

December 23, 2015



KaloBios Pharmaceuticals, Inc. Notified by Nasdaq Stock Market of Delisting

SAN FRANCISCO, Dec. 23, 2015 /PRNewswire/ -- KaloBios Pharmaceuticals, Inc. (Nasdaq: KBIO) (the "Company"), today announced that on December 18, 2015, it received a letter from the Nasdaq Listing Qualification Staff advising the Company that Nasdaq has determined to delist the Company's securities pursuant to its discretionary authority under Nasdaq Listing Rule 5101. Nasdaq's letter to the Company cited a number of reasons for their decision, including the recent criminal indictment and arrest of Martin Shkreli, the Company's controlling shareholder, former Chairman and former Chief Executive Officer, based on allegations of securities fraud, among other things, as well as the arrest and indictment of Evan Greebel, the Company's former outside counsel, based on similar allegations, and a civil complaint from the U.S. Securities and Exchange Commission filed against Mr. Shkreli and Mr. Greebel based on similar allegations.

Nasdaq cited an additional basis for delisting based on the Company non-compliance with the filing requirements forth in the Nasdaq's Listing Rule 5250(c)(1) because it has not filed its Quarterly Report on Form 10-Q for the period ended September 30, 2015.

The Company has not yet determined whether it will appeal the Nasdaq Staff's decision to delist the Company's securities. The deadline for the Company to request an appeal is December 28, 2015. If the Company does not appeal, the Company's common stock will be suspended from trading on Nasdaq at the opening of business on December 30, 2015.

Forward-Looking Statements

This release contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, and statements regarding the company's clinical development of lenzilumab. Forward-looking statements reflect management's current knowledge, assumptions, judgment and expectations regarding future performance or events. Although management believes that the expectations reflected in such statements are reasonable, they give no assurance that such expectations will prove to be correct and you should be aware that actual results could differ materially from those contained in the forward-looking statements. Forward-looking statements are subject to a number of risks and uncertainties including, but not limited to, the company's limited cash reserves and its ability to obtain additional capital on acceptable terms, or at all, including the additional capital which will be necessary to complete the clinical trials that the company has initiated or plans to initiate; the potential timing and outcomes of clinical studies of lenzilumab undertaken now or in the future; the ability of the company to timely source adequate supply of its development products from third party manufacturers on whom the company depends; the potential, if any, for future development of any of its present or future products; the company's ability to successfully progress, partner or complete further development of its programs; the uncertainties

inherent in clinical testing; the timing, cost and uncertainty of obtaining regulatory approvals; the company's ability to protect the company's intellectual property; competition; changes in the regulatory landscape or the imposition of regulations that affect the company's products; and other factors listed under "Risk Factors" in the company's most recent quarterly report on Form 10-Q filed with the Securities and Exchange Commission on August 10, 2015, the Annual Report on Form 10-K filed on March 16, 2015, and the company's other filings with the Securities and Exchange Commission.

All forward-looking statements are expressly qualified in their entirety by this cautionary notice. You are cautioned not to place undue reliance on any forward-looking statements, which speak only as of the date of this release. The company has no obligation, and expressly disclaims any obligation to update, revise or correct any of the forward-looking statements, whether as a result of new information, future events or otherwise.

For more information, visit <http://www.kalobios.com>.

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