



KaloBios Initiates a U.S. Phase 1 Study of Its Second Drug Candidate, KB001

-- First Humaneered™ Monoclonal Antibody Being Developed for the Treatment of *Pseudomonas* Lung Infections --

PALO ALTO, California, June 11, 2007 – KaloBios Pharmaceuticals, Inc., a privately held biopharmaceutical company, today announced that the company has begun dosing subjects in a U.S. Phase 1 study of its second drug candidate, KB001, in healthy volunteers. KB001 is a Humaneered™ PEGylated monoclonal antibody fragment for the treatment of life-threatening *Pseudomonas aeruginosa* infections, a common problem of cystic fibrosis and mechanically ventilated patients.

KB001 targets and neutralizes the PcrV protein of the Type III secretion system of the *Pseudomonas* bacterium, which directly inhibits its toxic effects. This mechanism of action is different from that of other antibiotics and represents a new approach in the treatment of bacterial infections.

“This antibody is a great example of the power of Humaneering™ technology. While other firms failed to generate a human antibody with the same biological activity as the original mouse antibody, we have created one with increased binding affinity and increased potency in animal models” said Geoff Yarranton, Ph.D., Chief Scientific Officer. “We are excited about this first clinical test of a Humaneered™ antibody.”

“Multi-drug resistant *Pseudomonas aeruginosa* is one of the most difficult hospital-acquired infections to treat, and it affects a significant number of patients with ventilator-associated pneumonia and other hospital acquired infections. In addition, most cystic fibrosis patients have chronic *Pseudomonas* lung infections,” said Tillman Pearce, M.D., KaloBios’ Chief Medical Officer. “New approaches to the treatment of this serious pathogen are greatly needed, so we are very pleased to advance this novel, targeted anti-infective into human clinical testing.”

The trial is a placebo-controlled, single-dose, dose escalation study in healthy adult volunteers, and will enroll approximately 20 patients at a single medical center in Honolulu, Hawaii. The end points for this study will be markers for safety and pharmacokinetics.

About KaloBios

KaloBios Pharmaceuticals is a therapeutic antibody company using its proprietary antibody engineering, Humaneering™ and expression technologies for the development of a pipeline of antibody therapeutics. Its two most advanced drug candidates are KB002 and KB001. KB002 is designed for the treatment of rheumatoid arthritis, asthma, and other autoimmune diseases. KB001 is designed to treat life-threatening *Pseudomonas* lung infections, a common problem of cystic fibrosis and mechanically ventilated patients. For more information, visit www.kalobios.com.

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