

September 23, 2013



KaloBios Pharmaceuticals, Inc. Proposes Public Offering of Common Stock

SOUTH SAN FRANCISCO, Calif., Sept. 23, 2013 /PRNewswire/ -- KaloBios Pharmaceuticals, Inc. (KaloBios) (NASDAQ: KBIO) today announced that it is offering to sell shares of its common stock in an underwritten public offering. KaloBios also expects to grant the underwriters a 30-day option to purchase additional shares of its common stock offered in the public offering to cover over-allotments, if any. All of the shares in the offering are to be sold by KaloBios, with net proceeds to be used to develop and advance product candidates through clinical trials, as well as for working capital and general corporate purposes. The offering is subject to market conditions, and there can be no assurance as to whether or when the offering may be completed, or as to the actual size or terms of the offering.

(Logo: <https://photos.prnewswire.com/prnh/20130225/MM66380LOGO>)

Leerink Swann LLC is acting as the sole book-running manager of the offering. William Blair & Company, L.L.C., Needham & Company LLC, and JMP Securities LLC are acting as co-managers for the offering.

A shelf registration statement on Form S-3 relating to the public offering of the shares of common stock described above was filed with the Securities and Exchange Commission (SEC) and declared effective by the SEC on September 18, 2013. A preliminary prospectus supplement relating to and describing the terms of the offering will be filed with the SEC and will be available on the SEC's web site at www.sec.gov. When available, copies of the preliminary prospectus supplement relating to these securities may also be obtained from the offices of Leerink Swann LLC, Attention: Syndicate Department, One Federal Street, 37th Floor, Boston, MA 02110, or via telephone at (800) 808-7525.

This press release does not constitute an offer to sell or the solicitation of an offer to buy any of these securities, nor will there be any sale of these securities in any state or other jurisdiction in which such offer, solicitation or sale is not permitted.

About KaloBios Pharmaceuticals, Inc.

KaloBios Pharmaceuticals, Inc. is developing a portfolio of patient-targeted, first-in-class monoclonal antibodies to treat severe medical conditions with a primary clinical focus on respiratory diseases and cancer.

Cautionary Statement Regarding Forward-Looking Statements

This communication includes forward-looking statements regarding the completion, timing and size of the proposed public offering that involve risks and uncertainties, including,

without limitation, risks and uncertainties related to market conditions and the satisfaction of closing conditions related to the proposed public offering. Such statements involve known and unknown risks that relate to future events or future financial performance and the actual results could differ materially from those discussed in this communication. There can be no assurance that KaloBios will be able to complete the proposed public offering. Risks and uncertainties that may cause KaloBios's actual results to differ materially from those discussed in this communication can be found in the "Risk Factors" section of KaloBios's Form 10-K, Forms 10-Q and in the preliminary prospectus supplement related to the proposed offering to be filed with the SEC on September 23, 2013, each available on the SEC's web site at www.sec.gov. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and KaloBios assumes no responsibility to update or revise any forward-looking statements contained in this communication to reflect events, trends or circumstances after the date of this communication.

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