



KaloBios Raises \$20 Million in Series C Financing

Palo Alto, California – July 23, 2007 – KaloBios Pharmaceuticals, Inc., a privately held biopharmaceutical company, today announced the completion of a Series C venture financing of \$20 million. Lehman Brothers led the round, which also included the participation of previous investors MPM Capital, Sofinnova Ventures, Alloy Ventures, 5AM Ventures, Singapore Bioinnovations Pte., and Lotus BioScience Ventures. Proceeds from the financing will be used to advance clinical development of the company's two therapeutic antibody candidates, KB001 and KB002.

"We are very pleased to complete this significant financing," said David Pritchard, the company's chief executive officer, "which in addition to the major Humaneering™ partnership that we announced in April 2007, further extends KaloBios' financial resources into 2009. We expect these new funds to support the development of our two lead product candidates, KB001 and KB002 into Phase 2 development, as well as the advancement of a third therapeutic program into clinical trials."

KaloBios has an ongoing clinical program for KB002 in rheumatoid arthritis. The company also recently initiated Phase 1 studies of KB001, which will be investigated for the treatment of *Pseudomonas aeruginosa* infections.

"We were attracted to the KaloBios investment opportunity by the combination of the antibody technology platform, the two attractive programs in the clinic, and the experienced management team," said Jeffrey Ferrell, Senior Vice President of Lehman Brothers. "Given the high demand for antibody programs and technologies in the partnering and merger and acquisition markets, we think KaloBios is well positioned."

About KaloBios

KaloBios Pharmaceuticals is a therapeutic antibody company using its proprietary antibody engineering technology, Humaneering™, 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 aeruginosa* lung infections, a common problem of cystic fibrosis and mechanically ventilated patients. For more information, visit www.kalobios.com.

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