



KALYPSYS ON TRACK TO COMPLETE PHASE IA STUDY FOR DRUG CANDIDATE, KD3010, FOR METABOLIC DISORDERS BY END OF OCTOBER

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SAN DIEGO, Calif., Sept. 26, 2006 — Kalypsys Inc. announced today that it has initiated and expects to complete a Phase Ia clinical trial of KD3010, a small molecule Peroxisome Proliferator-Activator Receptor Delta (PPAR Delta) agonist for the treatment of metabolic disorders, including obesity, by the end of October.

Initiated in mid-July, the combined single and multiple dose-escalation study, KD3010-MD01, is evaluating the safety, tolerability and pharmacokinetics of KD3010 versus placebo in healthy volunteers. Kalypsys plans to follow this study with a 28-day safety trial of the drug in normal, healthy obese volunteers in early 2007.

"We've transformed Kalypsys into an efficient, product-focused drug discovery and development company," said John McKearn, Ph.D., president and CEO of Kalypsys. "With KD3010, we moved from lead generation to the filing of a data-rich IND for a quality molecule in 34 months. Furthermore, the innovative trial design enables us to combine two studies into one, thereby establishing a more complete safety profile that will guide better dose selection in our second trial. Our progress with KD3010 is indicative of how we'll build our pipeline. Moving forward, we intend to file an IND for our first inflammatory disease/pain drug candidate and enter the clinic by year-end."

Kalypsys' preclinical pharmacology studies have demonstrated the therapeutic potential of KD3010 for the treatment of obesity, dyslipidemia and diabetes. By activating PPAR Delta, which regulates lipid catabolism and energy utilization in peripheral tissues, KD3010 is designed to address the underlying metabolic derangement of these disorders.

About Kalypsys

Kalypsys is a San Diego-based pharmaceutical company that is changing the way drugs are discovered and developed. Unmatched from idea to clinical proof, Kalypsys seamlessly integrates its scientific expertise and technologies to develop small molecule drugs in a fast, efficient and effective manner. The company's discovery and clinical pipeline consists of drugs that target cardiovascular/metabolic diseases, pain/inflammation and oncology. In addition to focusing on its own products, Kalypsys partners with top-tier pharmaceutical companies to rapidly advance the identification, development and commercialization of new therapeutics. For more information, call 858.754.3300 or visit <http://www.kalypsys.com/>