



KALYPSYS RAISES \$29 MILLION IN SERIES B FINANCING

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—Funding will aid in advancing projects into the clinic—

San Diego, CA — August 4, 2004 — Kalypsys, a privately-owned drug discovery company, announced today the completion of a \$29 million Series B private equity financing. The financing was led by the Invemed Catalyst Fund, L.P. and included, among others, Sprout Group, Tavistock Life Sciences, Novartis BioVenture Fund, CMEA Ventures, Aravis Ventures, 5AM Ventures, Invemed Associates and KT Venture Group.

"We are delighted to have a high quality institutional investor like Invemed lead this financing. We also appreciate the strong participation and support of our series A investors in this financing round," said John McKearn, PhD, President and Chief Scientific Officer of Kalypsys. "With this additional capital, Kalypsys will expand and accelerate its pre-clinical pipeline and advance small molecule candidates into human clinical trials."

About Kalypsys

Kalypsys was founded in 2001 as a spin-out of the Genomics Institute of the Novartis Research Foundation (GNF). The company was created with a suite of ultra-high throughput screening, chemical, biological, and informatics technologies that permitted it to operate as a fully integrated drug discovery company from its outset.

Kalypsys uses its technologies and sizeable lead-like compound collection to improve the drug discovery research process and generate clinical candidates for itself and its partners. The company mission is to build a sustainable drug candidate pipeline from concept to proof of concept in the clinic with unmatched speed, efficiency, and success rates. Kalypsys currently has a pre-clinical pipeline of small molecule candidates which is advancing rapidly to clinical development. For more information on Kalypsys, please visit www.kalypsys.com.