



KaloBios Licenses Humaneering™ Technology to Major Pharmaceutical Company

PALO ALTO, Calif., April 23, 2007 – KaloBios Pharmaceuticals, Inc. a privately held biopharmaceutical company, today announced the signing of an agreement with Novartis to non-exclusively license KaloBios' proprietary Humaneering™ technology for use at Novartis' research sites to develop human antibodies for therapeutic indications. This is the first such non-exclusive technology transfer that KaloBios has offered for its Humaneering™ platform. As part of the transition plan, KaloBios has agreed to Humaneer™ three additional antibodies for Novartis in addition to the three that have been successfully completed as part of a pilot R&D relationship.

“We look forward to working with Novartis' research teams on applying our Humaneering™ technology to their internal programs,” said Mark Alfenito, Ph.D., executive vice president, corporate development. “KaloBios sees the last two years of diligence culminating in this agreement as a clear validation of the Humaneering™ technology.”

“This non-exclusive license brings in sufficient new revenue to fund our clinical studies for KB001 (*Pseudomonas* infections) and our three clinical programs for KB002 (inflammation and autoimmune indications) into mid 2008,” said David Pritchard, KaloBios chief executive officer.

Humaneering™ is KaloBios Pharmaceutical's proprietary method for converting non-human antibodies into engineered human antibodies for therapeutic drug applications. The system has the advantage of maintaining epitope specificity and increasing affinity. The Humaneered™ antibodies are as close as, if not closer to, human germline sequences than the products of fully human antibody generation techniques. KaloBios is offering non-exclusive access to its Humaneering™ capabilities on a limited basis.

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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