



## **KaloBios Raises \$20 Million in Series D Venture Financing**

**SOUTH SAN FRANCISCO, CA (September 23, 2008)** – KaloBios Pharmaceuticals, Inc. today announced that the company has raised \$20 million in the first closing of its Series D venture financing. The financing was co-led by Mitsubishi UFJ Capital and Genzyme Ventures, both new investors, with the participation of the company’s previous investors, MPM Capital, Alloy Ventures, GBS Ventures, Sofinnova Ventures, Singapore Bioinnovations, Pte., 5AM Ventures and Lotus Bioscience Ventures.

“We are very pleased to complete this close in a very challenging financing environment,” said David Pritchard, KaloBios’ President and Chief Executive Officer. “This achievement reflects our new and existing investors’ appreciation of the value we’ve built through the combination of high quality biology and our Humaneering™ technology, which enabled us to create a growing portfolio of potential first-in-class human antibody therapeutics in development focused on significant market opportunities.

“These new funds will enable us to complete our seven Phase 1 and Phase 2a clinical trials and to prepare to advance our current clinical drug candidates, KB001 and KB003, to Phase 2b clinical trials. They will also allow us to progress a third antibody, KB004, to the Investigational New Drug (IND) stage and to further develop our research pipeline. We plan to talk to potential partners about our clinical and IND programs next year, and this financing combined with the company’s current cash, will provide the management team with the resources to evaluate those partnering opportunities from a position of strength.”

KB001 is a Humaneered™, high-affinity antibody fragment that KaloBios is developing for the treatment of *Pseudomonas aeruginosa* infections. The antibody is currently in Phase 1/2 testing in both patients with cystic fibrosis and intensive care patients on ventilation. KB003 is a Humaneered™ IgG1 antibody that is finishing Phase 1 clinical trials, and along with its prototype KB002, is currently being investigated in five clinical trials as a treatment for autoimmune diseases, including persistent asthma and rheumatoid arthritis. KB004 is a Humaneered™ IgG1 antibody that binds to a receptor tyrosine kinase expressed on the surface of tumor vasculature and tumor cells. This antibody is being developed for the treatment of solid tumors and some hematologic cancers.

Montgomery & Co. LLC’s health care team assisted the company with financial aspects of the financing and Gunderson Dettmer provided legal counsel.

**About KaloBios' Humaneering™ Technology**

KaloBios' Humaneering™ technology is a proprietary method for converting non-human antibodies into engineered human antibodies. Humaneered™ antibodies are high affinity, but nearer to human germline sequence than is possible with other available antibody engineering methods, making them exquisitely suited for repeated use in chronic therapies.

**About KaloBios**

KaloBios Pharmaceuticals, Inc., a U.S. based, private monoclonal company, uses its biologic capabilities and its proprietary platform technology to develop first-in-class human antibody therapeutics. The company has multiple programs that are in seven Phase 1 or 2 clinical trials: KB001 is an anti-infective for *Pseudomonas aeruginosa* infections being tested in cystic fibrosis and in intensive care patients on a ventilator, and KB002 and KB003 are being evaluated in inflammatory conditions such as rheumatoid arthritis and asthma. KB004 is in preclinical development for oncology. The company's Humaneering™ technology offers advantages over other methods of human antibody creation in terms of immunogenicity, potency, and manufacturing yields. For more information, visit [www.kalobios.com](http://www.kalobios.com).

**Legal Information**

The securities sold in this private placement have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States in the absence of an effective registration statement of or an applicable exemption from the registration requirements of the Securities Act. This press release shall not constitute an offer to sell or the solicitation of an offer to buy the convertible preferred stock

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