

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
NewLink Genetics Corporation		42-1491350	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Investor Relations	515-296-5555	info@linkp.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and Zip code of contact	
2503 South Loop Drive, Suite 5100		Ames, IA 50010	
8 Date of action		9 Classification and description	
1/7/11		BioProtection Systems Corporation Common and Preferred Stock	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On January 7, 2011, NewLink Genetics Corporation ("NewLink") acquired all of the minority interest in BioProtection Systems Corporation ("BPS"), by merging a newly-formed subsidiary of NewLink's with BPS, with BPS as the surviving corporation. In connection with this transaction, NewLink issued shares of NewLink's voting stock to holders of BPS stock, and paid cash for any fractional shares. Specifically, NewLink issued an aggregate of 276,304 shares of NewLink Series E Preferred Stock to the former holders of BPS Series B Common Stock, BPS Series A Preferred Stock and BPS Series B Preferred Stock (other than NewLink). 221,066 of the shares of NewLink Series E Preferred Stock were issued to holders of BPS Series B Common, BPS Series A Preferred and BPS Series B Preferred Stock upon the closing of the merger. The remaining 55,238 shares of NewLink Series E Preferred Stock were issued on August 12, 2011, there being no indemnity claims made under the merger agreement. As a result of this transaction, BPS became a wholly-owned subsidiary of NewLink.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ For income tax and all other purposes, the transaction was reported as a tax-free reorganization under Section 368(a) of the Internal Revenue Code (the "Code"). Due to the tax-free reorganization treatment, each individual stockholder surrendered his or her BPS stock in exchange for solely NewLink stock, recognizing no gain or loss under section 354 of the Code, and took a carryover basis from their original investment amount in BPS to their new shares of NewLink Series E Preferred Stock acquired under the merger in accordance with Section 358 of the Code.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ As a result of the merger, the former BPS stockholders now own NewLink stock, but the tax basis in the NewLink stock was equal to the tax basis in the BPS stock surrendered. Thus, there was no change in the tax basis in the stock. In accordance with the merger, the conversion ratio for BPS Series B Common Stock, BPS Series A Preferred Stock and BPS Series B Preferred Stock were, respectively, .03385, .08985 and .084 shares of NewLink Series E Preferred Stock for each outstanding share of BPS stock. While the original cash basis for each BPS stockholder did not change due to the tax-free treatment of this reorganization, the NewLink Series E Preferred Stock shares received were valued at \$31.25 per share immediately prior to the transaction (the most recent selling price).

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ _____
Code Sections 354, 358 and 368(a)

18 Can any resulting loss be recognized? ▶ _____

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ _____

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ▶ _____ Date ▶ _____

Print your name ▶ Gordon Link Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.