



KineMed to Collaborate With Merck KGaA to Validate New Applications for Drug Development Candidates

Technology to be Applied to Both Clinical- and Preclinical-Stage Compounds in Merck KGaA Pipeline

EMERYVILLE, Calif., August 28, 2007 – KineMed, Inc., a pathway-based drug discovery and development company, announced today that it will collaborate with Merck Serono, a division of Merck KGaA, Darmstadt, Germany, to discover new applications for drug candidates. KineMed's proprietary pathway-based drug discovery and development technology identifies compounds that can modulate key metabolic pathways present in both preclinical animal models and in humans. By measuring real-time activity of drugs against these targeted pathways, KineMed's technology reduces development risk by selecting drug candidates with the best potential to demonstrate clinical efficacy and confirm desired drug activity in first-in-man studies.

In the collaboration, KineMed will identify new therapeutic utility in *in vivo* preclinical models by applying its proprietary translational medicine technologies. Once a disease target is established for a selected drug candidate, KineMed and Merck KGaA will jointly determine the best development and commercialization path for the development candidates being studied.

Under the terms of the agreement, KineMed will receive from Merck an upfront payment, milestones and royalty payments on products advanced with KineMed's technology. Additional terms of the deal were not disclosed.

David Fineman, President and CEO of KineMed, commented, "We are pleased to expand our relationship with Merck KGaA into this broader development collaboration. Our technology uniquely enables our partners to screen development candidates against KineMed's dynamic targets of pathway kinetics. Partnering with KineMed further enables its partners to rapidly demonstrate on-mechanism dose response in first-in-man studies with KineMed's unique translational medicine capabilities."

Mr. Fineman continued, "In this collaboration with Merck, KineMed will be using its technology to identify new therapeutic activities of pipeline compounds. The collaboration preserves KineMed's freedom to operate on its own development programs as well as partner with other companies in key disease indications."

About KineMed, Inc.

KineMed, Inc. ("KineMed" or the "Company") is a drug discovery and development company employing its proprietary translational medicine technology (AquaTag™ and KineMarker™) to both identify active drug candidates preclinically and confirm their therapeutic activity and dose response in first-in-man studies. KineMed's technology expedites the drug development process and provides real-time insight into conditions including metabolic disorders, cancer, and diseases of inflammation and neurodegeneration.

KineMed is working to develop drugs both on its own and with pharmaceutical collaborators in therapeutic focus areas where it can demonstrate functional modulation of specific biological pathways that mediate disease. The Company has multiple development programs with more than a dozen major pharmaceutical companies, including Bayer, Merck, Merck KGaA, Organon and Roche.

For further information about KineMed, please visit: <http://www.kinemed.com/>

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