

PROPOSAL TO RESOLUTION ON:

- A. PERSONNEL OPTION PROGRAM; AND**
- B. DIRECTED ISSUE OF WARRANTS AS WELL AS APPROVAL OF TRANSFER OF WARRANTS**

The board of directors of Alligator Bioscience AB, Reg. no. 556597-8201 (the “Company”), proposes that the annual shareholders’ meeting of 20 April 2016 resolves to adopt a program with personnel options for employees in the Company (the “Personnel Option Program 2016/2020”) in accordance with Section A below.

In order to secure the Company’s obligations under the Personnel Option Program 2016/2020, the board of directors also proposes that the annual shareholders’ meeting resolves on a directed issue of warrants, as well as an approval of transfer of warrants in accordance with Section B below.

A. THE BOARD OF DIRECTORS PROPOSAL TO ADOPT THE PERSONNEL OPTION PROGRAM 2016/2020

The board of directors proposes that the annual shareholders’ meeting resolves to adopt the Personnel Option Program 2016/2020 in accordance with the following substantial guidelines:

1. The Personnel Option Program 2016/2020 shall consist of a maximum of 1,000,000 personnel options.
2. Each personnel option confers the holder a right to acquire one new share in the Company against cash consideration at a utilization price of SEK 75. The utilization price and the number of shares that each personnel option confers right to may be subject to recalculation in the event of a bonus issue, split, rights issue etc., wherein the recalculation terms in the complete terms and conditions of the warrants shall be applied.
3. The Personnel Option Program 2016/2020 shall be offered to employees of the Company as of 20 April 2016. The offer shall be submitted in accordance with the following guidelines:

(a) CEO	at maximum 300,000 personnel options
(b) Other senior executives	at maximum 150,000 personnel options per individual
(c) Other employees	at maximum 50,000 personnel options per individual

4. Notice of participation in the Personnel Option Program 2016/2020 shall have been received by the Company at the latest on 3 May 2016, provided that the board of directors shall be entitled to prolong this time period. The allotment of personnel options to participants shall be made promptly after the expiration of the notification period.
5. Vesting of the allotted personnel options will take place over a three-year period in accordance with the following:
 - (a) One-third of the allotted personnel options will be vested on 1 May 2017;
 - (b) One-third of the allotted personnel options will be vested on 1 May 2018; and
 - (c) One-third of the allotted personnel options will be vested on 1 May 2019.

Vesting requires that the participant is still employed by the Company and that the employee has not terminated the employment as of the date when the respective vesting occurs. If the participants cease to be employed or terminate the employment before a vesting date, the already vested personnel options can be utilized on the ordinary date of utilization in accordance with the below, but further vesting will not take place.

6. The personnel options shall not constitute securities and shall not be able to be transferred or pledged. However, in the event of death, the rights constituted by the personnel options shall accrue to the beneficiaries of the holder of the personnel options.
7. The personnel options shall be allotted without consideration.
8. The holders can utilize allotted and vested personnel options during the time periods from and including 1 June 2019 to and including 31 August 2019 and from and including 1 March 2020 to and including 31 May 2020.
9. Participation in the Personnel Option Program 2016/2020 requires that such participation is in accordance with applicable laws, as well as that such participation can be executed with reasonable administrative costs and financial efforts in accordance with the Company's opinion.
10. The personnel options shall be governed by separate agreements with each participant. The board of directors shall be responsible for the preparation and management of the Personnel Option Program 2016/2020 within the above mentioned substantial terms.

B. THE BOARD OF DIRECTORS PROPOSAL TO RESOLUTION ON DIRECTED ISSUE OF WARRANTS AS WELL AS APPROVAL OF TRANSFER OF WARRANTS

In order to enable the Company's delivery of shares under the Personnel Option Program 2016/2020 as well as to hedge ancillary costs, primarily social charges, the board of directors proposes that the annual shareholders' meeting resolves on a directed issue of

warrants as well as an approval of transfer of warrants. The board of directors therefore proposes that the annual shareholders' meeting resolves on an issue of a maximum of 1,314,200 warrants on the following terms:

1. The warrants shall, with deviation from the shareholders' preferential rights, only be able to be subscribed for by a wholly owned subsidiary of the Company (the "Subsidiary").
2. Subscription shall be made at the latest on 13 May 2016. The board of directors shall be entitled to prolong the subscription period.
3. Over subscription cannot occur.
4. The warrants shall be issued without consideration. The reason hereto is that the warrants shall be issued to the Subsidiary as a part of the implementation of the Personnel Option Program 2016/2020.
5. The warrants and the utilization of the subscription right are subject to the terms and conditions set forth in the enclosed terms and conditions for the warrants 2016/2020 II; Appendix A, (the "Warrant Terms and Conditions"). The Warrant Terms and Conditions states among others:
 - (a) that each warrant confers right to subscribe for one new share in the Company against cash consideration at a subscription price of SEK 75;
 - (b) that the subscription price and the number of shares that each warrant confers right to subscribe shall be subject to customary recalculation in accordance with Clause 8 of the Warrant Terms and Conditions;
 - (c) that the subscription right may be utilized during the time period from and including the registration of the warrants at the Swedish Companies Registration Office (*Sw. Bolagsverket*) to and including 30 June 2020;
 - (d) that the period when the subscription right may be utilized may be brought forward or postponed in accordance with Clause 8 of the Warrant Terms and Conditions; and
 - (e) that the shares issued upon utilization of a warrant shall confer right to dividend in accordance with Clause 7 of the Warrant Terms and Conditions.
6. In case all warrants are utilized for subscription of new shares, the share capital will increase with SEK 525,680.
7. The Chairman of the board of directors, or anyone appointed by him, shall be authorized to make minor formal adjustments of the resolution which may be required for registration with the Swedish Companies Registration Office (*Sw. Bolagsverket*) or Euroclear Sweden AB.

The board of directors further proposes that the annual shareholders' meeting resolves to approve that the Subsidiary may transfer warrants to the participants in the Personnel

Option Program 2016/2020 without consideration in connection with the utilization of personnel options in accordance with the terms in section A, or in another way to dispose the warrants options in order to be able to secure the Company's commitments and costs in relation to the Personnel Option Program 2016/2020.

Reasons for the personnel option program and the deviation from the shareholders' preferential rights

The reasons for the implementation of the Personnel Option Program 2016/2020 and the deviation from the shareholders' preferential rights are to be able to create possibilities for the Company to retain competent personnel through the offering of a long term ownership engagement for the employees. Such ownership engagement is expected to stimulate the employees to an increased interest in the business and profit development and increase the feeling of connectedness with the Company.

Previous outstanding warrant programs and dilution

In case all warrants within the Personnel Option Program 2016/2020 are utilized for subscription of shares, a total of 1,314,200 new shares will be issued, which corresponds to a dilution of approximately 2.2 per cent of the Company's share capital and votes after full dilution, calculated based on the number of shares that will be added upon full utilization of the Personnel Option Program 2016/2020.

Since previously, there is one warrant program outstanding which was resolved upon by the extraordinary shareholders' meeting of 5 November 2013. In that warrant program there are a total of 1,605,000 outstanding warrants. Each warrant confers right to the holder of the warrant to subscribe for one new share in the Company at a subscription price of SEK 9 during the time period from 1 April 2014 to and including 31 March 2017. In case all warrants are utilized for subscription, a total of 1,605,000 new shares will be issued.

In addition to the Personnel Option Program 2016/2020 the board of directors proposes that the annual shareholders' meeting of 20 April 2016 also resolves to adopt a warrant program. In connection with the warrant program a total of 1,000,000 warrants will be issued. In case all warrants in the warrant program are utilized for subscription, the Company will issue a total of 1,000,000 shares.

In case all warrants (outstanding as well as the now proposed for the annual shareholders' meeting of 20 April 2016 to resolve upon) are utilized, a total of 3,919,200 shares will be issued, which corresponds to a dilution of approximately 6.2 per cent of the Company's share capital and votes after full dilution, calculated based on the number of shares that will be added upon full utilization of all warrants (outstanding as well as the proposed).

Costs

The board of directors' opinion is that Personnel Option Program 2016/2020 will trigger costs in reference partly to accounting salary costs and partly to social charges.

In case the value of the Company's shares increases, the Personnel Option Program 2016/2020 will trigger costs in relation to social charges, which costs will be expensed as they incurs. Based on a theoretical assumption of a share price of SEK 100 upon utilization

of the personnel options, the social charges are estimated to amount to approximately SEK 7.9 million.

The Company's total cost for social charges is proposed to be secured by a directed issue of warrants in accordance with Section B above.

Based on the assumption that 100 per cent of the personnel options in the Personnel Option Program 2016/2020 will be vested, the total reported salary cost for the personnel options will amount to, in accordance with the accounting standards IFRS 2, approximately SEK 0.6 million during the time period 2016 – 2020 (based on an estimated value for each option of approximately SEK 0.60).

The personnel options do not have a market value since they are not transferable. However, the board of directors has calculated a theoretical value of the personnel options using the "Black Scholes"-formula, based on an assumption of value per share and volatility. The value per personnel option in accordance with this calculation amounts to approximately SEK 0.60 per personnel option. Restrictions in the disposal rights have not been taken into consideration in the valuation.

All calculations above are preliminary only, and the calculations are only intended to provide an illustration of what costs the Personnel Option Program 2016/2020 may induce. Actual costs may therefore deviate from what has been stated above.

Preparation of the proposal

The proposal of the Personnel Option Program 2016/2020 has been prepared by the board of directors and its Remuneration Committee together with external consultants.

Majority requirements

The board of directors' proposal to adopt the Personnel Option Program 2016/2020 in accordance with Section A, as well as the directed issue of warrants and an approval of transfer of warrants in accordance with Section B, constitutes an overall proposal which shall be resolved upon as one resolution. The resolution is subject to the provisions in chapter 16 of the Swedish Companies Act (*Sw. Aktiebolagslagen 2005:551*), and a valid resolution hence requires that the proposal is supported by shareholders with at least nine-tenths of the votes cast as well as of all shares represented at the meeting.

Lund in March 2016

The board of directors for Alligator Bioscience AB (publ)