

Chairman's script
Shareholder meeting – Scheme of arrangement
2.00pm on Monday, 28 May 2018

Introduction

On behalf of the board of directors of Viralytics Limited, I am pleased to welcome you to this meeting of the holders of fully paid ordinary shares in Viralytics. The purpose of our meeting today is to vote on the resolution to approve the scheme of arrangement under which it is proposed that all of the Shares in Viralytics will be acquired by Merck Sharp & Dohme (Holdings) Pty Ltd ACN 000 235 245 (**MSD**), a 100% subsidiary of Merck & Co., Inc. (**MSD Parent**). I will refer to this transaction as the Scheme.

Welcome

My name is Paul Hopper and I am the Chairman of Viralytics. It is my pleasure to introduce you to the members of the Board and Viralytics' senior management team.

May I now introduce:

- Malcolm McColl – MD & CEO
- Peter Turvey – Non-executive director
- Len Post – Non-executive director
- Darren Shafren – Chief Scientific Officer
- Robert Vickery – Chief Financial Officer
- Sarah Prince – Company Secretary

Also with us today are representatives from the Company's lawyers McCullough Robertson, the Company's auditor, Grant Thornton and the Company's financial adviser, Lazard.

Agenda

I will commence proceedings with a short address to shareholders. This will be followed by the meeting formalities prior to putting the resolution to approve the Scheme to shareholders.

A poll of shareholders present and proxies submitted for the Viralytics Scheme meeting will follow the tabling of the resolution to approve the Scheme.

After the poll is called, this meeting will be adjourned for approximately 20 minutes to allow the returning officer and the scrutineers to complete the counting of the poll. I will then reconvene this meeting after that break to announce the outcome of the poll.

I trust that you have all had the opportunity to read the Scheme Booklet dated 20 April 2018, which was despatched to shareholders on 26 April 2018 together with the Independent Expert's Report (a copy of which is attached as Annexure A to the Scheme Booklet). Copies of the Scheme Booklet are available at the registration desk should you require one.

Chairman's address

As announced by Viralytics and MSD Parent on 21 February 2018, Viralytics entered into a scheme implementation deed with MSD whereby MSD will acquire all of the Shares in Viralytics under the Scheme.

The Scheme

Under the proposed Scheme, Viralytics shareholders will receive cash consideration of \$1.75 for each Share that they hold on the record date for the Scheme (which is proposed to be 5.00pm on Wednesday, 13 June 2018). I will refer to these Shares as the Scheme Shares. This

consideration represents a 160% premium to the 1 month volume weighted average price of Viralytics shares prior to the announcement of the Scheme on 21 February 2018.

The Scheme values Viralytics at approximately \$502 million.

Reasons to support the Scheme

- The Directors unanimously recommend that Viralytics Shareholders vote in favour of the Scheme, in the absence of a Superior Proposal. The Directors intend to vote in favour of the Scheme for the Viralytics Shares that they or their Related Entities hold or control, in the absence of a Superior Proposal.
- The Independent Expert has concluded that the Scheme is fair and reasonable and therefore in the best interests of Viralytics Shareholders.
- The value of the Scheme Consideration of \$1.75 per Viralytics Share represents a substantial premium of 160% to the 1-month VWAP of Viralytics Shares to 21 February 2018.
- The Scheme provides a high degree of certainty of value and timing, through cash consideration, for Viralytics Shareholders in relation to realising value for your shareholding compared with the medium term value prospects of Viralytics Shares in their current form.
- At the date of this meeting, the Board has not received a Superior Proposal and the Board considers it unlikely that a Superior Proposal will emerge.
- Viralytics' share price is likely to trade at a significant discount to the Scheme Consideration if the Scheme is not implemented.
- If the Scheme does not proceed, and no Superior Proposal emerges, Viralytics Shareholders will be subject to the specific risks associated with Viralytics' business and the risks inherent in the biotechnology and pharmaceutical industry.

Reasons not to support the Scheme

- You may disagree with the Directors and Independent Expert, and believe that the Scheme is not fair and reasonable and therefore not in the best interests of Viralytics Shareholders.
- You may consider that a Superior Proposal may be made.
- You may believe that the Scheme Consideration does not adequately reflect Viralytics' value.
- You may not want to trigger the tax consequences or implications of transferring your Viralytics Shares.
- You will not be able to participate in any potential future upside that may result from being a Viralytics Shareholder.

The Directors believe the reasons to support the Scheme outweigh the reasons not to support the Scheme. Therefore, the Directors recommend that you vote in favour of the resolution to be considered at the Scheme Meeting, in the absence of a Superior Proposal.

Conditions

The Scheme Booklet sets out a summary of the conditions precedent required to be satisfied for implementation of the Scheme to occur, some of which have now been satisfied 23 May 2018.

Timetable

If the Scheme is approved, the timetable for implementation of the Scheme is intended to be as follows:

Event	Date
Second court date for approval of the Scheme	Monday, 4 June 2018
Effective date for the Scheme Court order lodged with ASIC and ASX Last day of trading in Viralytics shares on ASX	Wednesday, 5 June 2018
Scheme record date for determining entitlements to Scheme consideration	5.00pm (AET) on Wednesday, 13 June 2018
Implementation of the Scheme Payment of Scheme consideration to shareholders	Wednesday, 20 June 2018

The process

On 20 April 2018, Viralytics received orders from the Federal Court of Australia to hold this meeting so that Viralytics shareholders could consider and vote as to whether to approve the Scheme. On the same date, the Federal Court also approved the despatch of Viralytics Scheme Booklet to shareholders (which occurred on 26 April 2018).

Today we are holding the meeting at which Viralytics shareholders will vote on the resolution to approve the proposed Scheme. If the resolution is successful, the Scheme will progress to a second Court hearing and the Court will consider whether to approve the Scheme.

Voting

Your vote is important and I encourage all of you to vote in favour of the Scheme. There are many reasons to vote in favour of the Scheme (as well as potential reasons to vote against the Scheme), which have been detailed in the Scheme Booklet and which I have briefly described.

When you registered your attendance this afternoon, you would have been issued with an attendance card:

- **YELLOW** indicates a voting shareholder or proxy holder for the Meeting;
- **RED** indicates a non-voting shareholder; and
- **BLUE** indicates a visitor, also non-voting.

Only shareholders, proxy holders or duly appointed representatives are entitled to speak or vote at this Meeting – that is, those present holding a **YELLOW** card. Those holding **RED** attendance cards are not entitled to vote at this Meeting, but are entitled to ask questions and make comments. Those holding **BLUE** attendance cards are not entitled to speak or vote at this Meeting.

In accordance with the Company's constitution, as Chairman I have determined the voting on the resolution being considered today will be conducted by a poll, rather than on a show of hands. Your **YELLOW** attendance card is your voting paper.

The **YELLOW** attendance cards will be collected after the vote, at which time the polls will close.

You must lodge your voting paper for your votes to be counted, which I will ask you to do after consideration of the resolution. If you need to leave early, please put your voting paper into the box provided by Link Market Services staff immediately outside the room.

As Chairman of the Meeting, and having been appointed as proxy for a member entitled to vote, as detailed in the Notice of Meeting, I will vote, where authorised, all undirected proxies in favour of the resolution.

Now to the formal matters of this meeting:

Quorum

I am advised by the Company Secretary that we have a quorum of two persons present, each being either a member, or a proxy of a member, or a representative of a corporate shareholder.

Returning Officer and Scrutineer

Anthony Pannell of Link Market Services Limited, being the Company's share registry, has been appointed as Returning Officer to conduct the poll.

Ms Louise Worsley of Grant Thornton will act as the Scrutineer.

Notice of Meeting to be read or taken as read

The notice of this meeting was despatched to Viralytics shareholders as required by the Corporations Act 2001 (Cth). Unless there are any objections I will take the notice of this meeting as read.

Business of this Meeting

The purpose of this meeting is to consider and, if thought fit, to pass the resolution as set out in the notice of meeting in accordance with section 411(4)(a)(ii) of the Corporations Act 2001 (Cth).

The resolution is set out on the screen:

That, under section 411 Corporations Act, the Scheme proposed to be entered into between Viralytics and holders of its fully paid ordinary shares is approved and the board of directors of Viralytics is authorised to agree to those modifications or conditions which are thought appropriate by the Court and, subject to approval of the Scheme by the Court, to implement the Scheme with any of those modifications or conditions.

In order for the resolution to be passed, the Corporations Act 2001 (Cth) requires that it must be approved by:

- (a) a majority in number (more than 50%) of Viralytics shareholders present and voting at this meeting whether in person or by proxy, attorney or corporate representative; and
- (b) persons who hold at least 75% of the total votes cast by Viralytics shareholders present and voting at the meeting whether in person or by proxy, attorney or corporate representative.

Eligible votes include the votes cast in person at this meeting or by proxy. Now that the resolution has been proposed, I open this meeting to questions and discussion on the resolution. I ask that any questions or comments be addressed to me as Chairman and, in that capacity, I will determine who may be best placed to respond.

As this is a meeting of Viralytics shareholders, only Viralytics shareholders or persons in attendance as proxy for a Viralytics shareholder or a properly appointed attorney or representative are entitled to ask questions. I ask that you please show your voting card or non-voting shareholder admission card and state your name before asking a question.

Proxies

If there are no (further) questions, I will announce the status of the proxies received. The proxies received to date for the resolution are set out on the screen.

Valid proxies have been received from 1,334 of Viralytics shareholders, representing 26.05% of the total number of Viralytics shareholders, in respect of a total of 179,301,871 Shares representing 64.44% of the total number of Shares.

Of the 1,334 of Viralytics shareholders from whom a valid proxy has been received:

- 1,116 voted IN FAVOUR of the resolution proposed for consideration at this meeting, representing 83.47% of shareholders who provided proxies (or 83.66% if shareholders who have abstained are not included);
- 147 provided an UNDIRECTED proxy, representing 10.99% of the shareholders who provided proxies (or 11.02% if shareholders who have abstained are not included);
- 71 voted AGAINST the resolution proposed for consideration at this meeting, representing 5.31% of shareholders who provided proxies (or 5.32% if shareholders who have abstained are not included); and
- 3 ABSTAINED from voting on the resolution proposed for consideration at this meeting, representing 0.22% of shareholders who provided proxies.

Of the 179,301,871 Shares for which a proxy has been received for this meeting:

- 173,006,659 of the votes attached to those Shares have been voted IN FAVOUR of the resolution proposed for consideration at this meeting, representing 96.47% of votes for which proxies have been received (or 96.49% if votes from shareholders who have abstained are not included);
- 4,646,692 of the votes attached to those Shares provided an UNDIRECTED proxy, representing 2.59% of votes for which proxies have been received;
- 1,648,520 of the votes attached to those Shares have been voted AGAINST the resolution proposed for consideration at this meeting, representing 0.92% of votes for which proxies have been received; and

- 25,042 of the votes attached to those Shares ABSTAINED from voting on the resolution proposed for consideration at this meeting, representing 0.01% of votes for which proxies have been received.

This meeting is advised that I will be casting any undirected proxies by all other parties in favour of the resolution proposed for consideration at this meeting.

Poll

We have now reached the stage in today's proceedings where a vote is to be taken on the resolution proposed for consideration at this meeting. In view of the voting requirements on the resolution, the voting will be determined by means of a poll and not a show of hands.

I will now put the resolution to a poll.

For practical reasons the poll will now take place as follows. Link Market Services Limited staff will come and collect the proxy forms for those shareholders present and voting at this meeting. Once collected, the Returning Officer, along with the Scrutineer, will retire to a private room to count the poll.

Has everyone completed their poll card? Link Market Services will now collect your poll cards.

I now adjourn this meeting and invite you to have tea, coffee and afternoon tea.

I will invite you back to the meeting once the polling process has been completed.

Poll results

Ladies and Gentlemen, I will now reopen the meeting.

The Returning Officer has provided me with details of the final voting on the resolution proposed for consideration at this meeting.

I advise that the resolution has been _____. The final polling for the resolution is as follows:

- Those in favour: _____ Viralytics shareholders, representing _____ % of the number of Viralytics shareholders present and voting at this meeting, whether in person or by proxy, attorney or corporate representative, in respect of _____ Shares, representing _____ % of the total votes cast on the resolution by Viralytics shareholders present and voting at this meeting, whether in person or by proxy, attorney or corporate representative.
- Those against: _____ Viralytics shareholders, representing _____ % of the number of Viralytics shareholders present and voting at this meeting, whether in person or by proxy, attorney or corporate representative, in respect of _____ Shares, representing _____ % of the total votes cast on the resolution by Viralytics shareholders present and voting at this meeting, whether in person or by proxy, attorney or corporate representative.
- Those abstaining: _____ Viralytics shareholders, in respect of _____ Shares.

Meeting close

This concludes the official business of the meeting.

I thank you for your attendance and Viralytics will keep you informed as to the progress for implementation of the Scheme.

Paul Hopper
Chairman