



## **KaloBios Raises Additional \$12 Million in Series D Venture Financing for a New Total of \$32 Million**

**SOUTH SAN FRANCISCO, CA (December 22, 2008)** – KaloBios Pharmaceuticals, Inc. today announced that the company has raised an additional \$12 million in the second closing of its Series D venture financing, which along with the \$20 million it raised in September brings the round to \$32 million. This tranche was dominated by a new investment from Baxter International Inc. to go along with the September investments by new investors Genzyme Ventures and Mitsubishi UFJ Capital. Additional participants in the round also include MPM Capital, Sofinnova Ventures, Alloy Ventures, GBS Ventures, Singapore Bio-Innovations, Pte., and 5AM Ventures.

“We are very pleased to add significantly to this financing round in a very challenging environment,” said David Pritchard, KaloBios’ President and Chief Executive Officer. “This achievement reflects our investors’ appreciation of the value that we have built with our two Phase 2, potential first-in-class human antibody therapeutics programs that are focused on significant market opportunities. It also recognizes the strategic potential of our Humaneering™ technology for engineering potential best-in-class human antibody therapeutics for chronic diseases.”

### **About KaloBios’ Lead Product Candidates**

KaloBios has three antibody products now in clinical development.

- **KB001** -- 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.
- **KB002** -- a monoclonal antibody that has completed five clinical trials as a treatment for autoimmune diseases, including persistent asthma and rheumatoid arthritis. KB002 is a prototype for **KB003**, a Humaneered™ IgG1 antibody that has finished Phase 1 clinical trials and will start Phase 2b clinical trials in 2009.
- **KB004** -- 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.

The company plans to offer all three programs (KB001, KB002/003 and KB004) for partnering in 2009.

**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 have been in seven Phase 1 or 2 clinical trials in 2008: 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 Humanearing™ 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.

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

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