

February 2, 2016



KaloBios Pharmaceuticals, Inc. Releases Statement Regarding U.S. Trustee Motion

SAN FRANCISCO, Feb. 2, 2016 /PRNewswire/ -- KaloBios Pharmaceuticals, Inc. (the "Company") today released a statement in response to the motion filed on February 1, 2016 by the U.S. Trustee in the Company's Chapter 11 bankruptcy proceeding, In re KaloBios Pharmaceuticals Inc., Case No. 15-12628. The U.S. Trustee's motion seeks appointment of an independent trustee to manage the Company or, in the alternative, conversion of the case to a Chapter 7 proceeding.

The Company's statement reads as follows:

"KaloBios Pharmaceuticals, Inc. is deeply disappointed that the U.S. Trustee took the unfortunate and unnecessary step of filing this motion at what is a critical juncture in KaloBios's nascent reorganization case. After focusing on stabilizing its operations during the initial few weeks of its reorganization case, KaloBios's leadership has recently been able to apply more of its attention to the path forward for the company. KaloBios's leadership, key personnel and professional advisors are dedicated to the company's revitalization and are working tirelessly toward that goal.

"KaloBios vigorously disputes the motion's baseless allegations and that there is any cause for the appointment of a chapter 11 trustee or other relief that would be disruptive to the company's current reorganization efforts. Unfortunately, the U.S. Trustee did not contact KaloBios in advance of the filing of the motion. Had there been an opportunity for such pre-filing communication, KaloBios could have informed the U.S. Trustee that several of the factual premises for the motion are false, including, but not limited to, the assertions that a transaction with Savant Neglected Diseases LLC "is now off the table" and that KaloBios has only \$2.9 million in unencumbered cash. KaloBios intends to request a prompt hearing on the motion before the Bankruptcy Court."

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. 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, Bankruptcy Court approval for the Company to continue its operations; the Company's ability to manage expenses and fund its working capital needs during the

Chapter 11 process; the Company's ability to manage its relationships with its creditors, vendors, and customers during the Chapter 11 process; the company's ability to 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>.

To view the original version on PR Newswire, visit <http://www.prnewswire.com/news-releases/kalobios-pharmaceuticals-inc-releases-statement-regarding-us-trustee-motion-300213744.html>

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