

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON

IN RE GALENA BIOPHARMA, INC.
SECURITIES LITIGATION,

Case No.:3:14-cv-00367-SI

NOTICE OF PROPOSED PARTIAL SETTLEMENT OF CLASS ACTION, MOTION FOR ATTORNEYS' FEES AND EXPENSES, AND FINAL APPROVAL HEARING

TO: ALL PERSONS AND ENTITIES THAT PURCHASED GALENA BIOPHARMA, INC., ("GALENA") COMMON STOCK DURING THE PERIOD FROM AUGUST 6, 2013 THROUGH MAY 14, 2014, BOTH DATES INCLUSIVE (THE "CLASS PERIOD").

EXCLUDED FROM THE CLASS ARE DEFENDANTS, THE OFFICERS AND DIRECTORS OF GALENA, AND THEIR FAMILIES AND AFFILIATES.

PLEASE READ THIS NOTICE CAREFULLY. YOUR RIGHTS MAY BE AFFECTED BY LEGAL PROCEEDINGS IN THIS LITIGATION. IF YOU ARE A MEMBER OF THE CLASS DESCRIBED HEREIN, YOU MAY BE ENTITLED TO RECEIVE A PAYMENT PURSUANT TO THE PROPOSED SETTLEMENT DESCRIBED BELOW. TO CLAIM YOUR SHARE OF THE SETTLEMENT FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM AND RELEASE FORM POSTMARKED ON OR BEFORE APRIL 16, 2016.

CLASS RECOVERY: This Notice has been sent to you pursuant to an Order of the United States District Court, District of Oregon (the "Court") in the above-captioned action (the "Action"). One of the purposes of this Notice is to inform you of the proposed partial Settlement of the Action for \$19 million plus any interest earned, and \$1 million of Galena common stock, by Defendants Galena Biopharma, Inc., Mark J. Ahn, Steven Kriegsman, Richard Chin, Stephen S. Galliker, Rudolph Nisi, Sanford J. Hillsberg, Ryan Dunlap, Mark Schwartz and Remy Bernarda (collectively, the "Settling Defendants"). Plaintiffs estimate there were potentially up to 118 million shares allegedly damaged of Galena common stock purchased during the period in which the Court sustained the allegations in the Complaint. Pursuant to the Plan of Allocation (see Section III herein), if all affected Galena damaged shares elect to participate in the Settlement, the average recovery per share could be \$0.17, before deduction of any fees, expenses, costs, and awards described herein. The actual amount disbursed to members of the Class who participate in the Settlement may be more or less than this figure.

POTENTIAL OUTCOME OF THE CASE: Continuing the case could result in a loss at summary judgment, trial or on appeal. The two sides vigorously disagree on both liability and the amount of money that could be won if Plaintiffs prevailed at trial. Plaintiffs and Settling Defendants disagree, among other things, about: (1) the method for determining whether Galena's stock price was artificially inflated; (2) the amount of any such alleged inflation; (3) whether any statement was false or misleading; (4) whether any alleged omitted fact was material; (5) whether there was any wrongdoing on the part of Settling Defendants (6) the amount of damages per share, if any, Plaintiffs would be able to prove at trial, (7) the methodology used to determine any such damages, and (8) whether there were any mitigating circumstances which would reduce any or all of the damages alleged by Plaintiffs.

REASONS FOR SETTLEMENT: Plaintiffs believe that the proposed Settlement is fair, reasonable and adequate to, and in the best interests of, the Class. Plaintiffs and their counsel have reached this conclusion after investigating and considering, among other things, the strengths and weaknesses of Plaintiffs' claims against Settling Defendants, including the Settling Defendants' contentions that the Class's claims are without merit, the uncertainties of this complex litigation, including the risk of not being able to obtain any recovery, and the concrete benefits provided by the Settlement to the members of the Class. Without admitting and expressly denying any wrongdoing or liability on their part whatsoever, Settling Defendants are nevertheless willing to agree to make the payment provided for by the Stipulation provided that all of the claims of the Class are settled and compromised, in order to avoid the continuing burden, expense, inconvenience and distraction to Settling Defendants in this Action.

ATTORNEYS FEES AND COSTS SOUGHT: Co-Lead Counsel has not received any payment for its services in conducting this litigation on behalf of Plaintiffs and the members of the Class, nor has it been reimbursed for its out-of-pocket expenditures. If the Settlement is approved by the Court, Co-Lead Counsel will apply to the Court for attorneys' fees not to exceed 25% of the Settlement Amount (\$4.75 million in cash and \$250,000 in Galena common stock), and reimbursement of expenses not to exceed \$475,000. If the amount requested by counsel is approved by the Court, the average cost would be \$0.06 per share for the shares with claims that were sustained by the Court. In addition, a Compensatory Award for the time and expenses incurred by Lead Plaintiffs will be sought, not to exceed \$5,000 for each of the four Lead Plaintiffs.

IDENTIFICATION OF PLAINTIFFS' COUNSEL: For further information regarding this Settlement, inquiries may be directed to Co-Lead Counsel: Laurence M. Rosen, Esq., The Rosen Law Firm, P.A., 275 Madison Avenue, 34th Floor, New York, NY 10016, lrosen@rosenlegal.com, or Leigh Handelman Smollar, Esq., Pomerantz LLP, 10 South La Salle Street, Suite 3505, Chicago, IL 60603, lsmollar@pomlaw.com.

I. THE CLASS INVOLVED IN THE PROPOSED SETTLEMENT

The proposed Settlement affects the rights of the members of the Class. The Class consists of:

All persons or entities that purchased Galena Biopharma, Inc. common stock during the period from August 6, 2013 through May 14, 2014, both dates inclusive. Excluded from the Class are Defendants, the officers and directors of Galena, and their families and affiliates.

The sending of this Notice should not be construed as any indication of the Court's view as to the merits of any claims or defenses asserted by any party to this Action.

II. THE LITIGATION

Summary of the Litigation

The Court handling this Action is the United States District Court for the District of Oregon, and the case is known as *In re Galena Biopharma, Inc. Securities Litigation*, Case No. 14-cv-0367-SI. On October 3, 2014, the Court appointed Kisuk Cho, Anthony Kim, Pantelis Lavidas, and Joseph Buscema to represent the Class as Lead Plaintiffs. The Defendants in this Action are Galena Biopharma, Inc., Mark J. Ahn, Steven Kriegsman, Richard Chin, Stephen S. Galliker, Rudolph Nisi, Sanford J. Hillsberg, Ryan Dunlap, Mark Schwartz and Remy Bernarda (referenced heretofore collectively as the "Settling Defendants"), and The Dream Team Group, LLC, Thomas Meyer, Michael McCarthy, Lidingo Holdings LLC, and Kamilla Bjorlin (collectively the "Non-Settling Defendants").

This Action alleges violations of the Federal Securities Laws (specifically Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §78j(b) and 78(t)(a)) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5)) against all Defendants.

Galena is a publicly traded Delaware corporation with its principal place of business located in Oregon. Galena is a biopharmaceutical company which during the Class Period its only commercial-stage product was Abstral® ("Abstral"), a propriety form of fentanyl, an opiate analgesic, used to treat breakthrough cancer pain (sudden episodes of pain that occur despite around-the-clock treatment with pain medication). Galena common stock trades on NASDAQ Stock Exchange under the ticker symbol "GALE."

Lead Plaintiffs allege that, during the Class Period, Galena's stock price was artificially inflated as a result of a series of articles and statements that were part of a pump and dump scheme. Beginning July 2013, Galena paid promoters – Non-Settling Defendants Dream Team Group LLC, Thomas Meyer, Michael McCarthy, Lidingo Holdings LLC, and Kamilla Bjorlin – to tout Galena's stock. Lead Plaintiffs further contend that Settling Defendants participated in the scheme knowing representations by the Non-Settling Defendants to be false or misleading, or recklessly disregarding their false or misleading natures, and that investors suffered injury as a result of the alleged inflation and subsequent disclosure thereof.

Settling Defendants have denied and continue to deny, *inter alia*, each and all of the claims and contentions alleged in the Action, as well as all charges of wrongdoing or liability against them arising out of any of the conduct, statements, acts, or omissions alleged, or that could have been alleged, in the Action, and believe the Action has no merit. In particular, Settling Defendants deny that they made any false or misleading statements during the Class Period, that they had the state of mind required to render any of the alleged misrepresentations and omissions actionable, and that any alleged loss was caused by any alleged misrepresentations.

On August 5, 2015, the Court issued an order sustaining the claims in Lead Plaintiffs Amended Complaint and allowing the case to move forward.

Discovery, Investigation, and Research Conducted by Counsel

Before agreeing to the Settlement, Plaintiffs' Co-Lead Counsel conducted extensive investigation and research into the merits of the Action. This investigation has included consultation with experts concerning the amount of damages suffered by the Class; interviews of a Confidential Witness, who previously worked with the Defendants, detailed reviews of Galena's public filings, SEC filings, press releases, and other public statements; detailed reviews of Galena's board of director's special committee report following an investigation by such committee into the events alleged in this Action; review of analyst reports, financial analysts, and industry analysts relating to Galena; and research of the applicable law with respect to the claims asserted in the complaints filed in the Action, and the potential defenses thereto.

Proposed Settlement

On March 2 and September 19, 2015, the Parties participated in two day-long mediations presided over by the Honorable Layn R. Phillips (Ret.) a former United States District Judge. During these negotiations, the Parties discussed, among other things, the respective claims and defenses, damage analyses, legal analyses, the evidence to be offered by the Parties at trial, and other important factual and legal issues. Although the full days of arms-length negotiations supervised by Judge Phillips did not result in the Settlement, the Parties laid the groundwork which resulted in an agreement to settle the action subject to final documentation and Court approval.

These negotiations resulted in the agreement to settle all claims of the Class against the Settling Defendants, *i.e.*, the Stipulation, entered into on February 16, 2016. Plaintiffs' Co-Lead Counsel believe that the claims asserted in the Action have merit and that the evidence developed to date in the Action supports the claims asserted therein. Plaintiffs' Co-Lead Counsel assert, and believe the Class would present supporting evidence at trial establishing liability against the Settling Defendants under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934.

However, Plaintiffs' Co-Lead Counsel recognize and acknowledge the expense and length of continued proceedings, trial, and appeals, and has taken into account the uncertain outcome and the risk of any litigation, especially complex actions such as here, as well as the limited ability of Galena and the Settling Defendants to contribute more to the Settlement proceeds. Plaintiffs' Co-Lead Counsel is also mindful of the inherent problems of proof under, as well as the defenses to, the federal securities laws violations asserted in this Action, including the defenses asserted by Settling Defendants.

In light of the foregoing, Plaintiffs' Co-Lead Counsel believes that the Settlement set forth in the Stipulation confers a substantial benefit upon the Class and has determined that the Settlement is in the best interests of the Class.

The Release

In return for the payment of the Settlement Fund, upon the Effective Date, Class Members who do not file for exclusion from the Class will fully, finally and forever release, discharge and relinquish all Released Plaintiffs' Claims¹ against Settling Defendants' Released Persons, without costs to any party except as provided herein, upon the Effective Date. Lead Plaintiff and all Class Members, whether or not any such Person submits a Proof of Claim and Release or shares in the Net Settlement Fund, on behalf of themselves and each of their predecessors, successors, parents, subsidiaries, affiliates, custodians, agents, assigns, representatives, heirs, executors, trustees and administrators, will be deemed by this Settlement on the Effective date to fully, finally, and forever release, discharge, and relinquish the Settling Defendants' Released Persons from any and all of the Released Plaintiffs' Claims.

Once the Court finally approves the Settlement, all Class Members and anyone claiming through or on behalf of any of them, will be forever barred and enjoined from commencing, instituting, prosecuting or continuing to prosecute any action or other proceeding in any court of law or equity, arbitration tribunal, administrative forum, or other forum of any kind, asserting the Released Plaintiffs' Claims against any of the Settling Defendants or their families, successors, or advisors.

III. PROPOSED PLAN OF ALLOCATION

The \$20,000,000 settlement amount and any interest earned thereon shall be the Gross Settlement Fund. The Gross Settlement Fund less taxes, approved costs, fees and expenses (the "Net Settlement Fund") shall be distributed to members of the Class who submit valid Proofs of Claim ("Authorized Claimants").

The Claims Administrator shall determine each Authorized Claimant's *pro rata* share of the Net Settlement Fund based upon each Authorized Claimant's "Recognized Loss." The Recognized Loss formula is not intended to be an estimate of the amount of what a Class Member lost or might have been able to recover after a trial; nor is it an estimate of the amount that will be paid to Authorized Claimants pursuant to the Settlement. The Recognized Loss formula is simply the basis upon which the Net Settlement Fund will be proportionately allocated to Authorized Claimants.

The Plan of Allocation has taken into consideration the Limitation on Damages provision of the Private Securities Litigation Reform Act of 1995, 15 U.S.C. § 78u-4(e), and the Court's Order dated January 21, 2014, as well as the principles of economic loss articulated by the Supreme Court in *Dura Pharmaceuticals, Inc. v. Broudo*, 544 U.S. 336 (2005). For purposes of this Settlement, the Recognized Loss shall be calculated as follows:

1. There is no recognized loss for shares purchased prior to August 6, 2013.
2. For shares purchased between August 6, 2013 and February 2, 2014, both dates inclusive,
 - (a) that were subsequently sold on or before February 2, 2014, the recognized loss per share is \$0.00;
 - (b) that were subsequently sold between February 3, 2014 and February 11, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$0.95; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (c) that were subsequently sold on February 12, 2014 or February 13, 2014, the recognized loss per share is the lesser of
 - i. \$1.87; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (d) that were subsequently sold between February 14, 2014 and March 17, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$2.47; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (e) that were subsequently sold between March 18, 2014 and May 13, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$2.93; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (f) that were subsequently sold between May 14, 2014 and August 12, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$3.00; or

¹ "Released Plaintiffs' Claims" means any and all claims (including "Unknown Claims") alleged or which could have been alleged by Lead Plaintiffs or the Settlement Class in the Action against the Settling Defendants, or any other of the Settling Defendants' Released Parties, arising from or in any way relating to the matters or occurrences that were alleged in the Action, the structure of the Settlement including the use of Company funds or common stock of Galena to pay the Settlement, or relating to the acquisition, sale, or retention of Galena Biopharma, Inc. common stock during the Class Period.

- ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0; or
 - iii. the purchase price minus the "90-Day Lookback Value" on the date of sale/disposition provided in Table 1 below. If this calculation results in a negative number, then the recognized loss per share is \$0.
- (g) that were still held as of the close of trading on August 12, 2014, the recognized loss per share is the lesser of
 - i. \$3.00; or
 - ii. the purchase price (excluding all fees, taxes and commissions) minus the average closing price of the shares during the 90-day period following the Class Period, which is \$2.77. If this calculation results in a negative number, then the recognized loss per share is \$0.
- 3. For shares purchased between February 3, 2014 and February 11, 2014, both dates inclusive,
 - (a) that were subsequently sold on or before February 11, 2014, the recognized loss per share is \$0.
 - (b) that were subsequently sold on February 12, 2014 or February 13, 2014, the recognized loss per share is the lesser of
 - i. \$0.92; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (c) that were subsequently sold between February 14, 2014 and March 17, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$1.52; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (d) that were subsequently sold between March 18, 2014 and May 13, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$1.98; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (e) that were subsequently sold between May 14, 2014 and August 12, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$2.05; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0; and
 - iii. the purchase price minus the "90-Day Lookback Value" on the date of sale/disposition provided in Table 1 below. If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (f) that were still held as of the close of trading on August 12, 2014, the recognized loss per share is the lesser of
 - i. \$2.05; or
 - ii. the purchase price (excluding all fees, taxes and commissions) minus the average closing price of the shares during the 90-day period following the Class Period, which is \$2.77. If this calculation results in a negative number, then the recognized loss per share is \$0.
- 4. For shares purchased on February 12, 2014 or February 13, 2014,
 - (a) that were subsequently sold on or before February 13, 2014, the recognized loss per share is \$0.
 - (b) that were subsequently sold between February 14, 2014 and March 17, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$0.60; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (c) that were subsequently sold between March 18, 2014 and May 13, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$1.06; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (d) that were subsequently sold between May 14, 2014 and August 12, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$1.13; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0; or

- iii. the purchase price minus the “90-Day Lookback Value” on the date of sale/disposition provided in Table 1 below. If this calculation results in a negative number, then the recognized loss per share is \$0.
- (e) that were still held as of the close of trading on August 12, 2014, the recognized loss per share is the lesser of
- i. \$1.13; or
 - ii. the purchase price (excluding all fees, taxes and commissions) minus the average closing price of the shares during the 90-day period following the Class Period, which is \$2.77. If this calculation results in a negative number, then the recognized loss per share is \$0.
5. For shares purchased between February 14, 2014 and March 17, 2014, both dates inclusive,
- (a) that were subsequently sold on or before March 17, 2014, the recognized loss per share is \$0.
 - (b) that were subsequently sold between March 18, 2014 and May 13, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$0.46; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (c) that were subsequently sold between May 14, 2014 and August 12, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$0.53; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0; or
 - iii. the purchase price minus the “90-Day Lookback Value” on the date of sale/disposition provided in Table 1 below. If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (d) that were still held as of the close of trading on August 12, 2014, the recognized loss per share is the lesser of
 - i. \$0.53; or
 - ii. the purchase price (excluding all fees, taxes and commissions) minus the average closing price of the shares during the 90-day period following the Class Period, which is \$2.77. If this calculation results in a negative number, then the recognized loss per share is \$0.
6. For shares purchased between March 18, 2014 and May 13, 2014, both dates inclusive,
- (a) that were subsequently sold on or before May 13, 2014, the recognized loss per share is \$0.
 - (b) that were subsequently sold between May 14, 2014 and August 12, 2014, both dates inclusive, the recognized loss per share is the lesser of
 - i. \$0.07; or
 - ii. the purchase price minus the sale price (excluding all fees, taxes and commissions). If this calculation results in a negative number, then the recognized loss per share is \$0; or
 - iii. the purchase price minus the “90-Day Lookback Value” on the date of sale/disposition provided in Table 1 below. If this calculation results in a negative number, then the recognized loss per share is \$0.
 - (c) that were still held as of the close of trading on August 12, 2014, the recognized loss per share is the lesser of
 - i. \$0.07; or
 - ii. the purchase price (excluding all fees, taxes and commissions) minus the average closing price of the shares during the 90-day period following the Class Period, which is \$2.77. If this calculation results in a negative number, then the recognized loss per share is \$0.
7. There is no recognized loss for shares purchased on or after May 14, 2014.

Sale / Disposition Date	90-Day Lookback Value	Sale / Disposition Date	90-Day Lookback Value	Sale / Disposition Date	90-Day Lookback Value
5/14/2014	\$2.30	6/13/2014	\$2.44	7/15/2014	\$2.71
5/15/2014	\$2.26	6/16/2014	\$2.46	7/16/2014	\$2.71
5/16/2014	\$2.23	6/17/2014	\$2.48	7/17/2014	\$2.71
5/19/2014	\$2.22	6/18/2014	\$2.50	7/18/2014	\$2.71
5/20/2014	\$2.19	6/19/2014	\$2.52	7/21/2014	\$2.71
5/21/2014	\$2.17	6/20/2014	\$2.54	7/22/2014	\$2.71
5/22/2014	\$2.17	6/23/2014	\$2.56	7/23/2014	\$2.72
5/23/2014	\$2.19	6/24/2014	\$2.58	7/24/2014	\$2.72
5/27/2014	\$2.21	6/25/2014	\$2.59	7/25/2014	\$2.73
5/28/2014	\$2.24	6/26/2014	\$2.61	7/28/2014	\$2.73
5/29/2014	\$2.25	6/27/2014	\$2.62	7/29/2014	\$2.74
5/30/2014	\$2.26	6/30/2014	\$2.64	7/30/2014	\$2.74

6/2/2014	\$2.26	7/1/2014	\$2.65	7/31/2014	\$2.74
6/3/2014	\$2.25	7/2/2014	\$2.67	8/1/2014	\$2.74
6/4/2014	\$2.25	7/3/2014	\$2.68	8/4/2014	\$2.74
6/5/2014	\$2.26	7/7/2014	\$2.69	8/5/2014	\$2.75
6/6/2014	\$2.27	7/8/2014	\$2.69	8/6/2014	\$2.75
6/9/2014	\$2.29	7/9/2014	\$2.70	8/7/2014	\$2.76
6/10/2014	\$2.34	7/10/2014	\$2.70	8/8/2014	\$2.76
6/11/2014	\$2.38	7/11/2014	\$2.71	8/11/2014	\$2.77
6/12/2014	\$2.42	7/14/2014	\$2.71	8/12/2014	\$2.77

General Provisions:

1. There shall be no Recognized Loss attributed to any Galena securities other than common stock.
2. The date of a purchase or sale of Galena common stock is the "trade" date, and not the "settlement" date.
3. The first-in, first-out basis ("FIFO") will be applied to both purchases and sales.
4. The date of covering a "short sale" is deemed to be the date of purchase of Galena common stock; and the date of a "short sale" is deemed to be the date of sale of Galena common stock. Shares originally sold short will have a Recognized Loss of zero.
6. No cash payment will be made on a claim where the potential distribution amount is less than \$10.00. Please be advised that if you did not incur a Recognized Loss as defined in the Plan of Allocation you will not receive a cash distribution from the Net Settlement Fund, but you will be bound by all determinations and judgments of the Court in connection with the Settlement, including being barred from asserting any of the Released Claims against the Released Parties.
7. The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.
8. No person shall have any claim against Plaintiffs' Counsel, the Claims Administrator or other agent designated by Plaintiffs' Counsel, or any Defendant or any Defendant's counsel based on the distribution made substantially in accordance with the Stipulation and this Plan of Allocation, or further orders of the Court.
9. Class members who do not submit valid Proofs of Claim will not share in the settlement proceeds. Class members who do not either submit a request for exclusion or submit a valid Proof of Claim will nevertheless be bound by the settlement and the Order and Final Judgment of the Court dismissing this Action.

IV. REQUESTING EXCLUSION FROM THE CLASS

IF YOU ARE A MEMBER OF THE CLASS, YOU MAY BE ELIGIBLE TO SHARE IN THE BENEFITS OF THIS SETTLEMENT AND WILL BE BOUND BY ITS TERMS UNLESS YOU EXCLUDE YOURSELF FROM THE CLASS.

Each member of the Class shall be bound by all determinations and judgments of the Court in connection with the Settlement, whether favorable or unfavorable, unless such Class member shall mail, by first class mail, sufficient postage prepaid, a written request for exclusion from the Class, **postmarked no later than June 2, 2016**, addressed to the Claims Administrator at:

In re Galena Biopharma, Inc. Securities Litigation
EXCLUSIONS
c/o KCC Class Action Services
3301 Kerner Blvd.
San Rafael, CA 94901

Such request for exclusion shall be in a form that sufficiently identifies (1) the name and address of the person(s) or entity seeking exclusion, and (2) a list of all transaction(s) involving Galena common stock during the period August 6, 2013 through May 14, 2014, including the number of shares, principal amount and trade date of each purchase and sale. Please also include your telephone number or other contact information. A request for exclusion shall not be effective unless submitted within the time and in the form and manner provided for herein. **You cannot exclude yourself by telephone, email or fax.**

If a person or entity who is a member of the Class duly requests to be excluded from the Class, such person or entity will not be bound by any orders or judgments entered in respect of the Settlement and shall not be entitled to receive any benefits provided by the Settlement in the event it is finally approved by the Court.

If a judgment approving the Settlement provided for in the Stipulation is finally entered, all members of the Class who have not requested exclusion shall conclusively be deemed to have released and shall thereafter be barred from asserting any of the Released Claims against the Released Parties.

V. STATEMENT OF ATTORNEYS' FEES AND COSTS SOUGHT

If the proposed Settlement is approved, Plaintiffs' Co-Lead Counsel intends to apply to the Court for an award of attorneys' fees and reimbursement of expenses from the Settlement Fund. Co-Lead Counsel will seek no more than 25 percent of the Settlement Fund as fees, plus an additional amount not to exceed \$475,000 as reimbursement for the expenses and costs actually incurred in prosecuting the action. Plaintiffs' Co-Lead Counsel believes its intended fee request to be fair and reasonable. Plaintiffs' Co-Lead Counsel has litigated this case on a wholly contingent basis and has received no compensation during the period the case has been pending. Plaintiffs' Co-Lead Counsel expended

considerable time and expense during the Action. Had the case not been successful, Plaintiffs' Co-Lead Counsel would have sustained a considerable financial loss.

In addition, Plaintiffs' Co-Lead Counsel intends to apply to the Court on behalf of each Court-appointed Lead Plaintiff for reimbursement of their reasonable time, costs and expenses, directly relating to their representation of the Class. Co-Lead Counsel will seek no more than \$5,000 for each of the four Lead Plaintiffs.

VI. THE RIGHT TO BE HEARD AT THE FINAL SETTLEMENT HEARING

The Final Settlement Hearing shall be held before Honorable Michael H. Simon on June 23, 2016, at 3:30 p.m., in the United States District Court for the District of Oregon, Portland Division, 1000 Southwest Third Avenue, Portland, Oregon 97204, to determine, among other things, whether: (1) the settlement of the Class's claims against Galena for \$20,000,000 should be approved as fair, reasonable and adequate; (2) the proposed Plan of Allocation is fair and reasonable, and adequate, and should be approved; (3) the application of Co-Lead Counsel for an award of attorneys' fees and expenses should be approved; (4) the Lead Plaintiffs should be granted a compensatory award; and (5) the Action should be dismissed with prejudice as set forth in the Stipulation filed with the Court.

The Final Settlement Hearing may be adjourned or continued from time to time by the Court without further notice to the Class other than an announcement at such Final Settlement Hearing or at any adjournment or continuance thereof.

Any member of the Class who does not timely and validly request exclusion from the Class and who objects to the Settlement, the adequacy of the representation provided by Lead Plaintiffs and Co-Lead Counsel, the proposed Plan of Allocation of the Net Settlement Fund, the Final Order and Judgment contemplated by the Stipulation, the application for attorneys' fees and reimbursement of expenses, and/or the application for the reimbursement of the reasonable costs and expenses of the Lead Plaintiff, or who otherwise wishes to be heard with respect to any of the foregoing, may appear in person or by attorney at the Final Settlement Hearing, at their own expense, and present any evidence or argument that may be proper and relevant.

Please note that with regards to the Settlement, you can ask the Court to deny approval of the Settlement by filing an objection. You can't ask the Court to order a larger settlement; the Court can only approve or deny the Settlement. If the Court denies approval, no settlement payments will be sent out and the lawsuit will continue. If that is what you want to happen, you must object.

You may object to any one or more of the following: the proposed settlement, the proposed Plan of Allocation, the application for attorneys' fees and expenses, or the compensatory awards to Lead Plaintiffs, in writing. You may also appear at the Final Settlement Hearing, either in person or through your own attorney. If you appear through your own attorney, you are responsible for paying that attorney. All written objections and supporting papers must (a) clearly identify the case name and number (*In re Galena Biopharma, Inc. Securities Litigation*, Case No. 14-cv-0367-SI), (b) be submitted to the Court either by mailing them to the Clerk of Court, United States District Court for the District of Oregon, Portland Division, 1000 Southwest Third Avenue, Portland, Oregon 97204, or by filing them in person at any location of the United States District Court for the District of Oregon, (c) be filed or postmarked on or before **June 9, 2016**; (d) provide: (i) a notice of the person's intention to appear, including the name and address of the person or entity seeking to appear, (ii) a statement of such person's objections to any matter before the Court, (iii) the grounds for such objections or the reason for such person's request to appear and to be heard, and (iv) a list of all transaction(s) involving Galena common stock during the period August 6, 2013 through May 14, 2014, including the number of shares, principal amount and trade date of each purchase and sale, as well as all other documents and writings which such person desires the Court to consider.

Any person or entity who fails to object in writing in the manner prescribed in the paragraph immediately above shall be deemed to have waived any objections that person may have and shall be barred from raising such objections in this or any other action or proceeding.

Objections directed solely to the proposed Plan of Allocation, attorneys' fees and expenses, or awards to the Lead Plaintiffs will not affect the finality of either the Settlement or the Judgment to be entered thereto, if the Settlement is approved by the Court.

All members of the Class who do not request exclusion therefrom, in the manner provided herein, will be represented by Plaintiffs' Co-Lead Counsel in connection with the Settlement, but may, if they so desire, also enter an appearance through counsel of their own choice and at their own expense.

VII. PROOF OF CLAIM AND RELEASE FORM

To be eligible to receive a cash distribution from the Settlement Fund, you must timely complete, sign and file a Proof of Claim and Release Form ("Proof of Claim"). A Proof of Claim is enclosed with this Notice. You may receive more than one copy of this Notice and the Proof of Claim, but you should **submit only one Proof of Claim per legal entity for which you purchased Galena common stock during the Class Period.**

The Proof of Claim (1) **must** be completed in accordance with the Instructions on the Proof of Claim, (2) **must** enclose all documentation required by the Instructions, and (3) **must** be filed with the Claims Administrator **postmarked on or before April 16, 2016** at the following address:

In re Galena Biopharma, Inc. Securities Litigation
c/o KCC Class Action Services
PO Box 40007
College Station, TX 77842-4007

Members of the Class who do not exclude themselves from the Class and who fail to submit a valid and timely Proof of Claim will nevertheless be bound by the Settlement if finally approved, and all orders and judgments entered by the Court in connection therewith.

By Order of the Court, the Proof of Claim provides for and requires a Release of all Released Claims as defined in Section II, Subsection F, of the Stipulation of Settlement, by all members of the Class who file Proofs of Claim. The Release will become effective on the Effective Date of the Settlement.

Each person or entity submitting a Proof of Claim thereby submits to the jurisdiction of the Court for purposes of the Litigation, the Settlement and any proceedings relating to such Proof of Claim, and agrees that such a filed Proof of Claim will be subject to review and further inquiry as to such person's or entity's status as a member of the Class and the allowable amount of the claim.

The Claims Administrator will acknowledge the receipt of your Proof of Claim by postcard within 60 days of receipt. If you do not receive such acknowledgment within 60 days, please contact the Claims Administrator. **Your claim is not deemed filed unless a postcard is received.**

VIII. SPECIAL NOTICE TO BROKERS AND OTHER NOMINEES

Brokerage firms, banks, financial institutions and other nominees ("Nominees") who, during the Class Period, purchased or sold Galena common stock, CUSIP #363256108 in the name of the Nominees on behalf of beneficial owners of such securities who may be members of the Class, are requested to provide the Claims Administrator with the name and last known address of each such person or entity for whom the Nominee executed such transactions, **preferably in an MS Excel data table setting forth: (1) title/registration, (2) street address, (3) city/state/zip.** The Claims Administrator will then cause the Notice and the Proof of Claim to be mailed promptly to said beneficial owners. Alternatively, Nominees may request additional copies of this Notice and the Proof of Claim from the Claims Administrator, in which case the Nominees are required to promptly mail the Notice and the Proof of Claim directly to the persons for whom the transactions were made and provide the Claims Administrator with written confirmation of having done so. For either alternative, contact the Claims Administrator by email at nominees@galenasecuritieslitigation.com.

After receipt of a timely request for reimbursement and supporting documentation, the Claims Administrator will reimburse the Nominee for all costs reasonably incurred in gathering and forwarding the names and addresses of beneficial owners to the Claims Administrator, or forwarding the Notice and the Proof of Claim to beneficial owners, as the case may be, up to \$0.75 per Notice.

IX. FURTHER INFORMATION

This Notice merely provides a brief summary of the litigation and the proposed Settlement and is qualified by and subject in all respects to the full terms and conditions in the Stipulation. For a more detailed statement of the matters involved in the litigation, you should refer to the pleadings, the Stipulation, and the orders entered by the Court and to the other papers filed in the litigation. For the precise terms and conditions of the Settlement, please see the Stipulation of Settlement available at www.galenasecuritieslitigation.com, by contacting class counsel at The Rosen Law Firm, P.A., 275 Madison Avenue, 34th Floor, New York, New York 10016, by accessing the Court docket in this case through the Court's Public Access to Court Electronic Records (PACER) system at <https://ecf.cand.uscourts.gov>, or by visiting the office of the Clerk of the Court for the United States District Court for the District of Oregon, 1000 Southwest Third Avenue, Portland, Oregon 97204, between 9:00 a.m. and 4:00 p.m., Monday through Friday, excluding Court holidays.

If you have any questions regarding the information contained in this Notice, you may contact Plaintiffs' Counsel **in writing or by email** at the addresses specified on page 1 of this Notice.

You may also visit the settlement website at www.galenasecuritieslitigation.com to find the Stipulation and/or download copies of the Notice and Proof of Claim. In addition, you may request additional copies of the Notice and Proof of Claim by contacting the Claims Administrator at:

In re Galena Biopharma, Inc. Securities Litigation
c/o KCC Class Action Services
PO Box 40007
College Station, TX 77842-4007
(844) 830-5235
www.galenasecuritieslitigation.com

PLEASE DO NOT TELEPHONE THE COURT THE COURT CLERK'S OFFICE, DEFENDANTS OR DEFENDANTS' COUNSEL TO INQUIRE ABOUT THIS SETTLEMENT OR THE CLAIM PROCESS

Dated: February 16, 2016

UNITED STATES DISTRICT COURT
DISTRICT OF OREGON