

January 30, 2017



**Attention: Certain U.S. Shareholders of CRISPR Therapeutics AG**

**Re: 2016 PFIC Annual Information Statement**

Because CRISPR Therapeutics AG (the “Company”) is a Swiss corporation and has passive income and passive assets, it is possible that the Company meets the definition of a passive foreign investment company (“PFIC”) under Section 1297 of the Internal Revenue Code of 1986, as amended (the “Code”) for its 2016 taxable year. Certain U.S. income tax consequences flow from this designation and these consequences may be mitigated by the U.S. shareholder electing to treat the foreign corporation as a “qualified electing fund” (“QEF”) under Section 1295 of the Code.

Since it is possible that the Company may be a PFIC for its 2016 taxable year, the Company is providing the attached PFIC Annual Information Statement pursuant to the requirements of Treasury Regulation 1.1295-1(g)(1). The PFIC Annual Information Statement contains information to enable you or your tax advisor to prepare your tax return if you elect to treat the Company as a QEF.

A U.S. shareholder who makes a QEF election is required to annually include in one’s income one’s pro rata share of the ordinary earnings and net capital gains for the Company. The QEF election is made by attaching IRS Form 8621 to your federal income tax return filed by the due date of the return, as extended.

**WE RECOMMEND U.S. SHAREHOLDERS CONSULT WITH THEIR TAX ADVISORS REGARDING ANY DECISION TO MAKE (OR REFRAIN FROM MAKING) ANY ELECTION THAT MAY BE AVAILABLE TO THEM BECAUSE ANY SUCH DECISION WILL DEPEND UPON THEIR OWN PARTICULAR TAX SITUATION AND MAY HAVE SIGNIFICANT AND CONTINUING U.S. TAX CONSEQUENCES. THE COMPANY IS UNABLE TO GIVE ADVICE IN THIS REGARD.**

**CRISPR Therapeutics AG**

**PASSIVE FOREIGN INVESTMENT COMPANY (“PFIC”)  
2016 ANNUAL INFORMATION STATEMENT**


The Information Statement is provided for shareholders who are United States persons. In order to assist you in preparation of Form 8621, we provide the following information:

1. Pursuant to United States Treasury Regulation Section 1.1295-1(g)(1), CRISPR Therapeutics AG (the “Company”), hereby represents that, to the best of its knowledge,
  - a. This information statement applies to the taxable year of the Company beginning on January 1, 2016 and ending on December 31, 2016 (the “Taxable Year”).
  - b. Each shareholder of the Company has the following pro-rata share of the ordinary earnings and net capital gain, as defined in Treasury Regulation Section 1.1293-1(a)(2), of the Company for the Taxable Year specified in paragraph 1a as follows:

Ordinary Earnings: \$-0-  
Net Capital Gain: \$-0-
  - c. The amount of cash and fair market value of other property distributed or deemed distributed by the Company to each shareholder of the Company during the Taxable Year specified in paragraph 1a as follows:

Cash: \$-0-  
Fair Market Value of Property: \$-0-
2. The Company will permit its shareholders to inspect and copy the Company’s permanent books of account, records, and such other documents as may be maintained by the Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in section 1293(e) of the Internal Revenue Code, are computed in accordance with U.S. federal income tax principles, and to verify these amounts and the shareholder’s pro rata shares thereof.

**CRISPR Therapeutics AG**

  
By: Rodger Novak,  
Title: Chief Executive Officer  
Date: January 30, 2017

CRISPR Therapeutics AG  
Aeschenvorstadt 36  
CH-4051 Basel  
Switzerland

**THIS INFORMATION IS PROVIDED IN ORDER TO ASSIST THOSE SHAREHOLDERS WHO HAVE MADE A QEF ELECTION WITH RESPECT TO CRISPR THERAPEUTICS AG IN MAKING CERTAIN PFIC CALCULATIONS AND DOES NOT CONSTITUTE TAX ADVICE. THOSE SHAREHOLDERS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE OVERALL TAX CONSEQUENCES OF THE OWNERSHIP OF SHARES ARISING IN THEIR OWN PARTICULAR SITUATIONS UNDER UNITED STATES FEDERAL, STATE, LOCAL AND FOREIGN LAW.**

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