

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

KaloBios Pharmaceuticals, Inc.,

Debtor.¹

Chapter 11

Case No. 15-12628 (LSS)

**NOTICE OF DEADLINE REQUIRING FILING OF
PROOFS OF CLAIM FOR ADMINISTRATIVE EXPENSE
REQUESTS OF CREDITORS, ON OR BEFORE MAY 31, 2016**

TO ALL POTENTIAL ADMINISTRATIVE CREDITORS OF THE DEBTOR LISTED ABOVE:

PLEASE TAKE NOTICE THAT:

On December 29, 2015 (the “Petition Date”), the above-captioned debtor (the “Debtor”)² filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code:

By Order of the Bankruptcy Court entered on May 9, 2016 (D.I. 420) (the “Administrative Bar Date Order”), **5:00 p.m. (ET) on May 31, 2016** (the “Administrative Claims Bar Date”) is the last date for each person or entity (including, without limitation, individuals, partnerships, corporations, joint ventures, estates, trusts and any party wishing to assert a claim arising from the rejection, or anticipated rejection, of an executory contract or unexpired lease) to assert an administrative expense claim, allowable under sections 503(b) and 507(a)(2) of the Bankruptcy Code, (an “Administrative Claim”) against the Debtor which arose from the Petition Date through and including April 30, 2016 (the “Postpetition Period”), or which may be entitled to administrative expense priority under section 503(b)(9) of the Bankruptcy Code (“503(b)(9) Claims”) by submitting an administrative expense request to Prime Clerk LLC (“Prime Clerk”) at:

**KaloBios Pharmaceuticals, Inc. Claims Processing Center
c/o Prime Clerk LLC
830 3rd Avenue, 3rd Floor
New York, NY 10022**

The Administrative Claims Bar Date and the procedures set forth herein apply all 503(b)(9) Claims and all potential Administrative Claims against the Debtor, except for those claims listed in Section 5 below, which are specifically excluded from the Bar Date filing requirement.

¹ The last four digits of the Debtor’s federal tax identification number are 7236. The Debtor’s address is 1000 Marina Blvd, #250, Brisbane, CA 94005-1878.

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the *Debtor’s Second Amended Plan of Reorganization* (D.I. 434) (as may be amended, supplemented or otherwise modified from time to time and including all exhibits thereto, the “Plan”).

1. WHO MUST FILE AN ADMINISTRATIVE EXPENSE REQUEST

You MUST file an administrative expense request if you have an Administrative Claim against any of the Debtor that arose after the Petition Date through and including April 30, 2016, or if you have a 503(b)(9) Claim, if such claim is not one of the types of claims described in Section 5 below. **503(b)(9) Claims and Administrative Expense Claims, including claims based on setoff rights, must be filed on or prior to the Administrative Claims Bar Date, even if such claims are not now fixed, liquidated, or certain, or did not mature or become fixed, liquidated, or certain. If any portion of the claim you assert is a contingent and/or unliquidated claim, you shall set forth a good faith estimate of the maximum amount of such contingent and/or unliquidated claim.**

Under section 101(5) of the Bankruptcy Code and as used in this Notice, the word “claim” means (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

2. WHAT TO FILE

The Debtor is enclosing an administrative expense request form (the “Administrative Claim Form”) for use if you assert an Administrative Claim or a 503(b)(9) Claim. You may utilize the Administrative Claim Form to file your administrative expense request.

All administrative expense requests must be **signed** by the claimant or, if the claimant is not an individual, by an authorized agent of the claimant. It must be written in English and be denominated in United States currency. You should attach to your completed administrative expense request any documents on which the claim is based (if voluminous, a summary thereof must also be attached) or an explanation as to why the documents are not available.

3. WHEN AND WHERE TO FILE

Proofs of administrative expense must be received by **Prime Clerk** on or before **May 31, 2016 at 5:00 p.m. (ET)**. Proofs of administrative expense claims will be deemed filed only when received by the Prime Clerk. Administrative expense requests may not be delivered by facsimile, telecopy, or electronic mail transmission.

4. PROCEDURES FOR HOLDERS OF POTENTIAL 503(b)(9) CLAIMS

The Court has established the following procedures for holders of potential 503(b)(9) Claims:

- (a) 503(b)(9) claimants may use the form tailored to these cases, to indicate that a 503(b)(9) Claim is being asserted. As set forth in the claim form, each 503(b)(9) Claim against the Debtor must include, with specificity: (i) the amount of the 503(b)(9) Claim; (ii) the date of delivery of the goods the 503(b)(9) claimant contends the Debtor received within 20 days before the Petition Date; (iii) documentation, including invoices, receipts, bills of lading and the like, identifying the particular goods for which the claim is being asserted; (iv) an identification of which goods (if any) were subject to a demand for reclamation asserted under section 546 of the Bankruptcy Code; and (v) a certification that the goods with respect to which the 503(b)(9) Claim is being filed were sold in the ordinary course of the Debtor’s business;
- (b) All of the required information set forth in subparagraph (a) above should be sent to Prime Clerk, substantially in the form of the claim form so as to be received on or before the Administrative Claim Bar Date by either mail or delivery by hand, courier, or overnight service at the appropriate address identified above for Prime Clerk;

- (c) 503(b)(9) claimants shall not file a motion to compel payment of administrative expenses for their 503(b)(9) Claims. To the extent any 503(b)(9) Claims are allowed and are entitled to administrative priority pursuant to the Bankruptcy Code, the claim shall be paid (i) as set forth in a plan of reorganization or liquidation as shall be confirmed by the Bankruptcy Court, (ii) as otherwise agreed to by the Debtor and the 503(b)(9) claimant(s) or pursuant to an order of the Bankruptcy Court;
- (d) Nothing in these 503(b)(9) Claims Procedures shall affect the rights and remedies and/or defenses of the Debtor, claimants or any other party-in-interest with regard to avoidance of any claim or obligation.

5. WHO NEED NOT FILE AN ADMINISTRATIVE EXPENSE REQUEST

The following 503(b)(9) Claims and Administrative Expense Claims are exempted from the Administrative Claims Bar Date:

- a. Any Administrative Claim in respect of which the claimant has already filed a timely, formal request for payment with Prime Clerk or the Court that asserts the administrative expense priority of such Administrative Claim;
- b. Any Administrative Claim of a person or professional retained or employed by the Debtor pursuant to an Order of this Court for compensation and reimbursement of expenses pursuant to sections 327, 328, 330, 331, 363 or 1103 of the Bankruptcy Code;
- c. Any Administrative Claim that has already been fixed and Allowed by an order of this Court;
- d. Any Administrative Claim already paid by the Debtor;
- e. The DIP Facility Claim;
- f. Any Administrative Claim of any Stalking Horse Entity arising under the Stalking Horse SPA Documents;
- g. Any Administrative Claim of the Office of the United States Trustee in respect of claims that arise in connection with fees due under 28 U.S.C. § 1930;
- h. Any Administrative Claim arising or relating to the period after April 30, 2016;
- i. Any Administrative Claim of a governmental unit (as defined in 11 U.S.C. § 101(27)) for which section 503(b)(1)(D) of the Bankruptcy Code applies and excuses such governmental unit from the obligation to file a request for payment as an condition to such Administrative Claim being Allowed; and
- j. Any Administrative Claim arising solely from, or with respect to, the sale of goods or rendition of services in the ordinary course of business of the Debtor's business on, or after, the Petition Date, including Administrative Claims of the Debtor's current employees for wages, expense reimbursement, and health and welfare benefits.

This notice is being sent to persons and entities that have had some relationship with or have done business with the Debtor but may not have an unpaid claim against the Debtor. The fact that you have received this notice does not necessarily mean that you have a claim against the Debtor.

6. CONSEQUENCES OF FAILURE TO FILE AN ADMINISTRATIVE EXPENSE REQUEST BY THE BAR DATE

ANY HOLDER OF A CLAIM THAT IS NOT EXCEPTED FROM THE REQUIREMENTS SET FORTH ABOVE AND THAT FAILS TO TIMELY FILE AN ADMINISTRATIVE EXPENSE REQUEST IN THE APPROPRIATE FORM WILL BE FOREVER BARRED, ESTOPPED, AND ENJOINED FROM ASSERTING SUCH ADMINISTRATIVE CLAIM AGAINST THE DEBTOR AND ITS CHAPTER 11 ESTATE, AND FROM PARTICIPATING IN ANY DISTRIBUTION IN

THE DEBTOR'S CASE ON ACCOUNT OF SUCH CLAIM, UNLESS OTHERWISE ORDERED BY THE COURT.

Please note that Prime Clerk's staff is not permitted to give legal advice. A holder of a possible administrative claim against the Debtor should consult an attorney regarding any matters not covered by this notice, such as whether the holder should file a proof of an administrative claim.

Dated: Wilmington, Delaware
May 10, 2016

BY ORDER OF THE COURT

UNITED STATES BANKRUPTCY COURT DISTRICT OF DELAWARE	ADMINISTRATIVE EXPENSE PROOF OF CLAIM	Administrative Claims Bar Date May 31, 2016 at 5:00 p.m., prevailing Eastern Time
<p>KaloBios Pharmaceuticals, Inc. (Case No. 15-12628)</p> <p>Note: This form should only be used by claimants asserting an Administrative Claim against the above Debtor arising prior to or on April 30, 2016.</p>		
Name of Creditor (The person or entity to whom the debtor owes money or property)	<input type="checkbox"/> Check box if you are aware that anyone else has filed a proof of claim relating to your administrative expense claim. Attach copy of statement giving particulars.	Check here if this claim: <input type="checkbox"/> replaces or <input type="checkbox"/> amends a previously filed administrative expense claim.
Name and Addresses Where Notices Should be Sent:	Name and Addresses Where Payment Should be Sent (if different):	Claim Number (if known): _____ Dated:
1. BASIS FOR CLAIM: <input type="checkbox"/> Goods sold <input type="checkbox"/> Services performed <input type="checkbox"/> Personal Injury/Wrongful Death <input type="checkbox"/> Wages (Dates): _____ <input type="checkbox"/> Money loaned <input type="checkbox"/> Taxes <input type="checkbox"/> Retiree Benefits as Defined in 11 U.S.C. § 1114(a) <input type="checkbox"/> Other(Specify): _____		
2. DATE DEBT WAS INCURRED (IF KNOWN):		
3. DESCRIPTION OF CLAIM (IF KNOWN):		
4. TOTAL AMOUNT OF CLAIM: \$ _____ (Total)		
5. CREDITS AND SETOFFS: The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim. In filing this claim, claimant has deducted all amounts that claimant owes to debtor. 6. SUPPORTING DOCUMENTS: Attach copies of supporting documents, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, court judgments, or evidence of security interests. Do not send original documents. If the documents are not available, explain. If the documents are voluminous, attach a summary. 7. TIME-STAMPED COPY: To receive an acknowledgement of the filing of your claim, enclose a stamped, self-addressed envelope and copy of this proof of claim.		THIS SPACE IS FOR COURT USE ONLY
Date:	Sign and print the name and title, if any, of the creditor or other person authorized to file this Claim (attach copy of power of attorney, if any)	