and its reporting unit was in excess of carrying value.

For the years ended December 31, 2015 and 2014, Aptevo recorded $2.1 million and $1.3 million, respectively, of intangible asset amortization expense. As of December 31, 2015, the weighted average amortization period remaining for intangible assets was 97 months.

Intangible assets consisted of the following:

(in thousands)	Corporate Trade name	Commercial Products	Total
Cost Basis			
Balance at December 31, 2013	$ —	$ —	$ —
Additions	1,309	11,200	12,509
Balance at December 31, 2014	1,309	11,200	12,509
Additions	—	8,300	8,300
Balance at December 31, 2015	$ 1,309	$ 19,500	$20,809
Accumulated Amortization			
Balance at December 31, 2013	$ —	$ —	$ —
Amortization	(224)	(1,069)	(1,293)
Balance at December 31, 2014	(224)	(1,069)	(1,293)
Amortization	(262)	(1,813)	(2,075)
Balance at December 31, 2015	$ (486)	$ (2,882)	$ (3,368)
Net book value at December 31, 2015	$ 823	$ 16,618	$17,441

Future amortization expense as of December 31, 2015 is as follows:

(in thousands)	
2016	$ 2,345
2017	2,345
2018	2,345
2019	2,121
2020	2,083
2021 and beyond	6,202
Total remaining amortization	$17,441

10. Income taxes

During the periods presented, Aptevo did not file separate tax returns as it was included in the tax returns of Emergent entities within the respective tax jurisdictions. The income tax provision included in these financial statements was calculated using a separate return basis, as if Aptevo was a separate taxpayer. Under this approach, Aptevo determines its current taxes, deferred tax assets and liabilities and related tax expense as if it were filing separate tax returns in each tax jurisdiction.

Significant components of the provisions for income taxes attributable to operations consist of the following:

	Year ended December 31,		
(in thousands)	2015	2014	2013
Current			
International	$ (660)	$(716)	$—
Total current	(660)	(716)	—
Deferred			
International	(1,360)	117	—
Total deferred	(1,360)	117	—
Total benefit from income taxes	$(2,020)	$(599)	$—

Aptevo's net deferred tax asset (liability) consists of the following:

	December 31,	
(in thousands)	2015	2014
Federal losses carryforward	$ 90,121	$ 75,276
Research and development carryforward	13,026	11,938
Scientific research and experimental development credit carryforward	3,460	4,939
Intangible assets	4,835	5,043
Stock compensation	1,167	765
Foreign deferrals	17,755	11,844
Inventory reserves	1,716	1,916
Fixed assets	1,357	1,727
Other	3,910	4,143
Deferred tax asset	137,347	117,591
Other	(3,364)	(4,105)
Deferred tax liability	(3,364)	(4,105)
Valuation allowance	(134,489)	(115,353)
Net deferred tax liabilities	$ (506)	$ (1,867)

Deferred assets and liabilities are a result of the separate return calculation presentation and may not represent deferred assets and liability balances after the distribution. Certain deferred items may not exist due to utilization by the Emergent group prior to the distribution, together with certain related transactions, or may hold no future value subsequent to the distribution due to Aptevo's future jurisdictional income projections. Federal net operating losses, research and development credit carryforwards, and stock compensation are examples of deferred items that have been previously utilized or will have no future value to Aptevo as the distribution, together with certain related transactions, does not result in the transfer of loss carryforwards or tax credit carryforwards to Aptevo. Aptevo has determined a valuation allowance is required for financial reporting purposes due to accumulative historic losses on a separate tax return basis as well as the expiration of certain attributes.

As of December 31, 2015 and 2014, Aptevo has recorded net operating losses of approximately $90.1 million and $75.3 million, respectively, and research and development credits of $13 million and $11.9 million, respectively. In addition, Aptevo has recorded Canadian loss carryforwards of approximately $17.8 million and $11.8 million, respectively, and Canadian scientific research and experimental development credits in the amount of $3.5 million and $4.9 million, respectively. On a separate return basis, these losses and credits would begin to expire in 2023.

The benefit from income taxes differs from the amount of taxes determined by applying the U.S. federal statutory rate to loss before benefit from income taxes as a result of the following:

	Year ended December 31,		
(in thousands)	2015	2014	2013
US	$(41,648)	$(34,143)	$(53,337)
International	(19,689)	(17,571)	—
Loss before benefit from income taxes	$(61,337)	$(51,714)	$(53,337)
Federal tax at statutory rates	$(21,467)	$(18,131)	$(18,670)
State taxes, net of federal benefit	419	(34)	—
Impact of foreign operations	1,828	1,962	—
Change in valuation allowance	20,563	19,756	21,790
Tax credits	(3,898)	(5,067)	(4,689)
Permanent differences	535	915	1,569
Benefit from income taxes	$ (2,020)	$ (599)	$ —

11. Equity awards program

Emergent maintains various stock programs for the benefit of its officers, directors, and certain employees, including certain Aptevo employees. As Aptevo receives services in consideration for the participation in these plans, a share-based compensation expense for the awards has been reflected in the accompanying combined statements of operations. The following disclosures represent the Aptevo allocation of Emergent's programs. The terms and conditions of the stock programs are administered by the Emergent board of directors and the underlying equity instruments are shares of Emergent's common stock. Accordingly, the amounts presented are not necessarily indicative of future performance and do not necessarily reflect the results that Aptevo would have experienced as an independent, publicly-traded company for the periods presented.

Emergent has two stock-based employee compensation plans, the Third Amended and Restated Emergent BioSolutions Inc. 2006 Stock Incentive Plan (the "2006 Plan") and the Emergent BioSolutions Employee Stock Option Plan (the "2004 Plan" and together with the 2006 Plan, the "Emergent Plans"). Emergent has granted option awards under the Emergent Plans as well as granted restricted stock units under the 2006 Plan. The Emergent Plans have both incentive and non-qualified stock option features. Emergent no longer grants equity awards under the 2004 Plan. The exercise price of each option must be not less than 100% of the fair market value of the underlying shares on the date of grant. Awards granted generally have a contractual life of no more

than 10 years. The terms and conditions of equity awards (such as price, vesting schedule, term and number of shares) under the Emergent Plans are determined by the compensation committee of Emergent's board of directors, which administers the Emergent Plans.

Emergent determines the fair value of restricted stock units using the closing market price of Emergent's common stock on the day prior to the date of grant. Emergent utilizes the Black-Scholes valuation model for estimating the fair value of all stock options granted. Set forth below are the assumptions used in valuing the stock options granted and a discussion of Emergent's methodology for developing each of the assumptions used:

	Year Ended December 31,		
	2015	2014	2013
Expected dividend yield	0%	0%	0%
Expected volatility	34%	35%	39-49%
Risk-free interest rate	1.35%	1.14-1.30%	0.32-0.62%
Expected average life of options	4 years	4 years	4 years

- Expected dividend yield—Emergent does not pay regular dividends on its common stock and does not anticipate paying any dividends in the foreseeable future.
- Expected volatility—a measure of the amount by which a financial variable, such as share price, has fluctuated (historical volatility) or is expected to fluctuate during a period. Emergent analyzed its own historical volatility to estimate expected volatility over the same period as the expected average life of the options.
- Risk-free interest rate—the range of U.S. Treasury rates with a term that most closely resembles the expected life of the option as of the date on which the option is granted.
- Expected average life of options — the period of time that options granted are expected to remain outstanding, based primarily on Emergent's expectation of optionee exercise behavior subsequent to vesting of options.

The following is a summary of option award activity, specific to Aptevo employees, under the 2006 Plan:

	2006 Plan		
	Number of Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Outstanding at December 31, 2014	212,369	$ 21.08	$ 1,354,845
Granted	50,320	29.00	
Exercised	(92,451)	19.30	
Forfeited	(9,688)	25.54	
Outstanding at December 31, 2015	160,550	$ 24.38	$ 2,509,435
Exercisable at December 31, 2015	47,391	$ 19.12	$ 923,206

The following is a summary of restricted stock unit award activity, specific to Aptevo employees, under the 2006 Plan:

	Number of Shares	Weighted-Average Grant Price	Aggregate Intrinsic Value
Outstanding at December 31, 2014	66,553	$ 22.17	$ 1,812,238
Granted	28,840	29.56	
Vested	(30,304)	20.22	
Forfeited	(4,843)	25.54	
Outstanding at December 31, 2015	60,246	$ 26.43	$ 2,410,442

Stock-based compensation expense, specific to Aptevo employees, was recorded in the following financial statement line items:

	Years ended December 31,		
(in thousands)	2015	2014	2013
Research and development	$ 813	$ 852	$848
General and administrative	294	222	107
Total stock-based compensation expense	$1,107	$1,074	$955

12. 401(k) savings plan

Emergent has established a defined contribution savings plan under Section 401(k) of the Internal Revenue Code. The 401(k) Plan covers substantially all U.S. employees, including certain Aptevo employees. Under the 401(k) Plan, employees may make elective salary deferrals. Emergent currently provides for matching of qualified deferrals up to 50% of the first 6% of the employee's salary. During the years ended December 31, 2015, 2014, and 2013, the Aptevo related share of matching contributions was approximately $0.3 million, $0.3 million and $0.2 million, respectively.

13. Leases and contingencies

Aptevo leases laboratory and office facilities, office equipment and vehicles under various operating lease agreements. For the years ended December 31, 2015, 2014 and 2013, total lease expense was $1.8 million, $1.8 million and $1.7 million, respectively.

Future minimum lease payments under operating lease obligations, including any escalation clauses, as of December 31, 2015 were as follows:

(in thousands)	
2016	$1,672
2017	1,618
2018	1,585
2019	1,611
2020	543
Total minimum lease payments	$7,029

Aptevo has accrued liabilities when it is probable that a loss will be incurred and the amount of loss can be reasonably estimated.