

1. In order to be eligible to participate in the distribution of the Net Settlement Fund, a claimant (“Claimant”) must have purchased or otherwise acquired KaloBios Pharmaceuticals, Inc. (“KaloBios”) common stock during the period between November 18, 2015 and December 16, 2015, inclusive (the “Settlement Class Period”).

2. The submission of a Proof of Claim does not ensure that your claim will be upheld or that you will share in any recovery. All claims are subject to verification and investigation. You may be requested to provide further information.

3. All claims must be made by persons or entities who were beneficial owners (as opposed to record holders or nominees) of shares of KaloBios common stock. (Brokerage firms, banks and other nominees are requested to transmit copies of the Notice and Proof of Claim to their present or former customers who were such beneficial owners.) If shares of KaloBios common stock were owned jointly, all joint owners must complete and sign the Proof of Claim.

4. Executors, administrators, guardians, conservators and trustees may complete and sign the Proof of Claim on behalf of persons or entities represented by them, but they must identify such persons or entities and provide proof of their authority (*e.g.*, powers of attorney or currently effective letters testamentary or letters of administration) to do so.

5. You must file a separate Proof of Claim for each differently named account or ownership, such as an individual account, an IRA account, a joint account, or a custodial account, etc. Joint tenants, co-owners, or custodians UGMA should file a single claim. Claimants who file one or more claims (*e.g.*, one in Claimant’s name and one for an IRA or joint ownership) must identify the other claims filed.

6. The date of purchase and/or sale of shares of KaloBios common stock is the “trade” date and not the “settlement” date.

7. The first-in, first-out basis (“FIFO”) will be applied to both purchases and sales.

8. Exercise of option contracts will be considered to be purchases or sales of common stock. Option premiums will be incorporated into the purchase/sale price of the common stock accordingly.

9. The date of covering a “short sale” is deemed to be the date of purchase of KaloBios common stock; and the date of a “share sale” is deemed to be the date of sale of KaloBios common stock. Shares originally sold short will have a Recognized Loss of zero.

10. No cash payment will be made on a claim where the potential distribution is less than ten dollars (\$10.00).

11. You must attach to your claim form **copies** of brokerage confirmations, monthly statements or other documentation of your transactions in KaloBios common stock in order for your claim to be valid. If such documents are not available, a complete list of acceptable supporting documentation can be found on the Claims Administrator’s website: www.strategicclaims.net (click on “Cases” and then click on “KaloBios Pharmaceuticals, Inc. Securities Litigation”). Failure to provide this documentation could delay verification of your claim or could result in rejection of your claim.

12. If your trading activity during the Settlement Class Period exceeds 50 transactions, you must provide all purchase and sale information required in the Schedule of Transactions in an electronic file. For a copy of instructions and the parameters concerning an electronic submission, contact the Claims Administrator by phone: 866-274-4004; or via the website: www.strategicclaims.net.

14. If you have questions or need additional Proofs of Claim, contact the Claims Administrator via the information in the preceding paragraph. You may make photocopies of this form.

PROOF OF CLAIM

The Claims Administrator must receive this form postmarked no later than April 6, 2017.

C. CLAIMANT IDENTIFICATION *(Please Type or Print)*

Beneficial Owner's Name *(as it appears on your brokerage statement)*

Joint Beneficial Owner's Name *(as it appears on your brokerage statement)*

Street Address

City

State

Zip Code

Foreign Province / Country

Social Security or Taxpayer Identification Number

Specify one of the following:

Individual(s)

Corporation

UGMA Custodian

IRA

Partnership

Estate

Trust

Other: _____

Area Code

Telephone Number

(Day)

Area Code

Telephone Number

(Evening)

Facsimile Number

E-Mail Address

Record Owner's Name and Address *(if different from beneficial owner listed above)*

The following information is needed if the 300,000 KaloBios shares of KaloBios being paid as part of the Partial Settlement is not liquidated and instead is distributed to Settlement Class Members:

Brokerage Firm (to which your KaloBios shares, if any, should be sent)

Brokerage Account Number (into which your KaloBios shares, if any, should be deposited)

You must attach instructions from your broker as to how to transfer the KaloBios shares (if any) that you might receive as a Partial Settlement payment.

D. SCHEDULE OF TRANSACTIONS IN KALOBIOS COMMON STOCK

1. State the total number of shares of KaloBios common stock owned at the close of trading on November 17, 2015, long or short (*if none, enter "0"; if other than zero, must be documented*):

2. Separately list each and every **purchase** of KaloBios common stock during the period November 18, 2015 **through** December 16, 2015, inclusive, and provide the following information (*must be documented*):

Purchase Date (list chronologically) Month/Day/Year	Number of Shares Purchased	Price Per Share (excluding commissions, taxes, and other fees)	Total Purchase Price (excluding commissions, taxes, and other fees)
____/____/____		\$	\$
____/____/____		\$	\$
____/____/____		\$	\$
____/____/____		\$	\$

3. Separately list each and every **sale** of KaloBios common stock during the period November 18, 2015 **through** January 13, 2016, inclusive, and provide the following information (*must be documented*):

Sale Date (list chronologically) Month/Day/Year	Number of Shares Sold	Price Per Share (excluding commissions, taxes, and other fees)	Total Sale Price (excluding commissions, taxes, and other fees)
____/____/____		\$	\$
____/____/____		\$	\$
____/____/____		\$	\$
____/____/____		\$	\$

4. State the total number of shares of KaloBios common stock owned, long or short at the close of trading on December 16, 2015 and at the close of trading on January 13, 2016 (*if none, enter "0"; if other than zero, must be documented*):

Shares owned at the close of trading on December 16, 2015: _____

Shares owned at the close of trading on January 13, 2016: _____

If you need additional space, attach the required information on separate, numbered sheets in the same format as above and print your name and Social Security or Taxpayer Identification number at the top of each additional sheet.

YOU MUST ALSO READ THE RELEASE AND SIGN THE CERTIFICATION OR THE W-8 CERTIFICATION BELOW

E. SUBMISSION TO JURISDICTION OF THE COURT

By submitting this Proof of Claim Form and Release, I/we, and every Settlement Class Member I/we represent, submit to the jurisdiction of the United States District Court for the Northern District of California for purposes of this Action and the Settlement of the Action, as reflected in the Stipulation of Settlement (the “Stipulation”). I/We further agree to be bound by the orders of the Court; agree that this Proof of Claim Form, my/our status or the status of the Settlement Class member I/we represent as a Claimant, and the allowable amount of this claim will be subject to review and further inquiry; and that I/we will furnish such additional documentation with respect to this Proof of Claim as may be required.

F. RELEASE

1. By signing this Proof of Claim Form and Release, and in consideration of the establishment of the Settlement Consideration, as of the effective date thereof, the undersigned claimant (“Claimant”) hereby releases and forever discharges (a) Settling Defendant Ronald Martell; (b) Settling Defendant Herb Cross; (c) with the specific exception of Defendant Martin Shkreli, against whom this action will continue to be litigated, all other past, present and future directors, officers, and employees of KaloBios, including, but not limited to, Ted W. Love, Denise Gilbert, Laurie Smaldone Alsup, Gary Lyons, Robert A. Baffi, Raymond M. Withy, Charles Democko, Don Joseph, and Geoffrey Yarranton; and (d) Settling Defendant KaloBios (altogether the “Released Parties”) from any and all claims, both known and Unknown Claims, alleged or which could have been alleged by Plaintiffs or Settlement Class Members in the Action against the Settling Defendants or against any other of the Released Parties arising from the purchase of KaloBios stock during the Settlement Class Period (except for claims to enforce the Partial Settlement), whether arising under state, federal, or common law (the “Settlement Class Claims”).

2. Conversely, the Settling Defendants and their current and former officers and directors hereby release and forever discharge any and all counterclaims and bases for relief that the Settling Defendants, or any of their current or former officers and directors, could have raised in the Action against the Plaintiffs, Lead Counsel, or any Settlement Class Member, including but not limited to the commencement and prosecution of the Action (except for claims to enforce the Partial Settlement) and claims for violations of Fed. R. Civ. P. 11, or any other fee or cost-shifting claim (the “Defendant Claims”).

3. For purposes of these release provisions, “Unknown Claims” means (i) any and all Settlement Class Claims that a Claimant does not know or suspect to exist in his, her, or its favor at the time of the release of the Released Parties, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Partial Settlement; and (ii) and any and all Defendant Claims that any Settling Defendant does not know or suspect to exist in his, her, or its favor, which if known by him, her, or it might have affected his, her, or its decision(s) with respect to the Partial Settlement. With respect to the Settled Claims, the Settling Parties stipulate and agree that upon the Effective Date, the Plaintiffs and the Settling Defendants shall expressly waive, and each Settlement Class Member shall be deemed to have waived, and by operation of the Judgment shall have expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States or principle of common law, that is similar, comparable, or equivalent to Cal. Civ. Code § 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

The Settling Parties acknowledge, and Settlement Class Members by operation of law shall be deemed to have acknowledged, that the inclusion of “Unknown Claims” in the definition of Settlement Class Claims and Defendant Claims was separately bargained for and was a key element of the Partial Settlement.

G. REPRESENTATIONS

I/We acknowledge that I/we have read the Notice of Proposed Settlement of Class, and that pursuant thereto I/we file this claim to participate in the Settlement.

I/We hereby warrant and represent that neither I/we, nor any person I/we represent, is a Defendant (as defined in the Notice) with respect to any of the claims asserted in the Litigation, a member of the immediate family of any of the Defendants, or anyone excluded from the Settlement Class as it is defined in the Stipulation, or a person or entity who has requested exclusion from the Class.

I/We hereby warrant and represent that I am/we are authorized to execute and deliver this Proof of Claim Form and Release.

H. CERTIFICATION

I/We certify that I am/we are not subject to backup withholding. **(If you have been notified by the IRS that you are subject to backup withholding, strike out the previous sentence.)**

I/We certify that I/we purchased or otherwise acquired the KaloBios common stock listed in the above Schedule during the period between November 18, 2015 and December 16, 2015, inclusive.

I/We declare and affirm under penalties of perjury that the foregoing information and the documents attached hereto, including the Social Security or Taxpayer Identification Number shown on this Proof of Claim, are true, correct and complete to the best of my/our knowledge, information and belief, and that this Proof of Claim was executed this

_____ day of _____, 2017 in:

(City)

(State/Country)

Signature of Claimant

Signature of Joint Claimant, if any

(Print your name here)

(Print your name here)

Signature of Person signing on behalf
of Claimant

(Print your name here)

Capacity of person signing on behalf of
Claimant, if other than an individual,
(Executor, President, Custodian, etc.)

SUBSTITUTE FORM W-8: IF YOU ARE NOT A RESIDENT OR CITIZEN OF THE UNITED STATES, COMPLETE THE FOLLOWING:

Permanent residence (principal office if a corporation)

If your claim is connected with a trade or business conducted in the U.S., please provide the name and address of your U.S. business, the type of business, and the Federal Tax Identification Number of the U.S. business.

Name of U.S. Business

Address of U.S. Business

Type of Business

Tax Identification Number

W-8 Certification: Under the penalties of perjury, I certify that the information provided above is true, correct and complete.

Signature(s) _____

Date: _____

Date: _____

THIS SPACE INTENTIONALLY LEFT BLANK

**ACCURATE CLAIMS PROCESSING TAKES A SIGNIFICANT
AMOUNT OF TIME. THANK YOU FOR YOUR PATIENCE.**

Reminder Checklist:

1. Remember to sign the above Release and Certification (or W-8 Certification).
2. Remember to attach only **copies** of acceptable supporting documentation, a complete list of which can be found on the Claims Administrator's website at www.strategicclaims.net/kalobios.
3. Do not send originals of securities certificates.
4. Keep copies of the completed Proof of Claim and documentation for your own records.
5. If you desire an acknowledgment of receipt of your Proof of Claim, please send it Certified Mail, Return Receipt Requested, or its equivalent. **You will bear all risks of delay or non-delivery of your claim.**
6. If your address changes in the future, or if these documents were sent to an old or incorrect address, please send us **written** notification of your new address.

If you have questions or concerns regarding your claim, please contact the Claims Administrator at:

KaloBios Pharmaceuticals, Inc. Securities Litigation
c/o Strategic Claims Services
600 North Jackson Street, Suite 3
Media, PA 19063
Tel: 866-274-4004