

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

**SCHEDULE TO**  
**(Rule 13e-4)**

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

**NewLink Genetics Corporation**

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

**Options to Purchase Common Stock, Par Value \$0.01 Per Share**  
(Title of Class of Securities)

**651511107**

(CUSIP Number of Class of Securities)

**Charles J. Link, Jr.**  
**Chief Executive Officer**  
**NewLink Genetics Corporation**  
**2503 South Loop Drive**  
**Ames, Iowa 50010**  
**(515) 296-5555**

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

*Copies to:*

**James C.T. Linfield**  
**Cooley LLP**  
**380 Interlocken Crescent**  
**Broomfield, CO 80021**  
**(720) 566-4000**

**CALCULATION OF FILING FEE**

<b>Transaction Valuation*</b>	<b>Amount of Filing Fee**</b>
\$2,459,009	\$298.03

\* Estimated solely for purposes of calculating the amount of the filing fee. The calculation of the Transaction Valuation assumes that all stock options to purchase shares of the issuer's common stock that may be eligible for repricing in the offer will be tendered pursuant to this offer. This calculation assumes stock options to purchase an aggregate of 5,854,575 shares of the issuer's common stock, having an aggregate value of \$2,459,009 as of June 17, 2019, calculated based on a Black-Scholes option pricing model, will be exchanged or cancelled pursuant to this offer.

\*\*The amount of the filing fee, calculated in accordance with Rule 0-11(b) of the Securities Exchange Act of 1934, as amended, equals \$121.20 per \$1,000,000 of the aggregate amount of the Transaction Valuation (or 0.01212% of the aggregate Transaction Valuation). The Transaction Valuation set forth above was calculated for the sole purpose of determining the filing fee and should not be used for any other purpose.

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

Amount Previously Paid:	Not applicable	Filing Party:	Not applicable
Form or Registration No.:	Not applicable	Date Filed:	Not applicable

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

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

third party tender offer subject to Rule 14d-1.

Issuer tender offer subject to Rule 13e-4.

- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

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

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

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

## Item 1. Summary Term Sheet.

The information set forth under “*Summary Term Sheet-Overview*” and “*Summary Term Sheet-Questions and Answers*” in the Offer to Exchange Eligible Options for New Options dated June 20, 2019 (the “**Exchange Offer**”), attached hereto as Exhibit (a)(1)(A), is incorporated herein by reference.

## Item 2. Subject Company Information.

### (a) Name and Address.

NewLink Genetics Corporation, a Delaware corporation (the “**Company**”), is the issuer of the securities subject to the Exchange Offer. The Company’s principal executive offices are located at 2503 South Loop Drive, Ames, Iowa 50010, and the telephone number of its principal executive offices is (515) 296-5555.

### (b) Securities.

This Tender Offer Statement on Schedule TO relates to an offer by the Company to certain employee optionholders and non-employee director optionholders, subject to specified conditions, to exchange some or all of their outstanding options to purchase shares of common stock, par value \$0.01 per share (the “**Common Stock**”), for new options to purchase shares of the Company’s Common Stock.

An option will be eligible for exchange (an “**Eligible Option**”) if it was granted under the Company’s 2000 Equity Incentive Plan, 2009 Equity Incentive Plan, or 2010 Non-Employee Directors’ Stock Award Plan on or prior to December 31, 2018 and has an exercise price equal to or greater than \$2.97 per share. As of June 17, 2019, there were Eligible Options to purchase 5,854,575 shares of Common Stock outstanding.

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

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

### (c) Trading Market and Price.

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

## Item 3. Identity and Background of Filing Person.

### (a) Name and Address.

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

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

NewLink Genetics Corporation  
2503 South Loop Drive  
Ames, Iowa 50010

The directors and executive officers of the Company are set forth in the following table:

<b>Executive Officers</b>	<b>Title</b>
Charles J. Link, Jr., M.D.	Chairman of the Board and Chief Executive and Scientific Officer
Nicolas N. Vahanian, M.D.	President
Eugene P. Kennedy, M.D.	Chief Medical Officer

<b>Directors</b>	<b>Title</b>
Charles J. Link, Jr., M.D.	Chairman of the Board
Thomas A. Raffin, M.D.	Director
Ernest J. Talarico, III.	Director
Matthew L. Sherman, M.D.	Director
Lota S. Zoth	Director
Nicholas N. Vahanian, M.D.	Director
Chad A. Johnson	Director

#### **Item 4. Terms of the Transaction.**

(a) *Material Terms.*

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

(b) *Purchases.*

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

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

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

The information set forth in the Exchange Offer under Section 9 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”) is incorporated herein by reference. The documents incorporated herein by reference as Exhibit (d)(1) through Exhibit (d)(15) also contain information regarding the subject company.

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

(a) *Purposes.*

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

(b) *Use of Securities Acquired.*

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

(c) *Plans.*

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

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

(a) *Source of Funds.*

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

(b) *Conditions.*

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

(d) *Borrowed Funds.*

Not applicable.

**Item 8. Interest in Securities of the Subject Company.**

(a) *Securities Ownership.*

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

(b) *Securities Transactions.*

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

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

(a) *Solicitations or Recommendations.*

Not applicable.

**Item 10. Financial Statements.**

(a) *Financial Information.*

The information set forth in the Exchange Offer under Section 8 (“*Information Concerning Us; Financial Information*”), including Schedule A (“*Selected Financial Data*”) to the Exchange Offer; and Section 15 (“*Additional Information*”) of the Exchange Offer is incorporated herein by reference. The Company’s Annual Report on Form 10-K and Quarterly Reports on Form 10-Q can also be accessed electronically on the Securities and Exchange Commission’s website at <http://www.sec.gov>.

(b) *Pro Forma Information.*

Not applicable.

**Item 11. Additional Information.**

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

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

(2) The information set forth in the Exchange Offer under Section 11 (“*Legal Matters; Regulatory Approvals*”) is incorporated herein by reference.

(3) Not applicable.

(4) Not applicable.

(5) Not applicable.

(c) *Other Material Information.*

Not applicable.

**Item 12. Exhibits.**

<b>Exhibit Number</b>	<b>Description</b>
(a)(1)(A)	<a href="#">Offer to Exchange Eligible Options for New Options, dated June 20, 2019</a>
(a)(1)(B)	<a href="#">Form of Email Announcement</a>
(a)(1)(C)	<a href="#">Election Form</a>
(a)(1)(D)	<a href="#">Notice of Withdrawal of Election Form</a>
(a)(1)(E)	<a href="#">Form of Communication to Eligible Holders Participating in the Exchange Offer Confirming Receipt of Election Form</a>
(a)(1)(F)	<a href="#">Form of Communication to Eligible Holders Confirming Receipt of Notice of Withdrawal of Election Form</a>
(a)(1)(G)	<a href="#">Form of Reminder Email</a>
(a)(1)(H)	<a href="#">Form of Confirmation Letter to Eligible Employees Participating in the Exchange Offer</a>
(b)	Not applicable
(d)(1)	<a href="#">2000 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.2 to the Company's Registration Statement on Form S-1 (File No. 333-171300), as filed with the SEC on December 21, 2010)</a>
(d)(2)	<a href="#">Form of Stock Option Agreement under 2000 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.3 to the Company's Registration Statement on Form S-1 (File No. 333-171300), as filed with the SEC on December 21, 2010)</a>
(d)(3)	<a href="#">Form of Stock Option Grant Notice under 2000 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.4 to the Company's Registration Statement on Form S-1 (File No. 333-171300), as filed with the SEC on December 21, 2010)</a>
(d)(4)	<a href="#">Form of Stock Bonus Agreement under 2000 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.5 to the Company's Registration Statement on Form S-1 (File No. 333-171300), as filed with the SEC on December 21, 2010)</a>
(d)(5)	<a href="#">Amended and Restated 2009 Equity Incentive Plan</a>
(d)(6)	<a href="#">Form of Stock Option Agreement under 2009 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-171300), as filed with the SEC on December 21, 2010)</a>
(d)(7)	<a href="#">Form of Stock Option Grant Notice under 2009 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.8 to the Company's Registration Statement on Form S-1 (File No. 333-171300), as filed with the SEC on December 21, 2010)</a>
(d)(8)	<a href="#">Form of Restricted Stock Unit Award Agreement under 2009 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q (File No. 001-35342), as filed with the SEC on August 5, 2014)</a>
(d)(9)	<a href="#">Form of Restricted Stock Unit Grant Notice [Four Year Annual Vesting] under 2009 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.7 to the Company's Quarterly Report on Form 10-Q (File No. 001-35342), as filed with the SEC on August 5, 2014)</a>
(d)(10)	<a href="#">Form of Restricted Stock Unit Grant Notice [Immediately Vested] under 2009 Equity Incentive Plan (incorporated herein by reference to Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q (File No. 001-35342), as filed with the SEC on August 5, 2014)</a>
(d)(11)	<a href="#">2010 Non-Employee Directors' Stock Award Plan, as amended (incorporated herein by reference to Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q (File No. 001-35342), as filed with the SEC on November 8, 2016)</a>
(d)(12)	<a href="#">Form of Restricted Stock Unit Award Agreement under 2010 Non-Employee Directors' Stock Award Plan, as amended (incorporated herein by reference to Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q (File No. 001-35342), as filed with the SEC on August 5, 2014)</a>
(d)(13)	<a href="#">Form of Restricted Stock Unit Grant Notice under 2010 Non-Employee Directors' Stock Award Plan, as amended, (incorporated herein by reference to Exhibit 10.5 to the Company's Quarterly Report on Form 10-Q (File No. 001-35342), as filed with the SEC on August 5, 2014)</a>
(d)(14)	<a href="#">2010 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-35342), as filed with the SEC on May 14, 2013)</a>
(d)(15)	<a href="#">Controlled Equity OfferingSM Sales Agreement, dated March 12, 2018, between the Company and Cantor Fitzgerald &amp; Co. (incorporated herein by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (File No. 001-35342), as filed with the SEC on March 13, 2018)</a>
(g)	Not applicable
(h)	Not applicable

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

Not applicable.

**SIGNATURES**

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

**NewLink Genetics Corporation**

By: /s/ Charles J. Link, Jr., M.D.  
Charles J. Link, Jr., M.D.  
Its: Chief Executive and Scientific Officer

Dated: June 20, 2019



**NEWLINK GENETICS CORPORATION  
2503 SOUTH LOOP DRIVE, SUITE 5100  
AMES, IA 50010**

**OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS**

**JUNE 20, 2019**

NEWLINK GENETICS CORPORATION  
SUMMARY TERM SHEET — OVERVIEW  
OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

**This offer and withdrawal rights will expire at 5:00 p.m. Eastern Time on Friday, July 19, 2019, unless extended (or at any time after 11:59 p.m. Eastern Time on Wednesday, August 14, 2019 if tendered securities have not yet been accepted).**

By this Offer to Exchange Eligible Options for New Options (as the context requires, this document and the actions taken hereby, the “*Exchange Offer*” or the “*Offer*”), NewLink Genetics Corporation, which we refer to in this document as “*we*,” “*us*,” “*our*” or “*NewLink*,” is giving each Eligible Holder (as defined below) the opportunity to exchange an Eligible Option (defined below) for a New Option (as defined below) as discussed below and in the attached disclosure document for the Exchange Offer beginning on page 13 (the “*Offering Memorandum*”).

The “*Expiration Time*” of the Offer is 5:00 p.m. Eastern Time on Friday, July 19, 2019. If we extend the period of time during which this Exchange Offer remains open, the term “*Expiration Time*” will refer to the last time and date on which this Exchange Offer expires.

You are an “*Eligible Holder*” if:

- on the date the Exchange Offer commences, you are employed by, or providing services to, NewLink and have not been notified by us that your employment relationship with us is being terminated; and
- you continue to be employed by, or providing services to, NewLink and have not submitted a notice of resignation or received a notice of termination, on or prior to the date the surrendered stock options are cancelled and replacement stock options are granted (such date, the “*Exchange Date*”).

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

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$2.97 per share;
- was granted on or prior to December 31, 2018; and
- was granted under our 2000 Equity Incentive Plan (the “*2000 Plan*”), 2009 Equity Incentive Plan (the “*2009 Plan*”), or 2010 Non-Employee Directors’ Stock Award Plan (the “*Directors’ 2010 Plan*,” and together with the 2000 Plan and the 2009 Plan, the “*Equity Plans*”).

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

- Each New Option will have an exercise price equal to the closing price of our common stock as reported on Nasdaq on the date that the New Option is granted.
- Each New Option will represent your right to purchase a number of shares of our common stock based on an exchange ratio based on the exercise price of your tendered Eligible Option. The chart below illustrates the applicable exchange ratio for outstanding Eligible Options based on the dollar range of the exercise prices of such options.

Option Exercise Price Ranges	Exchange Ratio (Surrendered Eligible Options: New Options) *
\$2.97—\$10.99	2 to 1
\$11.00—\$24.99	3 to 1
\$25.00—And Up	4 to 1

\* Rounded up to the nearest share

- Your New Option will be granted under our Amended 2009 Plan.
- To the maximum extent permitted by law, your New Option will be granted as incentive stock options (“*ISO*”) with the remainder to be granted as nonqualified stock options (“*NSO*”).
- Each New Option will have a maximum term of seven (7) years.
- The vesting schedule of your New Options will be as follows:
  - o To the extent an Eligible Option is vested as of the Exchange Date, such vested portion may be exchanged for a New Option that will vest 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date.
  - o To the extent an Eligible Option is unvested as of the Exchange Date, such unvested portion may be exchanged for a New Option that will vest 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date.
  - o As with any unvested equity award under our Amended 2009 Plan, you must remain in continuous service with us through each vesting date. In the event that your service with us terminates for any reason prior to the vesting date of any unvested portion of your New Option, such unvested portion shall expire on your termination date.

The commencement date of the Exchange Offer is Thursday, June 20, 2019. We are making the Exchange Offer upon the terms and subject to the conditions described in the Offering Memorandum and in the related Election Form distributed with the Offering Memorandum. You are not required to participate in the Exchange Offer. If you hold more than one option grant from NewLink that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be allowed to elect to tender for exchange as few or as many of your Eligible Option grants as you wish; *however*, you must tender all of the shares underlying the selected Eligible Option grant. Eligible Options properly tendered in this Exchange Offer and accepted by us for exchange will be cancelled and your New Options will be granted with the terms described above effective as of the Expiration Date of the Exchange Offer (the “*New Option Grant Date*”).

See “Risk Factors” beginning on page 12 for a discussion of risks and uncertainties that you should consider before agreeing to exchange your Eligible Options for New Options.

Shares of our common stock are quoted on Nasdaq under the symbol “NLNK.” On June 17, 2019, the closing price of our common stock as reported on Nasdaq was \$1.53 per share. We recommend that you obtain current market quotations for our common stock before deciding whether to elect to participate in the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Offering Memorandum, the Election Form, or other documents relating to the Exchange Offer) to [option.exchange@linkp.com](mailto:option.exchange@linkp.com).

**IMPORTANT**

**If you choose to participate in the Exchange Offer, you must properly complete and sign the accompanying Election Form Sheet and deliver the properly completed and signed document to us so that we receive it before 5:00 p.m. Eastern Time on Friday, July 19, 2019 (or such later date as may apply if the Exchange Offer is extended), by the following means:**

***By Email (By PDF or similar imaged document file) delivered to:*** option.exchange@linkp.com

You are responsible for making sure that the Election Form is delivered as indicated above. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Election Form on time.

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

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

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

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

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

## SUMMARY TERM SHEET — QUESTIONS AND ANSWERS

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

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**Q1. Why is NewLink making the Exchange Offer?**

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

During the past several years, the price of our common stock has significantly decreased. More than 99% of our outstanding eligible employee and director stock options are "underwater," meaning the exercise price of each of those options is greater than our current stock price. This means that our historically granted stock options may no longer be effective as incentives to motivate and retain these individuals.

The Board believes that the Exchange Offer is in the best interests of stockholders and us, as new stock options granted under the program will provide added incentive to motivate and retain our talented employees and directors. As an alternative to increased cash compensation, the Exchange Offer will allow us to devote more of our cash resources towards advancing our clinical development programs. In addition, it will provide the opportunity to reduce the "overhang" of outstanding stock options, many of which are well out of the money. The Board also recognizes our competition's ability to attract and recruit top talent and views it as critical that NewLink be able to retain and motivate key employees and directors in this way. The Board believes that it has a responsibility to address these issues and to properly incentivize our employees and directors.

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

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

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

- on the date the Exchange Offer commences, you are employed by, or providing services to, NewLink and have not been notified by us that your employment relationship with us is being terminated; and
- you continue to be employed by, or providing services to, NewLink and have not submitted a notice of resignation or received a notice of termination, on or prior to the Exchange Date.

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

**Q3. Which options are subject to the Exchange Offer?**

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

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

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$2.97 per share;
- was granted on or prior to December 31, 2018; and
- was granted under our Equity Plans.

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

No. The terms and conditions of your New Options, including the vesting schedule and maximum term of your New Options, will be different from the exchanged options. However, your New Options will, to the maximum extent permitted by law, be treated as ISOs.

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

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

Option Exercise Price Ranges	Exchange Ratio (Surrendered Eligible Options: New Options) *
\$2.97—\$10.99	2 to 1
\$11.00—\$24.99	3 to 1
\$25.00—And Up	4 to 1

\* Rounded up to the nearest share

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

Your New Options will have an exercise price equal to the closing price of our common stock as reported on Nasdaq on the date that the New Option is granted. Each New Option will represent your right to purchase a number of shares of our common stock based on an exchange ratio. See Section 1 of the Offering Memorandum (“*Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer*”) for more information.

See Section 7 of the Offering Memorandum (“*Price Range of Our Common Stock*”) for information concerning our historical common stock prices.

**Q7. When will my New Options vest?**

To the extent an Eligible Option is vested as of the Exchange Date, such vested portion may be exchanged for a New Option that will vest 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date.

To the extent an Eligible Option is unvested as of the Exchange Date, such unvested portion may be exchanged for a New Option that will vest 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date.

As with any unvested equity award pursuant to our Amended 2009 Plan, you must remain in continuous service with through each vesting date. In the event that your service with NewLink terminates for any reason prior to the vesting date of any unvested portion of your New Option, such unvested portion shall expire on your termination date.

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

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

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

Unless we amend or terminate the Exchange Offer in accordance with its terms, we will grant you New Options for your Eligible Options as to which you properly made a valid election (and did not validly revoke that election), effective as of the Expiration Time (such date, the “*New Option Grant Date*,” which is currently expected to be Friday, July 19, 2019), which will reflect the New Option Terms.

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

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

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

In general, pursuant to the Amended 2009 Plan, the vested portion of your New Options may be exercised until three months following your termination of service with NewLink unless (i) termination is due to the your death or disability (or if your death occurs during the three-month period after your termination, other than for cause), in which case the New Option may be exercised (to the extent exercisable at the time of the termination of service) at any time within 12 months following your termination; or (ii) you are terminated for cause, in which case the New Option will cease to be exercisable immediately upon your termination.



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

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

**Q11. Must I participate in the Exchange Offer?**

No. Participation in the Exchange Offer is completely voluntary. If you hold more than one option grant from NewLink that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be allowed to elect to tender for exchange as few or as many of your Eligible Option grants as you wish; *however*, you must tender all of the shares underlying the selected Eligible Option grant. If you choose not to participate in the Exchange Offer, then your Eligible Options will remain outstanding with their current terms.

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

We are providing substantial information to assist you in making your own informed decision. Please read all the information contained in the various sections of the Offering Memorandum below, including without limitation the information in Section 2 (“*Purpose of The Exchange Offer; Additional Considerations*”), Section 7 (“*Price Range of Our Common Stock*”), Section 9 (“*Information Concerning Us; Financial Information*”), Section 10 (“*Interests of Directors and Executive Officers; Transactions and Arrangements Concerning Our Securities*”), Section 12 (“*Material United States Tax Consequences*”) and Section 15 (“*Additional Information*”), of the Offering Memorandum. You may seek your own outside legal counsel, accountant and/or financial advisor for further advice. Participation in the Offer is entirely your decision and should be made based on your personal circumstances. No one from NewLink or any of our subsidiaries is, or will be, authorized to provide you with advice, recommendations or tax or financial considerations regarding whether you should participate in the Exchange Offer.

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

- The Exchange Offer is not a one-for-one exchange. You will receive fewer shares underlying the New Options than were underlying the Eligible Options.
- Options provide value upon exercise only if our common stock price increases after the grant date. Also, because the exchange ratios for the option exchange are not one-for-one, it is possible that, at some point in the future, Eligible Options you choose to exchange could be economically more valuable than the New Options received by you pursuant to the Exchange.
- New Options granted in the Exchange will be subject to new vesting schedules, even if the Eligible Options you exchange were fully vested.
- New Options will have a maximum term of seven (7) years, even if the Eligible Options you exchange had a longer term.
- You should carefully consider the tax consequences of New Option awards.

Please also review the “Risk Factors” that appear after this Section.

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

The Election Form distributed along with the Exchange Offer includes a list of your Eligible Options as of June 19, 2019. You can at any time confirm the number of option grants that you have, their grant dates, remaining term, exercise prices, vesting schedule and other information by contacting Human Resources in person or at [option.exchange@linkp.com](mailto:option.exchange@linkp.com).

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

No. The Exchange Offer applies only to outstanding unexercised Eligible Options. An option that has been fully exercised is no longer outstanding.

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

Yes. If before Thursday, June 20, 2019 you exercised an Eligible Option in part, the remaining unexercised portion of the Eligible Option could be tendered for exchange in the Exchange Offer. See Section 3 of the Offering Memorandum ("**Procedures for Tendering Eligible Options**") for more information.

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

No partial exchange of an Eligible Option grant will be permitted. If you elect to tender an Eligible Option for exchange, you must tender all shares of the outstanding (i.e., unexercised) portion of that Eligible Option. You will be able to elect to tender as few or as many of your Eligible Option grants as you wish. If you attempt to tender a portion but not all of an outstanding Eligible Option grant, we will reject your tender of that particular grant. Such rejection will not affect any other Eligible Option grants that are properly tendered. See Section 3 of the Offering Memorandum ("**Procedures for Tendering Eligible Options**") for more information.

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

Any Eligible Holder who is on an authorized leave of absence will be able to participate in the Exchange Offer. See Section 1 of the Offering Memorandum ("**Eligible Holders; Eligible Options; the Proposed Exchange; Expiration and Extension of the Exchange Offer**") for more information.

**Q18. What happens if my employment with NewLink terminates before the Expiration Time?**

If you have tendered Eligible Options under the Exchange Offer and your employment with NewLink terminates for any reason, or if you submit a notice of resignation or receive a notice of termination before the Exchange Offer expires, which is referred to as the Expiration Time, you will no longer be eligible to participate in the Exchange Offer, and we will not accept your Eligible Options for exchange and you will not be eligible for the grant of New Options. In that case, generally you may exercise your existing Eligible Options to the extent they are vested for a limited time after your termination date and in accordance with their original terms.

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

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

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

Neither the acceptance of the Offer nor the grant of your New Options will be a taxable event for U.S. federal income tax purposes. See Section 12 of the Offering Memorandum ("**Material United States Tax Consequences**") for more information regarding the tax aspects of Exchange Option.

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

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

In general, the rejection of the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. See Section 12 of the Offering Memorandum (“*Material United States Tax Consequences*”) for more information.

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

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

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

Yes. The New Options will have an exercise price equal to the closing price of our common stock as reported on Nasdaq on the date that the New Option is granted (the “*New Exercise Price*”). If the price of our common stock is below the New Exercise Price in the future, then your New Options will be underwater, meaning that the exercise price will be above the price reported on Nasdaq.

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

Generally, there will be no impact to Eligible Options that you choose not to tender for exchange prior to the original Expiration Time. However, if (1) any of your Eligible Options are currently treated as ISOs, (2) the Exchange Offer remains outstanding for more than 29 business days – that is, if we extend the Exchange Offer beyond the original Expiration Time, and (3) you do not reject this Offer within the first 29 business days in which it is outstanding – that is, by Friday, July 19, 2019, your Eligible Options may cease to be treated as ISOs as of the Expiration Time. If the fair market value of our common stock as of the Expiration Time is less than the exercise price currently in effect for your Eligible Options, the Board can take action to “retest” your Eligible Options to determine if they can again be treated as ISOs. However, even if they can again be treated as ISOs, your holding period under your Eligible Options (as further described below in the section called “*Taxation of Incentive Stock Options*”) will start over on the Expiration Time. Therefore, if you wish to reject this Exchange Offer and you wish to avoid the possible impact on your ISO status, you should do so by completing and submitting the Election Form on or prior to 5:00 p.m. Eastern Time on Friday, July 19, 2019.

We will not accept for exchange any options that are tendered that do not qualify as Eligible Options. If you tender an option that is not an Eligible Option or is otherwise not accepted for exchange, we will send you a separate notification following the expiration of the Exchange Offer explaining why your tendered option did not qualify as an Eligible Option, or otherwise was not accepted for exchange.

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

The Exchange Offer expires at 5:00 p.m. Eastern Time on Friday, July 19, 2019 (or such later date as may apply if the Exchange Offer is extended). No exceptions will be made to this deadline, unless we extend it. Although we do not currently intend to do so, we may, in our sole discretion, extend the expiration date of the Exchange Offer at any time. If we extend the Exchange Offer, we will publicly announce the extension and the new expiration date no later than 6:00 a.m. Eastern Time on the next business day after the last previously scheduled or announced expiration date.

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

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

If you are an Eligible Holder on the date that you choose to tender your Eligible Options, you may tender your Eligible Options for exchange at any time before the Exchange Offer expires at 5:00 p.m. Eastern Time on Friday, July 19, 2019 (or such later date as may apply if the Exchange Offer is extended).

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

You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled effective as of the New Option Grant Date if we accept your Eligible Options for exchange. We will separately send to you the grant documents relating to your New Options following the New Option Grant Date for your signature.

Your Eligible Options will not be considered tendered until we receive a properly completed and signed Election Form. We must receive your properly completed and signed Election Form before 5:00 p.m. Eastern Time on Friday, July 19, 2019 (or such later date as may apply if the Exchange Offer is extended). If you miss this deadline, you will not be permitted to participate in the Exchange Offer.

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

We reserve the right to reject any or all tenders of Eligible Options that we determine are not in appropriate form or that we determine would be unlawful to accept. Subject to our rights to extend, terminate and amend the Exchange Offer, we expect to accept all properly tendered Eligible Options on Friday, July 19, 2019, following the expiration of the Exchange Offer.

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

#### **Q26. Can I withdraw previously tendered Eligible Options?**

Yes. You may withdraw your tendered Eligible Options at any time before the Exchange Offer expires at 5:00 p.m. Eastern Time on Friday, July 19, 2019 (or such later date as may apply if the Exchange Offer is extended), and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options at any time after 5:00 p.m. Eastern Time on Friday, July 19, 2019. If we extend the Exchange Offer beyond that time, you may withdraw your tendered Eligible Options (i) at any time until the extended expiration of the Exchange Offer or (ii) at any time after 11:59 p.m. Eastern Time on Wednesday, August 14, 2019, if we have not yet accepted the Eligible Options pursuant to the Exchange Offer.

To withdraw tendered Eligible Options, you must deliver to us a properly completed and signed Notice of Withdrawal of Election Form (the "**Notice of Withdrawal**") with the required information while you still have the right to withdraw the tendered Eligible Options. The Notice of Withdrawal may be delivered by any of the means indicated for a valid tender as set forth in Question 25 above.

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

The method of delivery is at your own option and risk. You are responsible for making sure that the Notice of Withdrawal is delivered to us. You must allow for delivery time based on the method of delivery that you choose to ensure that we receive your Notice of Withdrawal on time.

Once you have withdrawn Eligible Options, you may re-tender Eligible Options only by again following the procedures described for validly tendering option grants in the Exchange Offer as discussed in Question 25 above.

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

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

We will send you an email or other form of communication, as appropriate, to confirm receipt of your Election Form or Notice of Withdrawal shortly after we receive it. However, it is your responsibility to ensure that we receive your Election Form or Notice of Withdrawal, as applicable, prior to the expiration date of the Exchange Offer. See Section 3 of the Offering Memorandum ("**Procedures for Tendering Eligible Options**") for more information.

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

If we do not receive your Election Form by the deadline, then all Eligible Options held by you will remain outstanding at their original exercise price and subject to their original terms. If you prefer not to tender any of your Eligible Options exchange in the Exchange Offer, you do not need to do anything. See Section 3 of the Offering Memorandum (“**Procedures for Tendering Eligible Options**”) for more information.

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

You should direct questions about the Exchange Offer (including requests for additional or paper copies of the Exchange Offer and other Exchange Offer documents which will be promptly furnished to you at NewLink’s expense) to [option.exchange@linkp.com](mailto:option.exchange@linkp.com).

## RISK FACTORS

Participation in the Exchange Offer involves a number of potential risks and uncertainties, including those described below. You should consider, among other things, these risks and uncertainties before deciding whether or not to request that we exchange your Eligible Options in the manner described in the Exchange Offer. You should carefully review the risk factors set for below and those contained in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the Securities and Exchange Commission (the “SEC”) on May 8, 2019, as well as the other information provided in the Exchange Offer and the other materials that we have filed with the SEC, before making a decision as to whether or not to tender your Eligible Options. See Section 15 of the Offering Memorandum (“**Additional Information**”) for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review these reports.

### **Risks Related to the Exchange Offer**

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

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

***Your cancelled Eligible Options may have a term that exceeds the term of the New Options that you receive in exchange for them.***

Because your New Options could expire before your cancelled Eligible Options, you may not have the same amount of time to benefit from any appreciation in our stock price.

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

Because a new vesting schedule for the New Options will apply which is different than the vesting schedule for Eligible Options exchanged, if your service with NewLink terminates after receiving New Options you may not be able to realize as much value from your New Options that you could have received for the Eligible Options you exchanged. For example, if you exchange fully or partially vested Eligible Options and our stock price increases to above the exercise per share of the Eligible Options you exchanged, you would have been able to exercise the Eligible Options and sell the underlying shares at a gain; however, if your service with NewLink terminates after receiving the New Options, but before they have vested and can be exercised, you will receive no value from the unvested portion of the New Options.

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

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

## OFFERING MEMORANDUM

## OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

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## OFFERING MEMORANDUM

### OFFER TO EXCHANGE ELIGIBLE OPTIONS FOR NEW OPTIONS

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

NewLink Genetics Corporation (“*NewLink*,” “*we*,” “*us*” or “*our*”) is offering certain optionholders the opportunity to exchange certain outstanding stock options for New Options (as defined below). As described in this Section 1 of this Offering Memorandum—Offer to Exchange Eligible Options for New Options (this “*Offering Memorandum*”), Eligible Options that are tendered and accepted prior to the Expiration Time (each defined below) will be exchanged for New Options in exchange for an Eligible Holder’s agreement to accept fewer shares, a revised vesting schedule, a new option term and the tax treatment of the New Options.

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

##### *Eligible Holders*

All individuals who were granted an Eligible Option and who, as of the date the Exchange Offer commences and as of the Expiration Time, are current employees, including executive officers, or non-employee directors of NewLink, and have not been notified by us that their employment relationship with us is being terminated may participate in the Offer (the “*Eligible Holders*”). To be an Eligible Holder you must continue to be employed by, or providing service to, us and have not submitted a notice of resignation or received a notice of termination, between the date the Exchange Offer commences and the Expiration Time.

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

Your employment or service with us will remain “at-will” regardless of your participation in the Exchange Offer and can be terminated by you or us at any time.

As noted above, our “independent directors” as defined under the rules of The Nasdaq Global Market (“*Nasdaq*”) and as determined by our board of directors (the “*Board*”) are eligible to participate in the Offer. As of the date hereof, our independent directors are Chad A. Johnson, Thomas A. Raffin, M.D., Matthew L. Sherman, M.D., Ernest J. Talarico III, and Lota S. Zoth.

##### *Eligible Options*

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

- is held by an Eligible Holder;
- has an exercise price equal to or greater than \$2.97 per share;
- was granted on or prior to December 31, 2018; and
- was granted under our 2000 Equity Incentive Plan (the “*2000 Plan*”), 2009 Equity Incentive Plan (the “*2009 Plan*”), or 2010 Non-Employee Directors’ Stock Award Plan (the “*Directors’ 2010 Plan*,” and together with the 2000 Plan and the 2009 Plan, the “*Equity Plans*”).

##### *The Proposed Exchange*

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



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

Option Exercise Price Ranges	Exchange Ratio (Surrendered Eligible Options: New Options) *
\$2.97—\$10.99	2 to 1
\$11.00—\$24.99	3 to 1
\$25.00—And Up	4 to 1

\* Rounded up to the nearest share

- Your New Option will be granted under our Amended 2009 Plan.
- To the maximum extent permitted by law, your New Option will be granted as incentive stock options (“**ISO**”) with the remainder of your New Option to granted as nonqualified stock options (“**NSO**”).
- Each New Option will have a maximum term of seven (7) years.
- The vesting schedule of your New Options will be as follows:
  - o To the extent an Eligible Option is vested as of the Exchange Date, such vested portion may be exchanged for a New Option that will vest 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date.
  - o To the extent an Eligible Option is unvested as of the Exchange Date, such unvested portion may be exchanged for a New Option that will vest 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date.
  - o As with any unvested equity award under our Amended 2009 Plan, you must remain in the continuous service with us through each vesting date. In the event that your service with us terminates for any reason prior to the vesting date of any unvested portion of your New Option, such unvested portion shall expire on your termination date.

You are not required to participate in the Exchange Offer. If you hold more than one option grant from NewLink that each qualify as an Eligible Option and elect to participate in the Exchange Offer, you will be allowed to elect to tender for exchange as few or as many of your Eligible Option grants as you wish; *however*, you must tender all of the shares underlying the selected Eligible Option grant. Eligible Options properly tendered in this Exchange Offer and accepted by us for exchange will be cancelled and your New Options will be granted with the terms described above effective as of the Expiration Date of the Exchange Offer (the “**New Option Grant Date**”).

Nothing in the Exchange Offer should be construed to confer upon you the right to remain in service with NewLink or any of our subsidiaries. The terms of your service with NewLink and our subsidiaries remain unchanged. We cannot guarantee or provide you with any assurance that you will not be subject to involuntary termination or that you will otherwise remain in our service until the grant date for the New Options or any vesting date of your New Options in the future.

#### *Expiration and Extension of the Exchange Offer*

The Exchange Offer is scheduled to expire at 5:00 p.m. Eastern Time on Friday, July 19, 2019, unless and until we, in our sole discretion, extend the expiration date of the Exchange Offer, such time and date referred to herein as the “**Expiration Time**.” See Section 13 (“**Extension of Exchange Offer; Termination; Amendment**”) for a description of our rights to extend, terminate and amend the Exchange Offer.

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

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

Stock options are a critical component of our compensation philosophy, the focal point of which is to increase long-term stockholder value. The Board believes that the Exchange Offer is in the best interests of stockholders and us, as new stock options granted under the program will provide added incentive to motivate and retain our talented employees and directors. As an alternative to increased cash compensation, the Exchange Offer will allow us to devote more of our cash resources towards advancing our clinical development programs. In addition, it will provide the opportunity to reduce the “overhang” of outstanding stock options, many of which are well out of the money.

Our Compensation Committee evaluated several alternatives for remaining competitive within our industry and with our employees and directors, including increasing cash compensation and/or granting additional equity awards. While these components are part of our overall compensation packages, we do not believe that relying exclusively on such approaches is an ideal use of our resources. For example, increasing cash compensation would reduce the cash resources we devote to research and development, and granting additional stock awards would cause dilution to our current stockholders. Accordingly, we determined that the Exchange Offer was the most attractive alternative for stockholders.

During the past several years, our stock price has declined. More than 99% of our outstanding eligible employee and director stock options are “underwater,” meaning the exercise price of those options is greater than our current stock price. This means that a substantial portion of our historically granted stock options may have little or no perceived value to the employees or other service providers who hold them and therefore may no longer be effective as incentives to motivate and retain these individuals.

We have designed the Exchange Offer to restore equity value, increase retention and motivation in a competitive labor market, provide non-cash compensation incentives and align our employee and stockholder interests for long-term growth. Underwater stock option awards are of limited benefit in motivating and retaining our employees, including our executive officers, and our non-employee directors. Through the Exchange Offer, we believe that we will be able to enhance long-term stockholder value by increasing our ability to retain experienced and talented employees and by aligning the interests of these individuals more fully with the interests of our stockholders. As of March 22, 2019, greater than 99% of our eligible employee and director stock options are underwater (and for a large number of employees, significantly so), we may face a considerable challenge in retaining our employees and directors, and there is a possibility that our competitors may be able to offer equity incentives that are more attractive, which in some cases, could make the terms of employment at a new employer more attractive than we can offer to our existing employees. The Option Exchange is designed to address these concerns as well as improve morale among our employees and directors generally and reinvigorate a culture where equity compensation is a key component of our overall compensation package.

In deciding whether to tender one or more Eligible Options pursuant to the Exchange Offer, you should know that we continually evaluate and explore strategic opportunities as they arise. At any given time, we may be engaged in discussions or negotiations with respect to one or more corporate transactions of the type described below. We also grant equity awards in the ordinary course of business to our directors and our current and new employees, including our executive officers. Our directors and employees, including our executive officers, from time to time may acquire or dispose of our securities. We may from time to time repurchase our own outstanding securities after we have announced any decision by the Board to authorize us to do so, in accordance with applicable securities laws. In addition, we may pursue opportunities to raise additional capital through the issuance of equity or convertible debt securities. If this occurs, the percentage ownership of our stockholders could be significantly diluted, and these newly-issued securities may have rights, preferences or privileges senior to those of existing stockholders. We cannot assure you that additional financing will be available on terms favorable to us, or at all.

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

- any extraordinary corporate transaction, such as a material merger, reorganization or liquidation, involving us;
- any purchase, sale or transfer of a material amount of our assets;
- any material change in our present dividend policy or our indebtedness or capitalization;
- any material change in our Board or executive management team, including any plans to change the number or term of our directors or to fill any existing board vacancies or to change the material terms of any executive officer’s employment;
- any other material change in our corporate structure or business;
- our common stock not being traded on a national securities exchange;

- our common stock becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”);
- the suspension of our obligation to file reports pursuant to Section 15(d) of the Exchange Act;
- the acquisition by any person of any of our securities or the disposition of any of our securities, other than in the ordinary course or pursuant to existing options or other rights; or
- any change in our certificate of incorporation or bylaws, or any actions that may impede the acquisition of control of us by any person.

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

### **Section 3. Procedures for Tendering Eligible Options.**

If you wish to tender any or all of your Eligible Options for exchange, you must properly complete and sign the accompanying Election Form and deliver the properly completed and signed document to us so that we receive it before the Expiration Time (or such later date as may apply if the Exchange Offer is extended), by one of the following means:

***By Email (By PDF or similar imaged document file) delivered to:*** option.exchange@linkp.com

Except as described in the following sentence, the Election Form must be signed by the Eligible Holder who tendered the Eligible Option in the manner that the Eligible Holder’s name appears on the stock option agreement relating to the Eligible Option. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer’s full title and proper evidence of the authority of such person to act in such capacity must be identified on the Election Form. You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled in exchange for New Options if we accept your Eligible Options for exchange.

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

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

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

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

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

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

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

*Our Acceptance Constitutes an Agreement.*

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

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

**Section 4. Withdrawal Rights.**

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

We will permit any options tendered in the Exchange Offer to be withdrawn at any time during the period the Exchange Offer remains open, and unless we have accepted the Eligible Options pursuant to the Exchange Offer, you may also withdraw any tendered Eligible Options that have not been accepted at any time after 11:59 p.m. Eastern Time on Wednesday, August 14, 2019. Please note that, upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn at the Expiration Time, unless further extended.

To validly withdraw tendered Eligible Options, you must deliver to us (using one of the same delivery methods described in Section 3) a properly completed and signed Notice of Withdrawal while you still have the right to withdraw the tendered Eligible Options. Your tendered Eligible Options will not be considered withdrawn until we receive your properly completed and signed Notice of Withdrawal. If you miss the deadline for withdrawal but remain an Eligible Holder of NewLink, any previously tendered Eligible Options will be exchanged pursuant to the Exchange Offer.

You are responsible for making sure that the Notice of Withdrawal is delivered as indicated in Section 3 above. The Notice of Withdrawal must specify the Eligible Options to be withdrawn. Except as described in the following sentence, the Notice of Withdrawal must be signed by the Eligible Holder who tendered the Eligible Options to be withdrawn in the same manner as such Eligible Holder’s name appears on the Election Form previously submitted. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer’s full title and proper evidence of the authority of such person to act in such capacity must be identified on the Notice of Withdrawal. We have filed with the SEC a form of the Notice of Withdrawal as an exhibit to the Schedule TO. We will deliver a copy of the Notice of Withdrawal form to all optionholders that validly elect to participate in the Exchange Offer.

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

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

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

Upon the terms and subject to the conditions of the Exchange Offer, we expect to accept for exchange all Eligible Options properly tendered and not validly withdrawn by the Expiration Time, unless extended (or if we have not accepted the Eligible Options, you may also withdraw any such tendered securities at any time after 11:59 p.m. Eastern Time on Wednesday, August 14, 2019). We expect to cancel the Eligible Options accepted for exchange in exchange for the grant of the New Options on the New Option Grant Date with the New Option Terms. If the Exchange Offer is extended, then the New Option Grant Date will be similarly extended.

Promptly after we grant the New Options, we will send each tendering Eligible Holder a “confirmation letter” indicating the Eligible Options that we have accepted for exchange. In addition, we will separately provide to each tendering Eligible Holder the stock option documentation relating to the Eligible Holder’s New Options for signature. We have filed with the SEC a form of the confirmation letter as an exhibit to the Schedule TO.

If you have tendered Eligible Options under the Exchange Offer and your service terminates for any reason, or if you submit a notice of resignation or receive a notice of termination, before the Exchange Offer expires, you will no longer be eligible to participate in the Exchange Offer, and we will not accept your Eligible Options for exchange. In that case, generally you may exercise your existing options for a limited time after your termination date to the extent they are vested and in accordance with their terms.

## Section 6. Conditions of the Exchange Offer.

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

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

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

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

**Section 7. Price Range of Our Common Stock.**

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

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

<b>Year Ended December 31, 2019</b>	<b>High</b>	<b>Low</b>
First quarter	\$ 2.14	\$ 1.33
<b>Year Ended December 31, 2018</b>		
First quarter	\$ 10.06	\$ 6.56
Second quarter	\$ 7.32	\$ 3.86
Third quarter	\$ 4.94	\$ 2.33
Fourth quarter	\$ 2.41	\$ 1.36
<b>Year Ended December 31, 2017</b>		
First quarter	\$ 24.10	\$ 10.55
Second quarter	\$ 23.09	\$ 6.07
Third quarter	\$ 17.67	\$ 6.35
Fourth quarter	\$ 11.87	\$ 7.89

As of June 17, 2019, we had 80 stockholders of record and 37,276,102 shares were issued and outstanding. Because brokers and other institutions on behalf of stockholders hold many of our shares, we are unable to estimate the total number of beneficial stockholders represented by these record holders. On June 17, 2019, the closing price for our common stock as reported on Nasdaq was \$1.53 per share. We recommend that you obtain current market quotations for our common stock before deciding whether or not to tender your Eligible Options for exchange. The price of our common stock has been, and in the future may be, volatile and could decline. The trading price of our common stock has fluctuated in the past and is expected to continue to do so in the future as a result of a number of factors, many of which are outside our control. In addition, the stock market has experienced extreme price and volume fluctuations that have affected the market prices of many companies and that have often been unrelated or disproportionate to the operating performance of those companies.

**Section 8. Information Concerning Us; Financial Information.***Information Concerning Us.*

We are a clinical-stage immuno-oncology company focused on developing novel immunotherapeutic products for the treatment of patients with cancer. Our leading small-molecule product candidates currently in clinical development target the indoleamine-2, 3-dioxygenase, or IDO, pathway, which is one of the key pathways for cancer immune escape. These product candidates, indoximod and NLG802 (a prodrug of indoximod), are IDO pathway inhibitors with mechanisms of action that center around breaking the immune system’s tolerance to cancer. We also have an additional small molecule product candidate, NLG207, which is a nanoparticle-drug conjugate, or NDC, consisting of a cyclodextrin-based polymer backbone linked to camptothecin, a topoisomerase 1 inhibitor of the topoisomerase-1 inhibitor, camptothecin.

We were incorporated in June 1999 in the State of Delaware.

Our principal offices are located at 2503 South Loop Drive, Suite 5100, Ames, IA 50010, and our telephone number is (515) 296-5555. Our website address is [www.newlinkgenetics.com](http://www.newlinkgenetics.com). Information found on, or accessible through, our website is not a part of, and is not incorporated into, this Exchange Offer.

*Financial Information.*

A summary of certain financial information is attached as [Schedule A](#) to this Offering Memorandum and should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December

31, 2018, filed with the Securities and Exchange Commission (“SEC”) on March 5, 2019, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the SEC on May 8, 2019, which are incorporated herein by reference.

*Additional Information.*

For more information about us, please refer to our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 5, 2019, and our Quarterly Report for the quarter ended March 31, 2019, filed with the SEC on May 8, 2019, and our other filings made with the SEC. We recommend that you review the materials that we have filed with the SEC before making a decision on whether or not to tender your Eligible Options. We will also provide without charge to you, upon your written or oral request, a copy of any or all of the documents to which we have referred you. See Section 15 (“**Additional Information**”) for more information regarding reports we file with the SEC and how to obtain copies of or otherwise review such reports.

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

As of December 31, 2018, our executive officers, employees, and directors as a group held outstanding option grants to purchase an aggregate of 7,979,644 shares of our common stock with a weighted average exercise price of \$11.86. Of these options, 5,880,097 shares with a weighted average exercise price of \$12.61 would be considered Eligible Options for purposes of the Option Exchange.

The following table shows the number of shares subject to Eligible Options held by our named executive officers and non-employee directors as of December 31, 2018 and the number of shares subject to New Options that they may receive, assuming, for purposes of illustration only, that each named executive officer and non-employee director decides to exchange all of his Eligible Options.

<b>Name</b>	<b>Number of Shares Underlying Eligible Options</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Life (years)</b>	<b>Number of Shares that may be Granted in the Option Exchange</b>
Charles J. Link, Jr., M.D. <i>Chief Executive Officer</i>	1,840,282	\$12.94	5.15	807,068
Nicholas N. Vahanian, M.D. <i>President</i>	1,459,810	\$10.89	4.37	661,703
Gene P. Kennedy, M.D. <i>Chief Medical Officer</i>	411,141	\$15.55	7.23	173,236
Carl W. Langren <i>Chief Financial Officer</i>	342,644	\$10.48	7.14	157,159
Chad A. Johnson <i>Director</i>	76,101	\$6.43	9.29	38,050
Thomas A. Raffin <i>Director</i>	210,742	\$10.77	4.72	93,976
Matthew L. Sherman, M.D. <i>Director</i>	91,224	\$4.79	9.36	45,611
Ernest J. Talarico, III <i>Director</i>	171,454	\$10.86	4.95	75,325
Lota S. Zoth <i>Director</i>	120,267	\$14.27	6.71	47,946

Except as otherwise described in the Exchange Offer or in our filings with the SEC, including our Definitive Proxy Statement filed on Schedule 14A on April 5, 2019, our Annual Report on Form 10-K for the year ended December 31, 2018 filed on March 5, 2019, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019 filed on May 8, 2019, and other than outstanding stock options and other stock awards granted to our directors, executive officers and other employees and consultants pursuant



to our various equity incentive plans, which are described in the notes to our consolidated financial statements as set forth in the above-referenced Annual and Quarterly Reports, neither we nor, to our knowledge, any of our executive officers or directors, any person controlling us or any executive officer or director of such control person, is a party to any agreement, arrangement or understanding with respect to any of our securities, including but not limited to, any agreement, arrangement or understanding concerning the transfer or the voting of any of our securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies, consents or authorizations.

During the past 60 days, we have not granted any other Eligible Options and no Eligible Options have been exercised. Neither we, nor, to the best of our knowledge, any member of our Board or any of our executive officers, nor any affiliate of ours, engaged in transactions involving the Eligible Options during the past 60 days.

#### **Section 10. Accounting Consequences of the Exchange Offer.**

We have adopted the provisions of ASC Topic 718 regarding accounting for share-based payments. Under ASC Topic 718, we will recognize the grant date fair value of the tendered Eligible Options, plus the incremental compensation cost of the New Options. The incremental compensation cost will be measured as the excess, if any, of the fair value of the New Options over the fair value of the original Eligible Options prior to exchange. The fair value of New Options will be measured as of the New Option Grant Date and the fair value of the Eligible Options surrendered will be measured as of the Expiration Time. This incremental compensation cost will be recognized in compensation expense ratably over the vesting period of the New Options.

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

#### **Section 11. Legal Matters; Regulatory Approvals.**

We are not aware of any material pending or threatened legal actions or proceedings relating to the Exchange Offer. We are not aware of any margin requirements or anti-trust laws applicable to the Exchange Offer. We are not aware of any license or regulatory permit that appears to be material to our business that might be adversely affected by our exchange of Eligible Options and grant of New Options as contemplated by the Exchange Offer, or of any approval or other action by any government or governmental, administrative or regulatory authority or agency, domestic or foreign, that would be required for the completion of the Exchange Offer as contemplated herein. Should any such approval or other action be required, we currently contemplate that we will use commercially reasonable efforts to seek such approval or take such other action. We cannot assure you that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that the failure to obtain any such approval or other action might not result in adverse consequences to our business. Our obligation under the Exchange Offer to accept tendered Eligible Options for exchange and to grant New Options with the New Option Terms, would be subject to obtaining any such governmental approval.

#### **Section 12. Material United States Tax Consequences.**

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

*Tax Effects of Rejecting the Offer*

In general, the rejection of the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. However, if (1) any of your Eligible Options are currently treated as ISOs, (2) the Exchange Offer remains outstanding for more than 29 calendar days – that is, if we extend the Exchange Offer beyond the original Expiration Time, and (3) you do not reject this Offer within the first 29 calendar days in which it is outstanding –that is, by the Expiration Time, your Eligible Options may cease to be treated as ISOs as of the Expiration Time. If the fair market value of our common stock as of the Expiration Time is less than the exercise price currently in effect for your Eligible Options, the Board can take action to “retest” your Eligible Options to determine if they can again be treated as ISOs. However, even if they can again be treated as ISOs, your 2-Year Holding Period (as defined below) under your Eligible Options (as further described below in the section called “Taxation of Incentive Stock Options”) will start over on the Expiration Time. Therefore, if you wish to reject this Exchange Offer and you wish to avoid the possible impact on ISO status, you should do so on or prior to the Expiration Time.

*Tax Effects of Accepting the Offer*

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

*Taxation of Incentive Stock Options*

Generally, an optionholder will not recognize any income, gain or loss on the granting of an ISO. Upon the exercise of an ISO, an optionholder is typically not subject to U.S. federal income tax except for the possible imposition of alternative minimum tax. Rather, the optionholder is taxed for U.S. federal income tax purposes at the time he or she disposes of the stock subject to the option.

If the date upon which the optionholder disposes of the stock subject to an ISO is more than two years from the date on which the ISO was granted (the “**2-Year Holding Period**”) and more than one year from the date on which the optionholder exercised the option (the “**1-Year Holding Period**”), then the optionholder’s entire gain or loss is characterized as long-term capital gain or loss, rather than as ordinary income. However, if the optionholder fails to satisfy both the 2-Year Holding Period and the 1-Year Holding Period, then a portion of the optionholder’s profit from the sale of the stock subject to the ISO will be characterized as ordinary income and a portion may be short-term capital gain if the 1-year Holding Period has not been satisfied. The portion of the profit that is characterized as ordinary income will be equal to the lesser of (a) the excess of the fair market value of the stock on the date of exercise over the exercise price of the option and (b) the excess of the sales price over the exercise price of the option. This deferral of the recognition of tax until the time of sale of the stock, as well as the possible treatment of the “spread” as long-term capital gain, are the principal advantages of your options being treated as ISOs.

*Taxation of Nonstatutory Stock Options (“NSOs”)*

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

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

*Withholding*

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

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

We may, from time to time, extend the period of time during which the Exchange Offer is open and delay accepting any Eligible Options tendered to us by disseminating notice of the extension to Eligible Holders by public announcement, written notice, including electronically posted or delivered notices, or otherwise as permitted by Rule 13e-4(e)(3) under the Exchange Act. If

the Exchange Offer is extended, we will provide appropriate notice of the extension and the new expiration date no later than 6:00 a.m. Eastern Time on the next business day following the previously scheduled expiration date of the Exchange Offer. For purposes of the Exchange Offer, a “business day” means any day other than a Saturday, Sunday or United States federal holiday and consists of the time period from 12:01 a.m. through 12:00 midnight Eastern Time.

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

Subject to compliance with applicable law, we further reserve the right, in our discretion, and regardless of whether any event set forth in Section 6 (“*Conditions of the Exchange Offer*”), has occurred or is deemed by us to have occurred, to amend the Exchange Offer in any respect prior to the expiration date. Any notice of such amendment required pursuant to the Exchange Offer or applicable law will be disseminated promptly to Eligible Holders in a manner reasonably designed to inform Eligible Holders of such change and filed with the SEC as an amendment to the Schedule TO.

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

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

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

#### **Section 14. Consideration; Fees and Expenses.**

We will issue New Options in exchange for Eligible Options properly elected to be exchanged by you and accepted by us for such exchange. All Eligible Holders who properly tender an Eligible Option pursuant to this offer will receive a New Option. Options are equity awards under which the holder can purchase shares of common stock for a predetermined exercise price, provided that the vesting criteria are satisfied.

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

If we receive and accept tenders from Eligible Holders of all Eligible Options to be tendered (a total of options to purchase 5,854,575 shares outstanding as of June 17, 2019) subject to the terms and conditions of this offer, we will grant New Options covering a total of approximately 2,557,818 shares of common stock, or approximately 6.9% of the total shares of common stock outstanding as of June 17, 2019.

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

#### **Section 15. Additional Information.**

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

- our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 5, 2019;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the SEC on May 8, 2019;
- our Definitive Proxy Statement for our 2019 Annual Meeting of Stockholders, filed with the SEC on April 5, 2019;
- our Current Reports on Form 8-K filed with the SEC on March 5, 2019 and May 15, 2019; and
- the description of our common stock contained in our Registration Statement on Form 8-A filed with the SEC on November 8, 2011, under Section 12(b) of the Exchange Act, including any amendments or reports filed for the purpose of updating such description.

These filings may be examined, and copies may be obtained, at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, DC 20549.

You may obtain information on the operation of the public reference room by calling the SEC at (800) SEC-0330. Our SEC filings are also available to the public on the SEC's Internet site at <http://www.sec.gov>. We also make available on or through our corporate website, free of charge, copies of these reports as soon as reasonably practicable after we electronically file or furnish it to the SEC.

We will also promptly provide without charge to each person to whom we deliver a copy of the Exchange Offer, upon their written or oral request, a copy of any or all of the documents to which we have referred you, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests should be directed to [option.exchange@linkp.com](mailto:option.exchange@linkp.com).

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

#### **Section 16. Miscellaneous.**

The Exchange Offer and our SEC reports referred to above include forward-looking statements. Words such as “believes,” “will,” “should,” “could,” “expects,” “anticipates,” “estimates,” “plans,” “objectives,” and other similar statements of expectation identify forward-looking statements. These forward-looking statements involve risks and uncertainties, including those described in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the SEC on March 5, 2019, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the SEC on May 8, 2019, that could cause actual results to differ materially from those expressed in the forward-looking statement. Given these risks and uncertainties, you should not place undue reliance on these forward-looking statements. While we believe our plans, intentions and expectations reflected in these forward-looking statements are reasonable, these plans, intentions or expectations may not be achieved. WE ENCOURAGE YOU TO REVIEW THE RISK FACTORS CONTAINED IN OUR ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED DECEMBER 31, 2018 BEFORE YOU DECIDE WHETHER TO PARTICIPATE IN THE EXCHANGE OFFER. WE HAVE NOT AUTHORIZED ANY PERSON TO MAKE ANY RECOMMENDATION ON OUR BEHALF AS TO WHETHER OR NOT YOU SHOULD TENDER YOUR ELIGIBLE OPTIONS PURSUANT TO THE EXCHANGE OFFER. YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR IN DOCUMENTS TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO GIVE YOU ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THE EXCHANGE OFFER OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DOCUMENT OR IN THE RELATED DOCUMENTS. IF ANYONE MAKES ANY RECOMMENDATION OR REPRESENTATION TO YOU OR GIVES YOU ANY INFORMATION, YOU SHOULD NOT RELY UPON THAT RECOMMENDATION, REPRESENTATION OR INFORMATION AS HAVING BEEN AUTHORIZED BY US.

**Schedule A****Selected Financial Data**

The following selected financial data should be read in conjunction with the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission, or SEC, on March 5, 2019, and in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019, filed with the SEC on May 8, 2019, each of which is incorporated herein by reference.

**NEWLINK GENETICS CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands, except share and per share amounts)

	March 31, 2019	December 31, 2018
	(unaudited)	
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 113,184	\$ 120,738
Prepaid expenses and other current assets	4,447	5,536
Income tax receivable	341	339
Other receivables	305	459
Total current assets	118,277	127,072
Property and equipment, net	3,520	3,727
Right-of-use asset	7,334	—
Income tax receivable	140	140
Total non-current assets	10,994	3,867
<b>Total assets</b>	<b>\$ 129,271</b>	<b>\$ 130,939</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 896	\$ 555
Accrued expenses	6,950	8,139
Current portion of deferred rent	—	92
Current portion of lease liability	963	—
Current portion of notes payable	63	61
Total current liabilities	8,872	8,847
<b>Long-term liabilities:</b>		
Royalty obligation payable to Iowa Economic Development Authority	6,000	6,000
Notes payable	27	43
Lease liability	7,353	\$ —
Deferred rent	—	906
Total long-term liabilities	13,380	6,949
<b>Total liabilities</b>	<b>\$ 22,252</b>	<b>\$ 15,796</b>
<b>Stockholders' equity:</b>		
Blank check preferred stock, \$0.01 par value: Authorized shares — 5,000,000 at March 31, 2019 and December 31, 2018; issued and outstanding shares — 0 at March 31, 2019 and December 31, 2018	—	—
Common stock, \$0.01 par value: Authorized shares — 75,000,000 at March 31, 2019 and December 31, 2018; issued 37,387,876 and 37,343,547 at March 31, 2019 and December 31, 2018, respectively, and outstanding 37,276,102 and 37,251,220 at March 31, 2019 and December 31, 2018, respectively	373	373
Additional paid-in capital	409,143	407,199
Treasury stock, at cost: 111,774 and 92,327 shares at March 31, 2019 and December 31, 2018, respectively	(1,449)	(1,417)
Accumulated deficit	(301,048)	(291,012)
Total stockholders' equity	\$ 107,019	\$ 115,143
<b>Total liabilities and stockholders' equity</b>	<b>\$ 129,271</b>	<b>\$ 130,939</b>

See accompanying notes to condensed consolidated financial statements.

**NEWLINK GENETICS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
(in thousands, except per share amounts)

	Three Months Ended March 31,	
	2019	2018
	(unaudited)	(unaudited)
Operating revenues:		
Grant revenue	\$ —	\$ 9,384
Licensing and collaboration revenue	106	516
Total operating revenues	106	9,900
Operating expenses:		
Research and development	5,203	20,314
General and administrative	5,567	8,292
Total operating expenses	10,770	28,606
Loss from operations	(10,664)	(18,706)
Other income and expense:		
Miscellaneous income	5	24
Interest income	624	385
Interest expense	(1)	(13)
Other income, net	628	396
Net loss before taxes	(10,036)	(18,310)
Income tax benefit	—	—
Net loss	\$ (10,036)	\$ (18,310)
Basic and diluted loss per share	\$ (0.27)	\$ (0.49)
Basic and diluted average shares outstanding	37,275,459	37,155,082

See accompanying notes to condensed consolidated financial statements.

**NEWLINK GENETICS CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in thousands)

	Three Months Ended March 31,	
	2019	2018
	(unaudited)	(unaudited)
<b>Cash Flows From Operating Activities</b>		
Net loss	\$ (10,036)	\$ (18,310)
<b>Adjustments to reconcile net loss to net cash used in operating activities:</b>		
Share-based compensation	1,944	4,820
Depreciation and amortization	208	334
Gain on sale of fixed assets	(5)	(25)
Amortization of right-of-use assets	(16)	—
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	1,088	146
Other receivables	154	330
Accounts payable and accrued expenses	(848)	(1,907)
Income taxes receivable	(2)	17
Unearned revenue	—	(56)
Deferred rent	—	(25)
Net cash used in operating activities	(7,513)	(14,676)
<b>Cash Flows From Investing Activities</b>		
Proceeds on sale of equipment	5	83
Net cash provided by investing activities	5	83
<b>Cash Flows From Financing Activities</b>		
Issuance of common stock, net of offering costs	—	106
Repurchase of common stock	(32)	(261)
Principal payments on notes payable	(14)	(69)
Net cash used in financing activities	(46)	(224)
Net decrease in cash and cash equivalents	(7,554)	(14,817)
Cash and cash equivalents at beginning of period	120,738	158,708
Cash and cash equivalents at end of period	\$ 113,184	\$ 143,891
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest	\$ 1	\$ 3
Cash paid (refunds received) for taxes, net	\$ 2	\$ (17)



**Subject: NewLink Genetics Corporation Offer to Exchange Eligible Options for New Options**

**To: Eligible Holders**

**Date: June 20, 2019**

We are pleased to announce that NewLink Genetics Corporation (“*NewLink*”, “*we*”, “*us*” or “*our*”) is commencing an Offer to Exchange Eligible Options for New Options (referred to as the “*Exchange Offer*”) today, Thursday, June 20, 2019. The Exchange Offer allows eligible employees to exchange certain outstanding stock options for replacement stock options with modified terms. The terms of the Exchange Offer are detailed in the attached “Offer to Exchange Eligible Options for New Options,” dated June 20, 2019 (the “*Offering Documents*”), that was filed with the U.S. Securities and Exchange Commission and can be accessed using the following link: [URL]

Attached to this email is an Election Form listing your Eligible Options. The term “*Eligible Options*” will generally include the outstanding stock options granted to you on or before December 31, 2018 with an exercise price equal to or greater than \$2.97 per share. Please notify us immediately if you find any discrepancy or have any questions regarding the Eligible Options listed in your Election Form.

If you participate in the Exchange Offer, we will cancel your tendered Eligible Options and grant you “*New Options*” with modified terms as fully detailed in the Offering Documents. Please be aware, as further described in the Offering Documents, that the terms and conditions of your New Options, including the exercise price, term, vesting schedule and tax treatment, will be different than the Eligible Options, and upon receiving such New Options, all corresponding Eligible Options will be irrevocably cancelled.

All documents, communications and questions regarding the Exchange Offer should be delivered to and received from our designated email account (the “*Exchange Account*”): [option.exchange@linkp.com](mailto:option.exchange@linkp.com).

Please carefully read *all* of the Offering Documents before making any decisions regarding this Exchange Offer. To participate in the Exchange Offer, please follow the instructions in the Election Form and deliver your completed and signed Election Form to the Exchange Account. If you later decide to revoke your election to exchange Eligible Options, please follow the instructions in the attached Notice of Withdrawal Form and deliver your completed and signed Notice of Withdrawal to the Exchange Account.

The Exchange Offer will expire at **5:00 p.m. Eastern Time on Friday, July 19, 2019**, unless extended at our sole discretion (the “*Expiration Time*”). If you intend to tender Eligible Options under the Exchange Offer, a signed copy of your Election Form must be **received** by NewLink by the Expiration Time. Similarly, if you intend to withdraw a prior election, your Notice of Withdrawal must be **received** by us by the Expiration Time.

We will be holding an information session on the Exchange Offer on Wednesday, June 26, 2019. However, please understand that we cannot advise you on whether or not to participate in the Exchange Offer. Participation in the Exchange Offer is entirely your decision and should be made based on your personal circumstances. NewLink recommends that you speak with your own tax and financial advisor to address questions about your decision.

**This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO-I and accompanying documents which you may access on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) or through the SEC website at [www.sec.gov](http://www.sec.gov). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offering Documents.**

**NEWLINK GENETICS CORPORATION**  
**2503 South Loop Drive, Suite 5100**  
**Ames, IA 50010**

**OPTION EXCHANGE - ELECTION FORM**

THIS OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 p.m. Eastern Time  
ON FRIDAY, JULY 19, 2019, UNLESS EXTENDED

**Before completing and signing this Election Form, we encourage you to read the documents that make up this tender offer**, including (1) the “Offer to Exchange Eligible Options for New Options,” dated June 20, 2019, filed with the U.S. Securities and Exchange Commission and separately delivered to you by e-mail from NewLink describing the terms of the Exchange Offer (collectively, the “**Offer Documents**”); (2) the e-mail from NewLink on June 20, 2019 announcing the commencement of the Exchange Offer; and (3) this Election Form, including the Agreement to the Terms of Election and Instructions to this Election Form attached below. The Exchange Offer is subject to the terms set forth in the Offer Documents as they may be amended. The Exchange Offer expires at 5:00 p.m. Eastern Time on Friday, July 19, 2019, unless extended. All capitalized terms used in this Election Form but not defined herein shall have the meanings given in the Offer Documents.

**PLEASE FOLLOW THE INSTRUCTIONS ATTACHED TO THIS FORM.**

*If you wish to participate in the Exchange Offer, please check the box next to “**Yes, exchange Eligible Option for New Option**” below, and you will tender your Eligible Option in exchange for the grant of a New Option under the terms of the Exchange Offer. Each Eligible Option you elect to tender for exchange must be tendered in whole.*

*Please note that if you check the box next to “**No, retain Eligible Option**,” your Eligible Option will remain outstanding subject to its original terms, and no New Option will be granted to you. If you make no election, or do not return this Election Form before the Expiration Time, you will retain your Eligible Options, and no New Options will be granted to you.*

Return by Email (By PDF or similar imaged document file) to: [option.exchange@linkp.com](mailto:option.exchange@linkp.com)

**Employee Name:**

Eligible Options				New Options		Election to tender Eligible Option in exchange for New Option
Grant Number	Grant Date	Exercise Price	Shares	Ratio	Shares	
						<input type="checkbox"/> <b>Yes</b> , exchange Eligible Option for New Option <input type="checkbox"/> <b>No</b> , retain Eligible Option
						<input type="checkbox"/> <b>Yes</b> , exchange Eligible Option for New Option <input type="checkbox"/> <b>No</b> , retain Eligible Option
						<input type="checkbox"/> <b>Yes</b> , exchange Eligible Option for New Option <input type="checkbox"/> <b>No</b> , retain Eligible Option

Confidential

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

Please note that you may change your election by submitting a new properly completed and signed Election Form prior to the expiration date, which will be 5:00 p.m. Eastern Time on Friday, July 19, 2019, unless extended. The last valid election submitted to NewLink prior to the expiration of the Exchange Offer shall be effective and supersede any prior election forms you submit.

**Employee Name:**

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(Signature)

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(Print Name)

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(Date)

## AGREEMENT TO THE TERMS OF ELECTION

To: NewLink Genetics Corporation (“**NewLink**”)  
 2503 South Loop Drive, Suite 5100  
 Ames, IA 50010

Email: option.exchange@linkp.com

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

1. I acknowledge that I have received the “*Offer to Exchange Eligible Options for New Options*,” including the “*Summary Term Sheet - Questions and Answers*” (collectively, the “**Offer Documents**”) from NewLink, dated June 20, 2019, and upon making an election herein, I agree to all of the terms and conditions of the Offer Documents.
2. I tender to NewLink for exchange the Eligible Options specified on this Election Form and understand that, upon acceptance by NewLink, this Election Form will constitute a binding agreement between NewLink and me. I have checked the box corresponding to the Eligible Options that I elect to tender for exchange. I understand that any election that I make to tender an option for exchange that does not qualify as an Eligible Option will not be accepted, and such options will remain outstanding subject to their original terms following the Exchange Offer.
3. I understand that if I validly tender an Eligible Option for exchange and such Eligible Option is accepted, such Eligible Option will automatically be cancelled by NewLink in exchange for the grant of a New Option with the applicable New Option terms described in the Offer Documents, including, without limitation:
  - Each New Option will have an exercise price equal to the closing price of our common stock reported on Nasdaq on the date that the New Option is granted.
  - Each New Option will represent your right to purchase a reduced number of shares of our common stock based on the exchange ratio specified in the Offer Documents and referenced on your Election Form.
  - Each New Option will have a maximum term of seven (7) years.
  - The vesting schedule of your New Options will be as follows:
    - To the extent an Eligible Option is vested as of the Exchange Date, such vested portion may be exchanged for a New Option that will vest 50% on the first anniversary of the grant date and 50% on the second anniversary of the grant date.
    - To the extent an Eligible Option is unvested as of the Exchange Date, such unvested portion may be exchanged for a New Option that will vest 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date.
4. To remain eligible to tender Eligible Options for exchange pursuant to the Exchange Offer, I understand that I must remain an Eligible Holder and must not have received nor given a notice of termination of employment prior to Expiration Time, which is scheduled to be **5:00 p.m. Eastern Time on Friday, July 19, 2019**, unless extended. I understand that if my employment with NewLink ceases prior to the expiration of the Exchange Offer, NewLink will not accept my Eligible Options for exchange and I or my estate or beneficiaries, as the case may be, will retain my Eligible Options subject to their original terms and conditions.
5. I understand that if I cease providing services to NewLink for any reason before the shares underlying my New Option vest, I will forfeit any unvested portion of my New Option, subject to the terms of the Amended 2009 Plan.
6. I understand that neither the ability to participate in the Exchange Offer nor actual participation in the Exchange Offer will be construed as a right to continued employment or service with NewLink.
7. I understand that this election is entirely voluntary, and I am aware that I may change or withdraw my decision to tender my Eligible Options at any time until the Exchange Offer expires as described in the Instructions to Election Form. **I understand that this decision to tender my Eligible Options will be irrevocable as of 5:00 p.m. Eastern Time on Friday, July 19, 2019, unless the Exchange Offer is extended.** Participation in the Offer is entirely your decision and should be made based on your personal circumstances. NewLink has not authorized any person to make any recommendation on our behalf as to whether or not you should participate in the Exchange Offer.
8. I understand that I may receive certain future “confirmation letters” or other communications from NewLink in connection with the Exchange Offer, including a communication confirming if NewLink has received this Election Form and whether NewLink ultimately accepts or rejects this Election Form. Unless I have provided an alternative e-mail address for contacting me (via option.exchange@linkp.com), I hereby confirm that I will have access to my regular NewLink e-mail for purposes of these future communications.

## INSTRUCTIONS TO ELECTION FORM

1. **DEFINED TERMS.** All capitalized terms used in this Election Form but not defined herein have the meanings given in the Offer to Exchange Eligible Options for New Options, dated June 20, 2019, filed with the U.S. Securities and Exchange Commission and separately delivered to you by e-mail from NewLink. The use of “*NewLink*,” “*we*,” “*us*” and “*our*” in this Election Form refers to NewLink Genetics Corporation.
2. **EXPIRATION TIME.** The Exchange Offer and any rights to tender or to withdraw a tender of Eligible Options expire at **5:00 p.m. Eastern Time on Friday, July 19, 2019**, unless the Exchange Offer is extended (and unless we have accepted the Eligible Options, you may also withdraw any such tendered securities at any time after **11:59 p.m. Eastern Time on Wednesday, August 14, 2019**).
3. **DELIVERY OF ELECTION FORM.** If you intend to tender Eligible Options under the Exchange Offer, a signed copy of this Election Form must be **received** by NewLink before **5:00 p.m. Eastern Time on Friday, July 19, 2019** (or such later date as may apply if the Exchange Offer is extended) by the following means:
  - **By Email (By PDF or similar imaged document file) to:** option.exchange@linkp.com

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

You are not required to tender any of your Eligible Options for exchange. If you choose to tender for exchange a particular Eligible Option, you must tender the entire option, but need not tender other Eligible Options held by you. On the Election Form, please check the box corresponding to the Eligible Options that you wish to tender for exchange. You do not need to return your stock option agreements relating to any tendered Eligible Options, as they will be automatically cancelled if we accept your Eligible Options for exchange and grant you New Options.

4. **WITHDRAWAL OF ELECTION.** Tenders of Eligible Options made under the Exchange Offer may be withdrawn at any time before **5:00 p.m. Eastern Time on Friday, July 19, 2019**, unless we extend the expiration date, in which case withdrawals must be received before such later expiration date and time (and unless we have accepted the Eligible Options, you may also withdraw any such tendered options after **11:59 p.m. Eastern Time on Wednesday, August 14, 2019**).

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

Withdrawals may not be rescinded and any Eligible Options withdrawn will not be considered to be properly tendered, unless the withdrawn Eligible Options are properly re-tendered before the Expiration Date by following the procedures described in Instruction 3 above.

5. **SIGNATURES.** Please sign and date this Election Form. Except as described in the following sentence, this Election Form must be signed by the Eligible Holder who holds the Eligible Options to be tendered in the same manner as such Eligible Holder’s name appears on the applicable stock option agreement. If the signature is by an attorney-in-fact or another person acting in a fiduciary or representative capacity, the signer’s full title and proper evidence of the authority of such person to act in such capacity must be identified on this Election Form.
6. **REQUESTS FOR ASSISTANCE OR ADDITIONAL COPIES.** Any questions or requests for assistance regarding the Exchange Offer (including requests for additional or hard copies of the Exchange Offer or this Election Form) should be directed to option.exchange@linkp.com.
7. **IRREGULARITIES.** We will determine all questions as to the number of shares subject to Eligible Options tendered and the validity, form, eligibility (including time of receipt) and acceptance of any tender of Eligible Options for exchange. Subject to any order or decision by a court or arbitrator of competent jurisdiction, our determination of these matters will be final and binding on all parties. We may reject any or all tenders of Eligible Options for exchange that we determine are not in appropriate form or that we determine are unlawful to accept. We may waive any defect or irregularity in any tender with respect to any particular Eligible Options or any particular Eligible Holder before the expiration of the Exchange Offer. No Eligible Options will be accepted for exchange until the Eligible Holder exchanging the Eligible Options has cured all defects or irregularities to our satisfaction, or they have been waived by us, prior to the Expiration Date. Neither we nor any other person is obligated to give notice of any defects or irregularities involved in the exchange of any Eligible Options.
8. **CONDITIONAL OR CONTINGENT OFFERS.** We will not accept any alternative, conditional or contingent tenders.
9. **IMPORTANT U.S. TAX INFORMATION.** You should refer to Section 12 of the Offering Memorandum included in the Offering Documents, which contains important U.S. tax information. We encourage you to consult with your own financial and tax advisors if you have questions about your financial or tax situation.

**INSTRUCTIONS TO NOTICE OF WITHDRAWAL OF ELECTION FORM**

If you previously elected to accept the offer by NewLink Genetics Corporation (“**NewLink**”) to exchange some or all of your outstanding Eligible Options for New Options, subject to the terms and conditions of the Offer to Exchange Eligible Options for New Options, dated June 20, 2019 (the “**Exchange Offer**”), and you would like to change your election and withdraw the tender of any of your Eligible Options for exchange, **you must complete and sign this Notice of Withdrawal of Election Form (the “Notice of Withdrawal”) and return it to NewLink before 5:00 p.m. Eastern Time on Friday, July 19, 2019.** Once the Notice of Withdrawal is signed and complete, please return it to NewLink by the following means:

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

You should receive a confirmation of receipt within three (3) business days of submitting your Notice of Withdrawal. If you have not received a confirmation of receipt before Friday, July 19, 2019, please contact us promptly at option.exchange@linkp.com to confirm we received your Notice of Withdrawal.

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

**NEWLINK GENETICS CORPORATION**  
**2503 SOUTH LOOP DRIVE, Suite 5100**  
**AMES, IA 50010**

**NOTICE OF WITHDRAWAL**

**Return by Email (By PDF or similar imaged document file) to:** option.exchange@linkp.com

I previously received from NewLink the Offer to Exchange Eligible Options for New Options, dated June 20, 2019, and the Election Form. I signed and returned the Election Form, in which I elected to tender some or all of my Eligible Options in exchange for New Options. By submitting this Notice of Withdrawal, I am revoking that election and hereby withdraw from the Exchange Offer with respect to the Eligible Option grants listed below:

Eligible Options				
Grant Number	Grant Date	Exercise Price	Shares	
				<input type="checkbox"/> <u>Revoke election</u>
				<input type="checkbox"/> <u>Revoke election</u>
				<input type="checkbox"/> <u>Revoke election</u>

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

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

\_\_\_\_\_  
 (Signature)

\_\_\_\_\_  
 (Print Name)

\_\_\_\_\_  
 (Date)

**FORM OF  
COMMUNICATION TO ELIGIBLE HOLDERS PARTICIPATING IN  
THE EXCHANGE OFFER CONFIRMING RECEIPT OF ELECTION FORM**

Date:

To:

From: NewLink Genetics Corporation

Re: Confirmation of Receipt of Election Form

This message confirms that we have received your Election Form. This confirmation should not, however, be construed to imply that the Election Form or any other documents that you have submitted have been properly completed or are otherwise in proper form or that we have accepted your Eligible Options for exchange. If your Election Form is properly completed and signed, and all eligibility requirements are met, we expect to accept your Eligible Options elected for exchange and to grant you New Options, subject to the terms and conditions set forth in the Exchange Offer, promptly following the expiration of the Exchange Offer at 5:00 p.m. Eastern Time on Friday, July 19, 2019, unless the Exchange Offer is extended by us. Any Eligible Options listed on your Election Form for which you checked the “Yes, exchange eligible option” box, will be cancelled and New Options granted in exchange in the manner described in the Exchange Offer.

Unless you withdraw your tendered Eligible Options by providing us a properly completed and signed Notice of Withdrawal before 5:00 p.m. Eastern Time on Friday, July 19, 2019 (or, if the Exchange Offer is extended, before the new termination date) (provided, however, that unless we have accepted your tendered Eligible Options, you may also withdraw any such tendered Eligible Options at any time after 5:00 p.m. Eastern Time on Friday, July 19, 2019), we will, subject to the conditions of the Exchange Offer, cancel all Eligible Options that you have properly tendered and grant you New Options in exchange. If you do not withdraw your tendered Eligible Options and we accept your Eligible Options for exchange, promptly following the expiration of the Exchange Offer we will provide you with a “confirmation letter” confirming that your Eligible Options have been accepted for exchange. In addition, we will separately send to you the grant documents relating to the New Options for signature. Your Election Form may be changed or revoked at any time by delivering a new properly completed and signed Election Form Sheet bearing a later date so long as we receive the documents before the expiration of the Exchange Offer.

You should direct questions about the Exchange Offer or requests for assistance (including requests for additional or paper copies of the Exchange Offer, the Election Form or other documents relating to the Exchange Offer) to Legal Department by sending an email to [option.exchange@linkp.com](mailto:option.exchange@linkp.com) or by calling (515) 296-5555.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Exchange Eligible Options for New Options, dated June 20, 2019 (the “*Exchange Offer*”).



**FORM OF COMMUNICATION TO ELIGIBLE HOLDERS  
CONFIRMING RECEIPT OF NOTICE OF WITHDRAWAL OF ELECTION FORM**

Date:

To:

From: NewLink Genetics Corporation

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

This message confirms that we have received your Notice of Withdrawal of Election Form (the “*Notice of Withdrawal*”). This confirmation should not, however, be construed to imply that the Notice of Withdrawal or any other documents that you have submitted have been properly completed or are otherwise in proper form or that we have accepted your Notice of Withdrawal. If the Notice of Withdrawal is properly completed and signed and timely received by us, you will have withdrawn all of the Eligible Options listed on the Notice of Withdrawal and you will have revoked your prior acceptance of our offer to exchange such Eligible Options. With respect to those Eligible Options listed on the Notice of Withdrawal, we will not exchange such awards for New Options and you will retain your Eligible Options previously tendered for exchange with their existing exercise price, term, vesting schedule and other terms and conditions.

If your Notice of Withdrawal is properly completed and signed, we will accept your rejection of the Exchange Offer. Your Eligible Options listed on the Notice of Withdrawal will remain outstanding after the Offer closes at **5:00 p.m. Eastern Time on Friday, July 19, 2019**, unless the Exchange Offer is extended by us.

You should direct questions about the Offer or requests for assistance (including requests for additional or paper copies of the Offer, the Election Form, or other documents relating to the Offer) to Legal Department by sending an email to [option.exchange@linkp.com](mailto:option.exchange@linkp.com) or by calling (515) 296-5555.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Offer to Exchange Eligible Options for New Options, dated June 20, 2019 (the “*Exchange Offer*”).

**Subject:** REMINDER - NewLink Genetics Corporation Offer to Exchange Eligible Options for New Options

**To:** Eligible Employees

**Date:** \_\_\_\_\_, 2019

This email is intended to serve as a reminder that we are nearing the expiration of the Exchange Offer described in the Offer to Exchange Eligible Options for New Options, dated June 20, 2019 (the “**Exchange Offer**”). The Exchange Offer and withdrawal rights will remain open until **5:00 p.m. Eastern Time on Friday, July 19, 2019**, unless the Exchange Offer is extended (provided, however, that if we have not accepted the tendered Eligible Options, you may also withdraw any such tendered securities at any time after **11:59 p.m. Eastern Time on Wednesday, August 14, 2019**). The submission of all Election Forms and/or Notice of Withdrawal forms must be made by the deadline noted above, or the Expiration Time if the expiration of the Exchange Offer is extended. We cannot accept late submissions.

If you have any questions about the Offer, you can contact:

Legal Department  
Phone: (515) 296-5555  
E-Mail: [option.exchange@linkp.com](mailto:option.exchange@linkp.com)

**This notice does not constitute an offer. The full terms of the Exchange Offer are described in the Schedule TO and accompanying documents which you may access on our website at [www.newlinkgenetics.com](http://www.newlinkgenetics.com) or through the SEC website at [www.sec.gov](http://www.sec.gov). Capitalized terms not otherwise defined herein shall have the meaning set forth in the Exchange Offer.**

**FORM OF CONFIRMATION LETTER TO ELIGIBLE EMPLOYEES  
PARTICIPATING IN THE EXCHANGE OFFER**

Date:

To:

From: NewLink Genetics Corporation

Re: Confirmation of Acceptance of Election Form

Thank you for your submission of the Election Form. We confirm with this letter that we have accepted your Election Form. Subject to the other terms and conditions of the Exchange Offer, your Eligible Options will be cancelled and New Options will be granted to you. Shortly, we will be sending you a grant notice and award agreement for your New Options that contain the terms of the New Options (the "***New Option Agreement***") as described in the Offer to Exchange Eligible Options for New Options, dated June 20, 2019 (the "***Exchange Offer***"). The New Option Agreement will be delivered electronically.

In the meanwhile, if you have any questions, please send an email to [option.exchange@linkp.com](mailto:option.exchange@linkp.com) or call Legal Department at (515) 296-5555.

Capitalized terms not otherwise defined herein shall have the meaning set forth in the Exchange Offer.

**NEWLINK GENETICS CORPORATION****2009 EQUITY INCENTIVE PLAN**

**ADOPTED BY THE BOARD OF DIRECTORS: MAY 13, 2009**  
**APPROVED BY THE STOCKHOLDERS: JULY 15, 2009**  
**AMENDED BY THE BOARD: DECEMBER 4, 2009 AND MARCH 3, 2010**  
**APPROVED BY THE STOCKHOLDERS: MAY 15, 2010**  
**AMENDED BY THE BOARD: OCTOBER 29, 2010**  
**APPROVED BY THE STOCKHOLDERS: JANUARY 7, 2011**  
**AMENDED BY THE BOARD OF DIRECTORS: MARCH 22, 2019**  
**APPROVED BY THE STOCKHOLDERS: MAY 9, 2019**

**1. GENERAL.**

**(a) Successor to and Continuation of Prior Plan.** The Plan is intended as the successor to and continuation of the NewLink Genetics Corporation 2000 Equity Incentive Plan (the “**Prior Plan**”). Following the Effective Date, no additional stock awards shall be granted under the Prior Plan. Any shares remaining available for issuance pursuant to the exercise of options or issuance or settlement of stock awards under the Prior Plan as of the Effective Date (the “**Prior Plan’s Available Reserve**”) shall become available for issuance pursuant to Stock Awards granted hereunder. From and after the Effective Date, all outstanding stock awards granted under the Prior Plan shall remain subject to the terms of the Prior Plan; *provided, however*, any shares subject to outstanding stock awards granted under the Prior Plan that expire or terminate for any reason prior to exercise or settlement or are forfeited because of the failure to meet a contingency or condition required to vest such shares, which shares would otherwise return to the Prior Plan (the “**Returning Shares**”) shall become available for issuance pursuant to Awards granted hereunder. All Awards granted on or after the Effective Date of this Plan shall be subject to the terms of this Plan; *provided that* Awards granted pursuant to the terms of the Plan prior to its amendment in March 2019 shall continue to be governed by the terms of the Plan prior to such amendment.

**(b) Eligible Award Recipients.** The persons eligible to receive Awards are Employees, Directors and Consultants.

**(c) Available Awards.** The Plan provides for the grant of the following Awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards, (vi) Performance Stock Awards, and (vii) Other Stock Awards.

**(d) Purpose.** The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Awards as set forth in Section 1(b), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in value of the Common Stock through the granting of Awards.

## 2. ADMINISTRATION.

**(a) Administration by Board.** The Board shall administer the Plan unless and until the Board delegates administration of the Plan to a Committee or Committees, as provided in Section 2(c).

**(b) Powers of Board.** The Board shall have the power, subject to, and within the limitations of, the express provisions of the Plan:

**(i)** To determine from time to time (A) which of the persons eligible under the Plan shall be granted Awards; (B) when and how each Award shall be granted; (C) what type or combination of types of Award shall be granted; (D) the provisions of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Common Stock pursuant to a Stock Award; (E) the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person; and (F) the Fair Market Value applicable to a Stock Award.

**(ii)** To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan or Award fully effective.

**(iii)** To settle all controversies regarding the Plan and Awards granted under it.

**(iv)** To accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest.

**(v)** To suspend or terminate the Plan at any time. Suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

**(vi)** To amend the Plan in any respect the Board deems necessary or advisable, including, without limitation, by adopting amendments relating to Incentive Stock Options and certain nonqualified deferred compensation under Section 409A of the Code and/or to bring the Plan or Awards granted under the Plan into compliance therewith, subject to the limitations, if any of applicable law. However, except as provided in Section 10(a) relating to Capitalization Adjustments, to the extent required by applicable law or listing requirements, stockholder approval shall be required for any amendment of the Plan that either (A) materially increases the number of shares of Common Stock available for issuance under the Plan, (B) materially expands the class of individuals eligible to receive Awards under the Plan, (C) materially increases the benefits accruing to Participants under the Plan or materially reduces the price at which shares of Common Stock may be issued or purchased under the Plan, (D) materially extends the term of the Plan, or (E) expands the types of Awards available for issuance under the Plan. Except as provided above, rights under any Award granted before amendment of the Plan shall not be impaired by any amendment

of the Plan unless (1) the Company requests the consent of the affected Participant, and (2) such Participant consents in writing.

**(vii)** To submit any amendment to the Plan for stockholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 422 of the Code regarding “incentive stock options” or (B) Rule 16b-3.

**(viii)** To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to Board discretion; *provided however*, that except with respect to amendments that disqualify or impair the status of an Incentive Stock Option, a Participant’s rights under any Award shall not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant, and (B) such Participant consents in writing. Notwithstanding the foregoing, subject to the limitations of applicable law, if any, the Board may amend the terms of any one or more Awards without the affected Participant’s consent if necessary to maintain the qualified status of the Award as an Incentive Stock Option or to bring the Award into compliance with Section 409A of the Code.

**(ix)** Generally, to exercise such powers and to perform such acts as the Board deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards.

**(x)** To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States.

**(c) Delegation to Committee.**

**(i) General.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee, including the power to delegate to a subcommittee of the Committee any of the administrative powers the Committee is authorized to exercise (and references in this Plan to the Board shall thereafter be to the Committee or subcommittee), subject, however, to such resolutions, not inconsistent with the provisions of the Plan, as may be adopted from time to time by the Board. The Committee may, at any time, abolish the subcommittee and/or revest in the Committee any powers delegated to the subcommittee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, revest in the Board some or all of the powers previously delegated.

**(ii) Rule 16b-3 Compliance.** The Committee may consist solely of two or more Non-Employee Directors, in accordance with Rule 16b-3.

**(d) Delegation to an Officer.** The Board may delegate to one (1) or more Officers the authority to do one or both of the following (i) designate Employees who are providing Continuous Service to the Company or any of its Subsidiaries who are not Officers to be recipients of Options

and Stock Appreciation Rights (and, to the extent permitted by applicable law, other Stock Awards) and the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; *provided, however*, that the Board resolutions regarding such delegation shall specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by such Officer and that such Officer may not grant a Stock Award to himself or herself. Notwithstanding the foregoing, the Board may not delegate authority to an Officer to determine the Fair Market Value pursuant to Section 14(v)(iii) below.

**(e) Effect of Board's Decision.** All determinations, interpretations and constructions made by the Board in good faith shall not be subject to review by any person and shall be final, binding and conclusive on all persons.

**(f) Repricing; Cancellation and Re-Grant of Stock Awards.** Neither the Board nor any Committee will have the authority to (i) reduce the exercise, purchase or strike price of any outstanding Option or SAR under the Plan, or (ii) cancel any outstanding Option or SAR that has an exercise price or strike price greater than the then-current Fair Market Value of the Common Stock in exchange for cash or other Stock Awards under the Plan, unless the stockholders of the Company have approved such an action within 12 months prior to such an event.

**(g) Dividends and Dividend Equivalents.** Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Common Stock subject to a Stock Award (other than an Option or SAR), as determined by the Board and contained in the applicable Stock Award Agreement; *provided, however*, that (i) no dividends or dividend equivalents may be paid with respect to any such shares before the date such shares have vested under the terms of such Stock Award Agreement, (ii) any dividends or dividend equivalents that are credited with respect to any such shares will be subject to all of the terms and conditions applicable to such shares under the terms of such Stock Award Agreement (including, but not limited to, any vesting conditions), and (iii) any dividends or dividend equivalents that are credited with respect to any such shares will be forfeited to the Company on the date, if any, such shares are forfeited to or repurchased by the Company due to a failure to meet any vesting conditions under the terms of such Stock Award Agreement.

### **3. SHARES SUBJECT TO THE PLAN.**

**(a) Share Reserve.** Subject to Section 10(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards from and after the Effective Date shall not exceed 12,400,653 shares (the "**Share Reserve**"), which number is the sum of (i) 1,309,523 shares approved by the stockholders on July 15, 2009, (ii) 1,238,095 shares approved by the stockholders on May 15, 2010, (iii) 714,285 shares approved by the stockholders on January 7, 2011, and (iv) an aggregate of 9,138,750 shares automatically added to the share reserve on January 1 of each year during the period beginning January 1, 2012 through and including January 1, 2019, plus the Returning Shares, if any, as such shares become available from time to time. In addition, the number of shares of Common Stock available for issuance under the Plan shall automatically increase on January 1<sup>st</sup> of each year commencing on January 1, 2020 and ending on (and including) January 1, 2029, in an amount equal to three percent (3%) of the total number of shares of Common Stock outstanding on December 31<sup>st</sup> of the preceding calendar

year. Notwithstanding the foregoing, the Board may act prior to the first day of any calendar year, to provide that there shall be no increase in the share reserve for such calendar year or that the increase in the share reserve for such calendar year shall be a lesser number of shares of Common Stock than would otherwise occur pursuant to the preceding sentence. For clarity, the Share Reserve in this Section 3(a) is a limitation on the number of shares of Common Stock that may be issued pursuant to the Plan and does not limit the granting of Stock Awards except as provided in Section 8(a). Shares may be issued in connection with a merger or acquisition as permitted by, as applicable, NASDAQ Listing Rule 5635(c) or, if applicable, NYSE Listed Company Manual Section 303A.08, AMEX Company Guide Section 711 or other applicable rule, and such issuance shall not reduce the number of shares available for issuance under the Plan. Furthermore, if a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash (*i.e.*, the Participant receives cash rather than stock), such expiration, termination or settlement shall not reduce (or otherwise offset) the number of shares of Common Stock that may be available for issuance under the Plan.

**(b) Reversion of Shares to the Share Reserve.**

**(i) Shares Available For Subsequent Issuance.** If (A) any shares of Common Stock subject to a Stock Award are not issued because such Stock Award or any portion thereof expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or is settled in cash (*i.e.*, the Participant receives cash rather than stock), (B) any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required for the vesting of such shares, or (C) with respect to a Full Value Award, any shares of Common Stock are reacquired or withheld (or not issued) by the Company to satisfy a tax withholding obligation in connection with such Full Value Award, such shares will again become available for issuance under the Plan (collectively, the “**2009 Plan Returning Shares**”).

**(ii) Shares Not Available For Subsequent Issuance.** Any shares of Common Stock reacquired or withheld (or not issued) by the Company to satisfy the exercise or purchase price of a Stock Award will no longer be available for issuance under the Plan, including any shares subject to a Stock Award that are not delivered to a Participant because such Stock Award is exercised through a reduction of shares subject to such Stock Award (*i.e.*, “net exercised”). In addition, any shares reacquired or withheld (or not issued) by the Company to satisfy a tax withholding obligation in connection with an Option or Stock Appreciation Right, or any shares repurchased by the Company on the open market with the proceeds of the exercise or strike price of an Option or Stock Appreciation Right will no longer be available for issuance under the Plan.

**(c) Incentive Stock Option Limit.** Notwithstanding anything to the contrary in this Section 2(f) and, subject to the provisions of Section 10(a) relating to Capitalization Adjustments, the aggregate maximum number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options shall be fifty million (50,000,000) shares of Common Stock.

**(d) Source of Shares.** The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.



#### 4. ELIGIBILITY.

**(a) Eligibility for Specific Stock Awards.** Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and (f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; *provided, however*, Nonstatutory Stock Options and SARs may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405 promulgated under the Securities Act, unless the stock underlying such Stock Awards is treated as “service recipient stock” under Section 409A of the Code because the Stock Awards are granted pursuant to a corporate transaction (such as a spin off transaction) or unless such Stock Awards comply with the distribution requirements of Section 409A of the Code.

**(b) Ten Percent Stockholders.** A Ten Percent Stockholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least one hundred ten percent (110%) of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five (5) years from the date of grant.

#### 5. NON-DISCRETIONARY GRANTS TO NON-EMPLOYEE DIRECTORS

**(a) Initial Grants.** Without any further action of the Board, each person who is elected or appointed for the first time to be a Non-Employee Director automatically shall, upon the date of his or her initial election or appointment to be a Non-Employee Director by the Board or stockholders of the Company, be granted an Initial Grant as an Option to purchase a number of shares equal to the lesser of (i) \$250,000 divided by the per share grant date fair value that will be used for reporting the compensation under applicable accounting guidance, and (ii) 125,000 shares (subject to Section 10(a) relating to Capitalization Adjustments). Thirty-three percent (33%) of the shares shall vest on the first anniversary of the date of such Initial Grant recipient’s election as a Non-Employee Director and the remaining sixty-seven percent (67%) of the shares shall vest in a series of twenty-four (24) successive equal monthly installments over the two (2)-year period following the first anniversary of the date of election, subject to Participant’s Continuous Service as of each such date.

**(b) Annual Grants.** Without any further action of the Board, a Non-Employee Director shall be granted an Annual Grant as follows: On the day following each Annual Meeting commencing with the Annual Meeting in 2018, each person who is then a Non-Employee Director automatically shall be granted an Annual Grant as an Option to purchase a number of shares equal to the lesser of (i) \$150,000 divided by the per share grant date fair value that will be used for reporting the compensation under applicable accounting guidance, and (ii) 50,000 shares (subject to Section 10(a) relating to Capitalization Adjustments). One hundred percent (100%) of the shares shall vest on the earlier of (i) the first anniversary of the date of grant and (ii) the date of the first Annual Meeting following the date of grant, in each case subject to Participant’s Continuous Service as of such date.

#### 6. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

Each Option or SAR shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. All Options shall be separately designated Incentive Stock

Options or Nonstatutory Stock Options at the time of grant, and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; *provided, however*, that each Option Agreement or Stock Appreciation Right Agreement shall conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

**(a) Term.** Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, no Option or SAR shall be exercisable after the expiration of ten (10) years from the date of its grant or such shorter period specified in the Award Agreement.

**(b) Exercise Price.** Subject to the provisions of Section 4(b) regarding Ten Percent Stockholders, the exercise price (or strike price) of each Option or SAR shall be not less than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Option or SAR is granted. Notwithstanding the foregoing, an Option or SAR may be granted with an exercise price (or strike price) lower than one hundred percent (100%) of the Fair Market Value of the Common Stock subject to the Option or SAR if such Option or SAR is granted pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Corporate Transaction and in a manner consistent with the provisions of Sections 409A and, if applicable, 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

**(c) Purchase Price for Options.** The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Board in its sole discretion, by any combination of the methods of payment set forth below. The Board shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The permitted methods of payment are as follows:

**(i)** by cash, check, bank draft or money order payable to the Company;

**(ii)** pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to pay the aggregate exercise price to the Company from the sales proceeds;

**(iii)** by delivery to the Company (either by actual delivery or attestation) of shares of Common Stock;

**(iv)** if the option is a Nonstatutory Stock Option, by a “net exercise” arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; *provided, however*, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; *provided, further*, that shares

of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the “net exercise,” (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; or

(v) in any other form of legal consideration that may be acceptable to the Board.

**(d) Exercise and Payment of a SAR.** To exercise any outstanding Stock Appreciation Right, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right. The appreciation distribution payable on the exercise of a Stock Appreciation Right will be not greater than an amount equal to the excess of (A) the aggregate Fair Market Value (on the date of the exercise of the Stock Appreciation Right) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such Stock Appreciation Right, and with respect to which the Participant is exercising the Stock Appreciation Right on such date, over (B) the strike price that will be determined by the Board at the time of grant of the Stock Appreciation Right. The appreciation distribution in respect to a Stock Appreciation Right may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Board and contained in the Stock Appreciation Right Agreement evidencing such Stock Appreciation Right.

**(e) Transferability of Options and SARs.** The Board may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Board shall determine. In the absence of such a determination by the Board to the contrary, the following restrictions on the transferability of Options and SARs shall apply:

**(i) Restrictions on Transfer.** An Option or SAR shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant; *provided, however*, that the Board may, in its sole discretion, permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant’s request. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

**(ii) Domestic Relations Orders.** Notwithstanding the foregoing, an Option or SAR may be transferred pursuant to a domestic relations order; *provided, however*, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

**(iii) Beneficiary Designation.** Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect Option exercises, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant’s estate shall be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise.

**(f) Vesting Generally.** The total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Board may deem appropriate. The vesting provisions of individual Options or SARs may vary.

**(g) Termination of Continuous Service.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates (other than for Cause or upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date three (3) months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement), or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate.

**(h) Extension of Termination Date.** If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause or upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR shall terminate on the earlier of (i) the expiration of a total period of three (3) months (that need not be consecutive) after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement. In addition, unless otherwise provided in a Participant's Award Agreement, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy, or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

**(i) Disability of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve (12) months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement), or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time

specified herein or in the Award Agreement (as applicable), the Option or SAR (as applicable) shall terminate.

**(j) Death of Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company, if (i) a Participant's Continuous Service terminates as a result of the Participant's death, or (ii) the Participant dies within the period (if any) specified in the Award Agreement for exercisability after the termination of the Participant's Continuous Service (for a reason other than death), then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date eighteen (18) months following the date of death (or such longer or shorter period specified in the Award Agreement), or (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate.

**(k) Termination for Cause.** Except as explicitly provided otherwise in a Participant's Award Agreement or other individual written agreement between the Company or any Affiliate and the Participant, if a Participant's Continuous Service is terminated for Cause, the Option or SAR shall terminate immediately upon such Participant's termination of Continuous Service, and the Participant shall be prohibited from exercising his or her Option or SAR from and after the time of such termination of Continuous Service.

**(l) Non-Exempt Employees.** No Option or SAR, whether or not vested, granted to an Employee who is a non-exempt employee for purposes of the Fair Labor Standards Act of 1938, as amended, shall be first exercisable for any shares of Common Stock until at least six (6) months following the date of grant of the Option or SAR. Notwithstanding the foregoing, consistent with the provisions of the Worker Economic Opportunity Act, (i) in the event of the Participant's death or Disability, (ii) upon a Corporate Transaction in which such Option or SAR is not assumed, continued, or substituted, (iii) upon a Change in Control, or (iv) upon the Participant's retirement (as such term may be defined in the Participant's Award Agreement or in another applicable agreement or in accordance with the Company's then current employment policies and guidelines), any such vested Options and SARs may be exercised earlier than six months following the date of grant. The foregoing provision is intended to operate so that any income derived by a non-exempt employee in connection with the exercise or vesting of an Option or SAR will be exempt from his or her regular rate of pay.

## **7. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARS.**

**(a) Restricted Stock Awards.** Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. To the extent consistent with the Company's Bylaws, at the Board's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse; or (ii) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Board. The terms and conditions of Restricted Stock

Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; *provided, however*, that each Restricted Stock Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration (including future services) that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** Shares of Common Stock awarded under the Restricted Stock Award Agreement may be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Board.

**(iii) Termination of Participant's Continuous Service.** If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

**(iv) Transferability.** Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Board shall determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

**(v) Dividends.** A Restricted Stock Award Agreement may provide that any dividends paid on Restricted Stock will be subject to the same vesting and forfeiture restrictions as apply to the shares subject to the Restricted Stock Award to which they relate.

**(b) Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement shall be in such form and shall contain such terms and conditions as the Board shall deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical; *provided, however*, that each Restricted Stock Unit Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the Agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** At the time of grant of a Restricted Stock Unit Award, the Board will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Board, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** At the time of the grant of a Restricted Stock Unit Award, the Board may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

**(iii) Payment.** A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Board and contained in the Restricted Stock Unit Award Agreement.

**(iv) Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Board, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

**(v) Dividend Equivalents.** Dividend equivalents may be credited in respect of shares of Common Stock covered by a Restricted Stock Unit Award, as determined by the Board and contained in the Restricted Stock Unit Award Agreement. At the sole discretion of the Board, such dividend equivalents may be converted into additional shares of Common Stock covered by the Restricted Stock Unit Award in such manner as determined by the Board. Any additional shares covered by the Restricted Stock Unit Award credited by reason of such dividend equivalents will be subject to all of the same terms and conditions of the underlying Restricted Stock Unit Award Agreement to which they relate.

**(vi) Termination of Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

**(c) Performance Stock Awards.**

**(i) Performance Stock Awards.** A Performance Stock Award is a Stock Award that may vest or may be exercised contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be conclusively determined by the Committee, in its sole discretion. The Board may provide for or, subject to such terms and conditions as the Board may specify, may permit a Participant to elect for, the payment of any Performance Stock Award to be deferred to a specified date or event. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Board may determine that cash may be used in payment of Performance Stock Awards.

**(ii) Board Discretion.** The Board retains the discretion to reduce or eliminate the compensation or economic benefit due upon attainment of Performance Goals and to define the manner of calculating the Performance Criteria it selects to use for a Performance Period.

**(d) Other Stock Awards.** Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof (e.g., options or stock rights with an exercise price or strike price less than 100% of the Fair Market Value of the Common Stock at the time of grant) may be granted either alone or in addition to Stock Awards provided for under Section 5, Section 6 and the preceding provisions of this Section 7. Subject to the provisions of the Plan, the Board shall have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards.

## **8. COVENANTS OF THE COMPANY.**

**(a) Availability of Shares.** During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock reasonably required to satisfy such Stock Awards.

**(b) Securities Law Compliance.** The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; *provided, however*, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant shall not be eligible for the grant of a Stock Award or the subsequent issuance of Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

**(c) No Obligation to Notify or Minimize Taxes.** The Company shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

## **9. MISCELLANEOUS.**

**(a) Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

**(b) Corporate Action Constituting Grant of Stock Awards.** Corporate action constituting a grant by the Company of a Stock Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Board, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant.



**(c) Stockholder Rights.** No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to such Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Stock Award has been entered into the books and records of the Company.

**(d) No Employment or Other Service Rights.** Nothing in the Plan, any Stock Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Stock Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

**(e) Incentive Stock Option \$100,000 Limitation.** To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds one hundred thousand dollars (\$100,000), the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any contrary provision of the applicable Option Agreement(s).

**(f) Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then currently effective registration statement under the Securities Act, or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

**(g) Withholding Obligations.** Unless prohibited by the terms of a Stock Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means:

(i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; *provided, however*, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

**(h) Electronic Delivery.** Any reference herein to a “written” agreement or document shall include any agreement or document delivered electronically, filed publicly at [www.sec.gov](http://www.sec.gov) (or any successor website thereto) or posted on the Company’s intranet.

**(i) Deferrals.** To the extent permitted by applicable law, the Board, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants will be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Board may provide for distributions while a Participant is still an employee or otherwise providing services to the Company. The Board is authorized to make deferrals of Awards and determine when, and in what annual percentages, Participants may receive payments, including lump sum payments, following the Participant’s termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

**(j) Compliance with Section 409A.** To the extent that the Board determines that any Award granted hereunder is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code. Notwithstanding anything to the contrary in this Plan (and unless the Award Agreement specifically provides otherwise), if the shares of Common Stock are publicly traded and a Participant holding an Award that constitutes “deferred compensation” under Section 409A of the Code is a “specified employee” for purposes of Section 409A of the Code, no distribution or payment of any amount shall be made upon a “separation from service” before a date that is six (6) months following the date of such Participant’s “separation from service” (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant’s death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code.

**(k) Clawback/Recovery.** All Stock Awards granted under the Plan will be subject to recoupment in accordance with any clawback policy that the Company is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company’s securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Board may impose such other clawback, recovery or recoupment provisions in a Stock Award Agreement as the Board determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of Cause. No recovery of

compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company or an Affiliate.

## **10. ADJUSTMENTS UPON CHANGES IN COMMON STOCK; OTHER CORPORATE EVENTS.**

**(a) Capitalization Adjustments.** In the event of a Capitalization Adjustment, the Board shall appropriately and proportionately adjust: (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be issued pursuant to the exercise of Incentive Stock Options pursuant to Section 3(b)(ii), (iii) the class(es) and maximum number of securities to be granted as an Initial Grant or as an Annual Grant pursuant to Section 5(a) and 5(b), respectively, and (iv) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Board shall make such adjustments, and its determination shall be final, binding and conclusive.

**(b) Dissolution or Liquidation.** Except as otherwise provided in the Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company’s right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company’s repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service, *provided, however*, that the Board may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

**(c) Corporate Transaction.** The following provisions shall apply to Stock Awards in the event of a Corporate Transaction unless otherwise provided in the instrument evidencing the Stock Award or any other written agreement between the Company or any Affiliate and the Participant or unless otherwise expressly provided by the Board at the time of grant of a Stock Award.

**(i) Stock Awards May Be Assumed.** In the event of a Corporate Transaction, any surviving corporation or acquiring corporation (or the surviving or acquiring corporation’s parent company) may assume or continue any or all Stock Awards outstanding under the Plan or may substitute similar stock awards for Stock Awards outstanding under the Plan (including but not limited to, awards to acquire the same consideration paid to the stockholders of the Company pursuant to the Corporate Transaction), and any reacquisition or repurchase rights held by the Company in respect of Common Stock issued pursuant to Stock Awards may be assigned by the Company to the successor of the Company (or the successor’s parent company, if any), in connection with such Corporate Transaction. A surviving corporation or acquiring corporation (or its parent) may choose to assume or continue only a portion of a Stock Award or substitute a similar stock award for only a portion of a Stock Award, or may choose to assume or continue the Stock Awards

held by some, but not all Participants. The terms of any assumption, continuation or substitution shall be set by the Board.

**(ii) Stock Awards Held by Current Participants.** In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to Stock Awards that have not been assumed, continued or substituted and that are held by Participants whose Continuous Service has not terminated prior to the effective time of the Corporate Transaction (referred to as the “**Current Participants**”), the vesting of any such time-based Stock Awards (and, with respect to Options and Stock Appreciation Rights, the time when such Stock Awards may be exercised) shall be accelerated in full (and with respect to performance-based Stock Awards, vesting shall be deemed to be satisfied at the target level) to a date prior to the effective time of such Corporate Transaction (contingent upon the effectiveness of the Corporate Transaction) as the Board shall determine (or, if the Board shall not determine such a date, to the date that is five (5) days prior to the effective time of the Corporate Transaction), and such Stock Awards shall terminate if not exercised (if applicable) at or prior to the effective time of the Corporate Transaction, and any reacquisition or repurchase rights held by the Company with respect to such Stock Awards shall lapse (contingent upon the effectiveness of the Corporate Transaction).

**(iii) Stock Awards Held by Persons other than Current Participants.** In the event of a Corporate Transaction in which the surviving corporation or acquiring corporation (or its parent company) does not assume or continue such outstanding Stock Awards or substitute similar stock awards for such outstanding Stock Awards, then with respect to Stock Awards that have not been assumed, continued or substituted and that are held by persons other than Current Participants, such Stock Awards shall terminate if not exercised (if applicable) prior to the effective time of the Corporate Transaction; *provided, however*, that any reacquisition or repurchase rights held by the Company with respect to such Stock Awards shall not terminate and may continue to be exercised notwithstanding the Corporate Transaction.

**(iv) Payment for Stock Awards in Lieu of Exercise.** Notwithstanding the foregoing, in the event a Stock Award will terminate if not exercised prior to the effective time of a Corporate Transaction, the Board may provide, in its sole discretion, that the holder of such Stock Award may not exercise such Stock Award but will receive a payment, in such form as may be determined by the Board, equal in value, at the effective time, to the excess, if any, of (A) the value of the property the Participant would have received upon the exercise of the Stock Award (including, at the discretion of the Board, any unvested portion of such Stock Award), over (B) any exercise price payable by such holder in connection with such exercise.

**(d) Change in Control.** A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after a Change in Control as may be provided in the Stock Award Agreement for such Stock Award or as may be provided in any other written agreement between the Company or any Affiliate and the Participant, but in the absence of such provision, no such acceleration shall occur.

## 11. TERMINATION OR SUSPENSION OF THE PLAN.

(a) **Plan Term.** The Board may suspend or terminate the Plan at any time. No Incentive Stock Option will be granted after the tenth anniversary of the earlier of (i) the date the Plan is most recently adopted by the Board, or (ii) the date the Plan is most recently approved by the stockholders of the Company. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

(b) **No Impairment of Rights.** Suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant.

## 12. EFFECTIVE DATE OF PLAN.

This Plan shall become effective on the Effective Date.

13. **CHOICE OF LAW.** The laws of the State of Iowa shall govern all questions concerning the construction, validity and interpretation of this Plan, without regard to that state's conflict of laws rules.

14. **DEFINITIONS.** As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

(a) **"Affiliate"** means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Board shall have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.

(b) **"Award"** means a Stock Award.

(c) **"Award Agreement"** means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.

(d) **"Board"** means the Board of Directors of the Company.

(e) **"Capitalization Adjustment"** means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards No. 123 (revised). Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(f) **"Cause"** shall have the meaning ascribed to such term in any written agreement between the Participant and the Company defining such term and, in the absence of such agreement, such term shall mean, with respect to a Participant, the occurrence of any of the following events

that has a material negative impact on the business or reputation of the Company: (i) such Participant's attempted commission of, or participation in, a fraud or act of dishonesty against the Company; (ii) such Participant's intentional, material violation of any contract or agreement between the Participant and the Company or of any statutory duty owed to the Company; (iii) such Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; or (iv) such Participant's gross misconduct. The determination that a termination of the Participant's Continuous Service is either for Cause or without Cause shall be made by the Company, in its sole discretion. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

**(g) "Change in Control"** means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

**(i)** any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company's then outstanding securities other than by virtue of a merger, consolidation or similar transaction. Notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company's securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the "*Subject Person*") exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

**(ii)** there is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the stockholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than fifty percent (50%) of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than fifty percent (50%) of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

**(iii)** the stockholders of the Company approve or the Board approves a plan of complete dissolution or liquidation of the Company, or a complete dissolution or liquidation of the Company shall otherwise occur, except for a liquidation into a parent corporation;

(iv) there is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than fifty percent (50%) of the combined voting power of the voting securities of which are Owned by stockholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(v) individuals who, on the date the Plan is adopted by the Board, are members of the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the members of the Board; *provided, however*, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of this Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of this Plan, (A) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company, and (B) the definition of Change in Control (or any analogous term) in an individual written agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; *provided, however*, that if no definition of Change in Control or any analogous term is set forth in such an individual written agreement, the foregoing definition shall apply.

(h) “**Code**” means the Internal Revenue Code of 1986, as amended, including any applicable regulations and guidance thereunder.

(i) “**Committee**” means a committee of one (1) or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(j) “**Common Stock**” means the common stock of the Company.

(k) “**Company**” means NewLink Genetics Corporation, a Delaware corporation.

(l) “**Consultant**” means any person, including an advisor, who is (i) engaged by the Company or an Affiliate to render consulting or advisory services and is compensated for such services, or (ii) serving as a member of the board of directors of an Affiliate and is compensated for such services. However, service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a “Consultant” for purposes of the Plan. Notwithstanding the foregoing, a person is treated as a Consultant under this Plan only if a Form S-8 Registration Statement under the Securities Act is available to register either the offer or the sale of the Company’s securities to such person.

(m) “**Continuous Service**” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, shall not terminate a Participant’s Continuous Service; *provided, however*,

if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Board, in its sole discretion, such Participant's Continuous Service shall be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Board or the chief executive officer of the Company, in that party's sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of (i) any leave of absence approved by the Board or chief executive officer, including sick leave, military leave or any other personal leave, or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company's leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

**(n) "Corporate Transaction"** means the consummation, in a single transaction or in a series of related transactions, of any one or more of the following events:

**(i)** a sale or other disposition of all or substantially all, as determined by the Board, in its sole discretion, of the consolidated assets of the Company and its Subsidiaries;

**(ii)** a sale or other disposition of at least ninety percent (90%) of the outstanding securities of the Company;

**(iii)** a merger, consolidation or similar transaction following which the Company is not the surviving corporation;

or

**(iv)** a merger, consolidation or similar transaction following which the Company is the surviving corporation but the shares of Common Stock outstanding immediately preceding the merger, consolidation or similar transaction are converted or exchanged by virtue of the merger, consolidation or similar transaction into other property, whether in the form of securities, cash or otherwise.

**(o) "Director"** means a member of the Board.

**(p) "Disability"** means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, as provided in Sections 22(e)(3) and 409A(a)(2)(c)(i) of the Code, and shall be determined by the Board on the basis of such medical evidence as the Board deems warranted under the circumstances.

**(q) "Effective Date"** means the effective date of this Plan, which is the earlier of (i) the date that this Plan is first approved by the Company's stockholders, or (ii) the date this Plan is adopted by the Board.

**(r) "Employee"** means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an "Employee" for purposes of the Plan.

**(s) "Entity"** means a corporation, partnership, limited liability company or other entity.



(t) “**Exchange Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(u) “**Exchange Act Person**” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, (iv) an Entity Owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their Ownership of stock of the Company; or (v) any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act) that, as of the Effective Date, is the Owner, directly or indirectly, of securities of the Company representing more than fifty percent (50%) of the combined voting power of the Company’s then outstanding securities.

(v) “**Fair Market Value**” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock shall be the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Board deems reliable.

(ii) Unless otherwise provided by the Board, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

(iii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined by the Board in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(w) “**Full Value Award**” means a Stock Award that is not an Option or SAR with respect to which the exercise or strike price is at least 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date of grant.

(x) “**Incentive Stock Option**” means an option granted pursuant to Section 6 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(y) “**Non-Employee Director**” means a Director who either (i) is not a current employee or officer of the Company or an Affiliate, does not receive compensation, either directly or indirectly, from the Company or an Affiliate for services rendered as a consultant or in any capacity other than as a Director (except for an amount as to which disclosure would not be required under Item 404(a) of Regulation S-K promulgated pursuant to the Securities Act (“**Regulation S-K**”)), does not possess an interest in any other transaction for which disclosure would be required under Item 404(a) of Regulation S-K, and is not engaged in a business relationship for which disclosure would be required

pursuant to Item 404(b) of Regulation S-K; or (ii) is otherwise considered a “non-employee director” for purposes of Rule 16b-3.

(z) “**Nonstatutory Stock Option**” means any option granted pursuant to Section 6 of the Plan that does not qualify as an Incentive Stock Option.

(aa) “**Officer**” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(bb) “**Option**” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

(cc) “**Option Agreement**” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(dd) “**Optionholder**” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(ee) “**Other Stock Award**” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 7(d).

(ff) “**Other Stock Award Agreement**” means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(gg) “**Own,**” “**Owned,**” “**Owner,**” “**Ownership**” A person or Entity shall be deemed to “Own,” to have “Owned,” to be the “Owner” of, or to have acquired “Ownership” of securities if such person or Entity, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(hh) “**Participant**” means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ii) “**Performance Criteria**” means the one or more criteria that the Board shall select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that shall be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Board: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) total stockholder return; (v) return on equity or average stockholder’s equity; (vi) return on assets, investment, or capital employed; (vii) stock price; (viii) margin (including gross margin); (ix) income (before or after taxes); (x) operating income; (xi) operating income after taxes; (xii) pre-tax profit; (xiii) operating cash flow; (xiv) sales or revenue targets; (xv) increases in revenue or product revenue; (xvi) expenses and cost reduction goals; (xvii) improvement in or attainment of working capital levels; (xviii) economic value added (or an equivalent metric); (xix) market share; (xx) cash flow; (xxi) cash flow per share; (xxii) share price performance; (xxiii) debt reduction; (xxiv) commencement of, progress in, or completion of clinical

trials or other development projects; (xxv) receipt of government contracts, grants or awards; (xxvi) stockholders' equity; (xxvii) capital expenditures; (xxviii) debt levels; (xxix) operating profit or net operating profit; (xxx) workforce diversity; (xxxi) growth of net income or operating income; (xxxii) completion of financing transactions; (xxxiii) completion of, progress under, or receipt of upfront, milestone, royalty or other payments under, licensing or strategic transactions; and (xxxiv) other measures of performance selected by the Board.

**(jj) “Performance Goals”** means, for a Performance Period, the one or more goals established by the Board for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Board (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Board shall appropriately make adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (1) to exclude restructuring and/or other nonrecurring charges; (2) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated Performance Goals; (3) to exclude the effects of changes to generally accepted accounting principles; (4) to exclude the effects of any statutory adjustments to corporate tax rates; and (5) to exclude the effects of any “extraordinary items” as determined under generally accepted accounting principles.

**(kk) “Performance Period”** means the period of time selected by the Board over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to and the payment of a Stock Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Board.

**(ll) “Performance Stock Award”** means a Stock Award granted under the terms and conditions of Section 7(c)(i).

**(mm) “Plan”** means this NewLink Genetics Corporation 2009 Equity Incentive Plan.

**(nn) “Restricted Stock Award”** means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 7(a).

**(oo) “Restricted Stock Award Agreement”** means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.

**(pp) “Restricted Stock Unit Award”** means a right to receive shares of Common Stock which is granted pursuant to the terms and conditions of Section 7(b).

**(qq) “Restricted Stock Unit Award Agreement”** means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement shall be subject to the terms and conditions of the Plan.

(rr) “**Rule 16b-3**” means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(ss) “**Securities Act**” means the Securities Act of 1933, as amended.

(tt) “**Stock Appreciation Right**” or “**SAR**” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 6.

(uu) “**Stock Appreciation Right Agreement**” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.

(vv) “**Stock Award**” means any right to receive Common Stock granted under the Plan, including an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award.

(ww) “**Stock Award Agreement**” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(xx) “**Subsidiary**” means, with respect to the Company, (i) any corporation of which more than fifty percent (50%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than fifty percent (50%).

(yy) “**Ten Percent Stockholder**” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Affiliate.