

## **CELLECTIS**

A limited company capitalized at 1, 254, 115.85 Euros  
Registered office: 8, rue de la Croix Jarry - 75013 Paris  
Paris Trade and Companies Register No. 428 859 052

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### **REPORT OF THE BOARD OF DIRECTORS TO THE EXTRAORDINARY GENERAL MEETING OF JULY 31, 2014**

Ladies and Gentlemen,

We have called this extraordinary meeting in order to consider the following agenda:

- increase in capital by a nominal amount of 139,346.20 Euros through the issue of 2,786,924 new ordinary shares with a nominal value of 0.05 Euros each, issued at a price of 9.25 Euros each (inclusive of issue premium), representing the subscription of a total sum of 25,779,047 Euros (inclusive of issue premium), to be paid-up in full in cash – with withdrawal of the preferential subscription right of the shareholders in favor of Pfizer OTC B.V. – with powers to be granted to the board of directors;
- on the condition precedent that the resolution is passed relating to the decision to perform the abovementioned capital increase and that said increase is performed, with the corresponding modification to Article 6 of the articles of association;
- delegation of powers to the board of directors for the purposes of proceeding with an increase in share capital, the subscription of which would be reserved to the members of a company savings plan set up by application of Articles L. 3332-1 et seq. of the labor code.

Before proceeding to an examination of the various points on the agenda, please see the following summary of the company's affairs over the last financial year and since the start of the current period.

#### **COMPANY AFFAIRS OVER THE LAST FINANCIAL YEAR AND SINCE THE START OF THE CURRENT PERIOD**

With regard to the company's affairs during the last financial year, kindly refer to the directors' report provided for you in respect of the general meeting of shareholders of June 27, 2014.

Please also see below a summary of the company's affairs since the start of the current period:

Whether it is in the present day where liquid tumors are involved, or in the future in relation to solid tumors, Cellectis is developing new classes of therapeutic products which will transform the way in which diseases are treated and allow pathologies to be tackled which are currently incurable.

In order to do this, Cellectis has implemented a restructuring plan that has led it:

- firstly to drastically reduce the scope and operations of its subsidiary dedicated to the marketing of tools and services;

- secondly, to an exit from various research programs in which the prospects of bringing saleable products to the market have proved to be incompatible with Cellectis' strategic therapeutic development plan, and;
- finally, to a refocusing of the development track of its agricultural biotechnology subsidiary, Cellectis plant sciences, so as to concentrate its efforts on the development of its proprietary products in potatoes, soybeans, and wheat.

Furthermore, in the first half of 2014, Cellectis has secured:

- the signing of an initial collaborative agreement with the Servier pharmaceuticals group in the area of allogeneic cellular therapy through an R&D program for developing products against five targets involved in solid tumors and the granting of an option for a candidate medicinal product targeting leukemia and solid tumors by use of UCART19, as announced on February 17, 2014. Under this agreement Servier made an initial payment to Cellectis of 7.55 million Euros. The maximum total financial value of this contract has the potential to exceed 750 million Euros, including up to 105 million Euros for each of the six product candidates potentially developed;
- the financial resources necessary for accelerating its innovative efforts in genome and t-cell engineering in order to provide these with new properties, and in the structure and properties of chimeric antigen receptors (CAR), such as the development of its portfolio of proprietary t-cell CAR products for treatment of leukemia and solid tumors through an increase in capital of 20.52 million Euros subscribed by specialist institutional investors based in the US, as announced on March 31, 2014;
- the strengthening of its intellectual property portfolio in relation to TALEN<sup>TM</sup> through the signing of a series of agreements with ThermoFisher Scientific, by obtaining, specifically, a world license, with the right to sublicense, for research, development and any therapeutic commercial application in the areas of T cells and natural killer cells, as announced on June 5, 2014;
- the cooperation of the Nerviano Medical Services Group, through its subsidiary Accelerera, for the performance of preclinical trials of UCART19, as announced on June 5, 2014;
- a partnership with CELLforCURE, the largest commercial-scale industrial plant for the production of innovative cellular therapies in Europe, and a subsidiary of the LFB biopharmaceuticals group, for the cGMP manufacturing of clinical batches from Cellectis allogeneic CART lymphocytes, as announced on June 9, 2014;
- the granting by the European Medicines Agency (EMA) of the status of advanced therapy medicinal product for UCART19, as announced on June 23, 2014.

**I. INCREASE IN CAPITAL BY A NOMINAL AMOUNT WITH WITHDRAWAL OF THE PREFERENTIAL SUBSCRIPTION RIGHT OF SHAREHOLDERS IN FAVOR OF PFIZER OTC B.V.**

In the context of the implementation of a strategic collaboration agreement entered into with Pfizer OTC B.V., we are asking you to decide on an increase in capital by an amount of 139,346.20 Euros, taking this from 1,254,115.85 Euros to 1,393,462.05 Euros, through the issue of 2,786,924 ordinary shares with a nominal value of 0.05 Euros each, subscription of which would be reserved to Pfizer OTC B.V.

As the identity of the subscriber is known, we ask that you withdraw the preferential subscription right reserved to shareholders by Article L. 225-132 of the Commercial Code and reserve the subscription of the 2,786,924 new shares to be issued, representing a little over 10% of the Company share capital (on an undiluted basis), to Pfizer OTC B.V.

Pfizer OTC B.V. is a Pfizer group company based in the Netherlands.

This increase in capital would allow the Company to strengthen its capital position and continue its research and development investment drive.

The new shares would be issued at a price of 9.25 Euros each, comprising 0.05 Euros nominal value and 9.20 Euros issue premium and would have to be fully paid-up in cash at the time of subscription for a total subscription amount, inclusive of issue premium, of 25,779,047 Euros.

The subscription price of the new shares corresponds to 145 % of the volume-weighted average price of a Company share over the 3 stock exchange trading days prior to the announcement of the signing of the strategic collaboration agreement and of the *subscription agreement* concerning the increase in capital on June 18, 2014.

The new shares issued by virtue of this increase in capital would be listed on Alternext Euronext Paris.

The issue premium totaling 25,639,700.80 Euros would be credited to a special capital account entitled "issue premium", to which, under the conditions provided for by the articles of association, the holders of old or new shares would have rights and which could be allocated in any way decided by the general meeting.

The subscription application would be submitted to the registered office between the end of this meeting and August 15, 2014, it being stated that the subscription would close early once all the new shares have been applied for under the conditions set out above.

The new shares would be subject to all the statutory provisions and would be equivalent to the old shares and enjoy the same rights, including the right to dividends, with effect from the date that the increase in capital definitively takes place, and for the right to dividends from the first day of the current period.

We are also asking you to grant full powers to your board of directors to:

- receive the subscription application for the new shares and the associated payments;
- proceed with the early closure of the subscription or extend the deadline, as necessary;
- obtain the certificate confirming settlement and performance of the increase in capital;
- proceed to withdraw the funds once the increase in capital has taken place;

- perform, directly or through an agent, all acts and formalities for the purposes of finalizing the increase in capital decided upon; and
- in general, take any measure and perform any formality serving the purpose of the proposed issue.

As a result of this increase in capital, the capital would be increased to 1,393,462.05 Euros and divided up into 27,869,241 shares with a nominal value of 0.05 Euros each, subscribed and fully paid-up.

We are also proposing to you a change to Article 6 of the articles of association concerning the share capital on the condition precedent that the abovementioned increase in capital takes place.

Finally, in order to meet the statutory requirements, you will find in the **Annex** to this report a table showing the effect of the issue of the new shares on the position of shareholders and holders of securities giving access to the company's capital and on the amount of shareholders' equity per share, assessed in respect of an interim accounting position as at May 31, 2014 showing shareholders' equity in the sum of 46,370,893 Euros.

The report from the Company's statutory auditors will also be read out giving their opinion on the withdrawal of the preferential subscription right, the selection of the bases for calculation of the issue price, the value of this, and the effect of the proposed issue on the position of shareholders and holders of securities giving access to the Company's capital, and certifying the accuracy of the information taken from the Company's accounts.

## **II. INCREASE IN SHARE CAPITAL THE SUBSCRIPTION OF WHICH WOULD BE RESERVED TO THE MEMBERS OF A COMPANY SAVINGS PLAN SET UP BY APPLICATION OF ARTICLES L. 3332-1 ET SEQ. OF THE LABOR CODE**

We are asking you, by application of the provisions of Article L. 225-129-6 of the Commercial Code, to:

- delegate to the board of directors the necessary powers for the purposes of proceeding with an increase in the share capital, on one or more occasions, at its sole decision, by the issue of ordinary shares reserved, directly or through the intermediary of a company mutual fund, to the members of a savings plan as provided for by Articles L. 3332-1 et seq. of the Labor Code which would be open to employees of the Company and its associated companies, within the meaning of Article L. 225-180 of the Commercial Code, who meet the conditions that may be set by the board of directors (hereinafter the "Group Employees");
- withdraw, as a consequence, the preferential subscription right of shareholders under Article L. 225-132 of the Commercial Code and reserve subscription of said ordinary shares to Group Employees;
- set at 18 months from the date of this general meeting, the period of validity of this delegation;
- set at 37,700 Euros the maximum nominal amount of the shares that could be issued in this way; and
- decide that the issue price of a share would be determined by the board of directors in accordance with the provisions of Article L. 3332-20 of the Labor Code, as re-stated below:
  - o the price will be determined according to the objective methods selected for the purpose of share valuation taking into account, according to a weighting appropriate to each case,

the net asset value, the profitability and the business outlook of the company. These criteria shall be assessed, as necessary, on a consolidated basis, or

- failing this, taking into account the financial data on significant subsidiaries or, failing this, this price will be determined by dividing the value of the net assets re-stated according to the most recent balance sheet by the number of existing shares. The latter shall be determined in this way for each financial year under the control of the statutory auditors,

it being stated that the subscription price may not be higher than the price determined in this way, nor more than 20% lower than this or 30% when the lock-up period provided for by the plan, by application of Articles L. 3332-25 and L. 3332-26, is greater than or equal to 10 years.

However, your board of directors considers that such a proposal is not consistent with the employee ownership policy operated by the Company and consequently suggests that you do not adopt the resolution submitted for this purpose for your approval.

These are the terms under which we are asking you to decide on the resolutions whose texts have been proposed to you by your board of directors.

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**The board of directors**