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## EDGAR Submission Header Summary

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### Documents

10-K	f10k2008_kraig.htm
	2008 Annual Report
EX-31.1	f10k2008ex31i_kraig.htm
	Rule 13a-14(a)/ 15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer
EX-32.1	f10k2008ex32i_kraig.htm
	Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

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### Module and Segment References

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For The Fiscal Year Ended December 31, 2008

TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 333-146316

**KRAIG BIOCRAFT LABORATORIES, INC.**  
(Exact name of issuer as specified in its charter)

**Wyoming**  
(State or other jurisdiction of incorporation or organization)

**83-0459707**  
(I.R.S. Employer Identification No.)

**120 N. Washington Square, Suite 805,**  
**Lansing, Michigan**  
(Address of principal executive offices)

**48933**  
(Zip Code)

Registrant's telephone number, including area code: **(517) 336-0807**

Securities registered under Section 12(b) of the Exchange Act:

**None.**

Securities registered under Section 12(g) of the Exchange Act:

**Common stock, no par value per share.**

(Title of class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant on December 31, 2008 based on a closing price of \$0.10 was approximately \$937,230.

As of April 14, 2009, the registrant had 49,974,850 shares issued and outstanding.

**Documents Incorporated by Reference:**

None.

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## **PART I**

### **ITEM 1. DESCRIPTION OF BUSINESS.**

#### General

Kraig Biocraft Laboratories, Inc. (the "Company") was incorporated under the laws of the State of Wyoming on April 25, 2006. The Company was organized to develop high strength, protein based fiber, using recombinant DNA technology, for commercial applications in the textile and specialty fiber industries.

#### **The Market**

We are focusing our work on the development and production of high performance and technical fiber. The performance fiber market is currently dominated by two classes of product: aramid fibers and ultra high molecular weight polyethylene fiber. These products service the need for materials with high strength, resilience, and flexibility. Because these synthetic performance fibers are stronger and tougher than steel, they are used in a wide variety of military, industrial, and consumer applications.

The users of high performance and technical fiber include the military and police departments, which employ them for ballistic protection. The materials are also used for industrial applications requiring superior strength and toughness, i.e. critical cables and abrasion/impact resistant components. These fibers are also employed in safety equipment, and high strength composite materials for the aero-space industry. The Company anticipates that the materials it is developing will service on many of these same markets.

#### **The Product**

It has long been known that certain fibers produced in nature possess unique mechanical properties in terms of strength, resilience and flexibility. These protein based fibers, exemplified by spider silk, have been the subject of much interest to materials scientists.

We believe that the production of recombinant protein based polymers in commercial quantities holds the promise of a material, which is lighter, thinner, more flexible, and tougher than aramid fibers. Other applications include use as structural material for aircraft, and for any application in which light weight and high strength are required.

While the properties of spider silks are well known, there is presently no known way to produce the fibers in commercial quantity. The spiders are cannibalistic, and can not be raised in concentrated colonies.

#### **The Technology**

While scientists have been able to replicate the proteins that are the building blocks of spider silk, the technological barrier that has stymied production, is the incapacity to form these proteins into a fiber with the desired mechanical characteristics.

We have acquired the right to use the patented genetic sequences and genetic engineering technology developed in two university laboratories. Our technology builds upon the unique advantages of the discoveries made within the university system. The university technology, in collaboration with our own concepts and leadership, form the foundations of our research and product development.

We are working to use this genetic engineering technology to create recombinant protein based polymers. Management is committed to steering the research toward the development of commercial production of spider silks, spider silks analogs and new polymers composed of recombinant proteins. The goal is to create recombinant fibers for use in the technical textiles market.

#### **The Company**

The inventor of this technology concept, Kim Thompson, is the founder of Kraig Biocraft Laboratories, Inc.

Certain patented genetic tools, methods, and proprietary gene sequences invented and discovered by university researchers are pivotal in our work. We have negotiated and obtained certain exclusive proprietary rights to use the universities' intellectual property for our product development and commercialization.

The company has entered into a intellectual property and collaborative research agreement with the University of Notre Dame, whereby the genetic work is being conducted in concert with the University and within the University's laboratories. The company has also entered into an intellectual property and sponsored research agreement with the University of Wyoming. Pursuant to these two agreements, the company anticipates that the genetic work will be performed primarily or exclusively within university controlled genetic laboratories. Also pursuant to these agreements, we have ongoing financial commitments to both universities in connection with the collaborative and sponsored scientific and genetic research. We are performing our research in cooperation and collaboration with researchers within the two university systems. At the present time, we do not operate any laboratories, all laboratories are owned and operated by the universities.

We are in the research and development stage. We currently have no developed products and does not produce any revenue from the sale of products. Management anticipates that we will remain in the research and development stage for the next two to three years at a minimum.

### Employees

We currently have no employees other than Kim Thompson, our sole officer and director.

### **ITEM 1A. RISK FACTORS.**

Not required for smaller reporting companies.

### **ITEM 2. DESCRIPTION OF PROPERTY.**

Kraig Biocraft Laboratories, Inc. was incorporated in April 2006 in Wyoming. Our business office is located at 120 N. Washington Square, Suite 805, Lansing, Michigan 48950.

### **ITEM 3. LEGAL PROCEEDINGS.**

To the best of our knowledge, there are no known or pending litigation proceedings against us..

### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.**

None.

## **PART II**

### **ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

#### Market Information

Our common stock has traded on the OTC Bulletin Board system under the symbol "KBLB" since February 20, 2008.

The following table sets forth the high and low trade information for our common stock for each quarter since we began trading on February 20, 2008. The prices reflect inter-dealer quotations, do not include retail mark-ups, markdowns or commissions and do not necessarily reflect actual transactions.

<b>Quarter ended</b>	<b>Low Price</b>	<b>High Price</b>
June 30, 2008	\$ .20	\$ .42
September 30, 2008	\$ .35	\$ .10
December 31, 2008	\$ .36	\$ .10

#### Holders

As of April 14, 2009 in accordance with our transfer agent records, we had 30 record holders of our Common Stock.

#### Dividends

To date, we have not declared or paid any dividends on our common stock. We currently do not anticipate paying any cash dividends in the foreseeable future on our common stock, when issued pursuant to this offering. Although we intend to retain our earnings, if any, to finance the exploration and growth of our business, our Board of Directors will have the discretion to declare and pay dividends in the future.

Payment of dividends in the future will depend upon our earnings, capital requirements, and other factors, which our Board of Directors may deem relevant.

#### Stock Option Grants

To date, we have not granted any stock options. In 2006, our CEO, Kim Thompson, received substantial warrants on our stock pursuant to the employment agreement between Mr. Thompson and us. However, Mr. Thompson surrendered all such warrants and options to the corporation prior to the close of the 2006 calendar year. As of this date, we have no outstanding stock options.

## ITEM 6. SELECTED FINANCIAL DATA.

Not applicable for smaller reporting companies.

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

### Caution Regarding Forward-Looking Information

Certain statements contained herein, including, without limitation, statements containing the words "believes", "anticipates", "expects" and words of similar import, constitute forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such factors include, among others, the following: international, national and local general economic and market conditions; demographic changes; the ability of the Company to sustain, manage or forecast its growth; the ability of the Company to successfully make and integrate acquisitions; raw material costs and availability; new product development and introduction; existing government regulations and changes in, or the failure to comply with, government regulations; adverse publicity; competition; the loss of significant customers or suppliers; fluctuations and difficulty in forecasting operating results; changes in business strategy or development plans; business disruptions; the ability to attract and retain qualified personnel; the ability to protect technology; and other factors referenced in this and previous filings.

Given these uncertainties, readers of this prospectus and investors are cautioned not to place undue reliance on such forward-looking statements.

### Plan of Operations

During the next twelve months, we expect to take the following steps in connection with the further development of our business and the implementation of our plan of operations:

- » We expect to spend up to \$35,000 per quarter through March 2009 on collaborative research and development of high strength polymers at the University of Notre Dame. We believe that this research is essential to our product development. If our financing will allow, management will give strong consideration to accelerating the pace of spending on research and development within the University of Notre Dame's laboratories. No fees have been accrued under these terms to date.
- » We expect to spend approximately \$13,700 on collaborative research and development of high strength polymers and spider silk protein at the University of Wyoming over the next twelve months. We believe that this research is important to our product development. This level of research spending at the university is also a requirement of our licensing agreement with the university. If our financing will allow, management will give strong consideration to accelerating the pace of spending on research and development within the University of Wyoming's laboratories.
- » We will actively consider pursuing collaborative research opportunities with other university laboratories in the area of high strength polymers. If our financing will allow, management will give strong consideration to increasing the depth of our research to include polymer production technologies that are closely related to our core research
- » We will consider buying an established revenue producing company which is operating in the biotechnology arena, in order to broaden our financial base and increase our research and development capability. We expect to use a combination of stock and cash for any such purchase.
- » We will also actively consider pursuing collaborative research opportunities with university laboratories in areas of research which overlap the company's existing research and development. One such potential area for collaborative research which the company is considering is protein expression platforms. If our financing will allow, management will give strong consideration to increasing the breadth of our research to include protein expression platform technologies.

### Limited Operating History

We have not previously demonstrated that we will be able to expand our business through an increased investment in our research and development efforts. We cannot guarantee that the research and development efforts described in this Registration Statement will be successful. Our business is subject to risks inherent in growing an enterprise, including limited capital resources, risks inherent in the research and development process and possible rejection of our products in development.

If financing is not available on satisfactory terms, we may be unable to continue expanding our operations. Equity financing will result in a dilution to existing shareholders.

#### **Results of Operations for the Year ended December 31, 2008.**

Revenue for the year ended December 31, 2008 was \$0. This compares to \$0 in revenue for the preceding year ended December 31, 2007. No sales are anticipated during the next twelve months as the company will remain in the development stage.

Operating expenses for the year ended December 31, 2008 were \$355,647. This compares to \$472,864 in expenses during the year ended December 31, 2007. Research and development expenses for the year ended December 31, 2008 were \$33,077. This compares to \$177,019 spent on research and development during the year ended December 31, 2007. In addition, we had the following expenses during the year ended December 31, 2008: general and administrative-\$74,062, professional fees-\$31,066, officer's salary-\$207,866 and payroll taxes-\$9,576. This compares to the same expenses during the year ended December 31, 2007: general and administrative-\$40,798, professional fees-\$49,759, officer's salary-\$196,100 and payroll taxes-\$9,188.

#### **Capital Resources and Liquidity**

As of December 31, 2008 we had \$9,537 in cash compared to \$105,818 as of December 31, 2007.

We believe we can not satisfy our cash requirements for the next twelve months with our current cash. Completion of our plan of operation is subject to attaining adequate financing. We cannot assure investors that adequate financing will be available. In the absence of such financing, we may be unable to proceed with our plan of operations.

We anticipate that our operational, and general & administrative expenses for the next 12 months will total approximately \$400,000. We do not anticipate the purchase or sale of any significant equipment. We also do not expect any significant additions to the number of employees. The foregoing represents our best estimate of our cash needs based on current planning and business conditions. The exact allocation, purposes and timing of any monies raised in subsequent private financings may vary significantly depending upon the exact amount of funds raised and our progress with the execution of our business plan.

In the event we are not successful in obtaining financing, we may not be able to proceed with our business plan for the research and development of our products. We anticipate that we will incur operating losses in the foreseeable future. Therefore, our auditors have raised substantial doubt about our ability to continue as a going concern.

#### **Critical Accounting Policies**

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("GAAP"). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 1 of our financial statements. While all these significant accounting policies impact its financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our results of operations, financial position or liquidity for the periods presented in this report.

## **Recent Accounting Pronouncements**

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 160, “*Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51*”. This statement improves the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require; the ownership interests in subsidiaries held by parties other than the parent and the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value, entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 affects those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Early adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In March 2008, the FASB issued SFAS No. 161, “Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133” (SFAS 161). This statement is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity’s derivative instruments and hedging activities and their effects on the entity’s financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, “Accounting for Derivative Instruments and Hedging Activities” (SFAS 133) as well as related hedged items, bifurcated derivatives, and nonderivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to SFAS 161 must provide more robust qualitative disclosures and expanded quantitative disclosures. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application permitted. We are currently evaluating the disclosure implications of this statement.

In May 2008, the FASB issued SFAS No. 162, “The Hierarchy of Generally Accepted Accounting Principles.” SFAS No. 162 identifies the sources of accounting principles and provides entities with a framework for selecting the principles used in preparation of financial statements that are presented in conformity with GAAP. The current GAAP hierarchy has been criticized because it is directed to the auditor rather than the entity, it is complex, and it ranks FASB Statements of Financial Accounting Concepts, which are subject to the same level of due process as FASB Statements of Financial Accounting Standards, below industry practices that are widely recognized as generally accepted but that are not subject to due process. The Board believes the GAAP hierarchy should be directed to entities because it is the entity (not its auditors) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. The adoption of FASB 162 is not expected to have a material impact on the Company’s financial position.

In May 2008, the FASB issued SFAS No. 163, “Accounting for Financial Guarantee Insurance Contracts—an interpretation of FASB Statement No. 60.” Diversity exists in practice in accounting for financial guarantee insurance contracts by insurance enterprises under FASB Statement No. 60, Accounting and Reporting by Insurance Enterprises. This results in inconsistencies in the recognition and measurement of claim liabilities. This Statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. The adoption of FASB 163 is not expected to have a material impact on the Company’s financial position.

## **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, financings, or other relationships with unconsolidated entities or other persons, also known as “special purpose entities” (SPEs).

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable because we are a smaller reporting company.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.**

**Kraig Biocraft Laboratories, Inc.  
(A DEVELOPMENT STAGE COMPANY)**

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PAGES	F-4	STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT FOR THE PERIOD FROM APRIL 25, 2006 (INCEPTION) TO DECEMBER 31, 2008.
PAGE	F-5	STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007 AND FOR THE PERIOD APRIL 25, 2006 (INCEPTION) TO DECEMBER 31, 2008.
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors of:  
Kraig Biocraft Laboratories, Inc.

We have audited the accompanying balance sheets of Kraig Biocraft Laboratories, Inc., (a development stage company), as of December 31, 2008 and 2007 and the related statements of operations, changes in stockholders' deficit and cash flows for the years ended December 31, 2008 and 2007 and the period April 25, 2006 (Inception) to December 31, 2008. The financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Kraig Biocraft Laboratories, Inc. as of December 31, 2008 and 2007 and the results of its operations and its cash flows for the years ended December 31, 2008 and 2007 and the period April 25, 2006 (Inception) to December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements The Company is in the development stage with a working capital and stockholders' deficit of \$538,301 and used \$517,358 of cash in operations from inception. These factors raise substantial doubt about the Company's ability to continue as a going concern. Management's plans concerning these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

WEBB & COMPANY, P.A.  
*Certified Public Accountants*

Boynton Beach, Florida  
April 13, 2009

**Kraig Biocraft Laboratories, Inc.**  
**(A Development Stage Company)**  
**Balance Sheets**

**ASSETS**

	<b><u>December 31,</u></b> <b><u>2008</u></b>	<b><u>December 31,</u></b> <b><u>2007</u></b>
<b>Current Assets</b>		
Cash	\$ 9,537	\$ 105,818
Prepaid Expenses	3,123	12,500
<b>Total Assets</b>	<b><u>\$ 12,660</u></b>	<b><u>\$ 118,318</u></b>

**LIABILITIES AND STOCKHOLDERS' DEFICIT**

<b>Current Liabilities</b>		
Accounts payable	\$ 65,750	\$ 22,121
Payroll Tax Payable – related party	16,933	18,414
Royalty agreement payable - related party	120,000	120,000
Accrued Expenses - related party	348,278	139,980
<b>Total Current Liabilities</b>	<b><u>550,961</u></b>	<b><u>300,515</u></b>
<b>Commitments and Contingencies</b>	-	-
<b>Stockholders' Deficit</b>		
Preferred stock, no par value; unlimited shares authorized, none issued and outstanding	-	-
Common stock Class A, no par value; unlimited shares authorized, 49,934,850 and 49,934,850 shares issued and outstanding during 2008 and 2007, respectively	779,050	779,050
Common stock Class B, no par value; unlimited shares authorized, no shares issued and outstanding	-	-
Common Stock Issuable, 40,000 shares	4,000	-
Additional paid-in capital	42,060	42,060
Deficit accumulated during the development stage	(1,363,411)	(1,003,307)
<b>Total Stockholders' Deficit</b>	<b><u>(538,301)</u></b>	<b><u>(182,197)</u></b>
<b>Total Liabilities and Stockholders' Deficit</b>	<b><u>\$ 12,660</u></b>	<b><u>\$ 118,318</u></b>

See accompanying notes to financial statements.

**Kraig Biocraft Laboratories, Inc.**  
**(A Development Stage Company)**  
**Statements of Operations**

	For the Years Ended		For the Period from April
	December 31,	December 31,	25, 2006
	2008	2007	(Inception) to
	2008	2007	December 31, 2008
<b>Revenue</b>	\$ -	\$ -	\$ -
<b>Operating Expenses</b>			
General and Administrative	74,062	40,798	122,703
Professional Fees	31,066	49,759	80,825
Officer's Salary	207,866	196,100	653,734
Contract Settlement	-	-	107,143
Payroll Taxes	9,576	9,188	18,764
Research and Development	33,077	177,019	375,009
<b>Total Operating Expenses</b>	<u>355,647</u>	<u>472,864</u>	<u>1,358,178</u>
<b>Loss from Operations</b>	(355,647)	(472,864)	(1,358,178)
<b>Other Income/(Expenses)</b>			
Other income	2,781	-	2,781
Interest expense	(7,238)	(122)	(8,014)
<b>Total Other Income/(Expenses)</b>	<u>(4,457)</u>	<u>(122)</u>	<u>(5,233)</u>
<b>Net Loss before Provision for Income Taxes</b>	<u>(360,104)</u>	<u>(472,986)</u>	<u>(1,363,411)</u>
<b>Provision for Income Taxes</b>	-	-	-
<b>Net Loss</b>	<u>\$ (360,104)</u>	<u>\$ (472,986)</u>	<u>\$ (1,363,411)</u>
<b>Net Loss Per Share - Basic and Diluted</b>	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	
<b>Weighted average number of shares outstanding during the year/period - Basic and Diluted</b>	<u>49,973,316</u>	<u>41,162,532</u>	

See accompanying notes to financial statements.

**Kraig Biocraft Laboratories, Inc.**  
**(A Development Stage Company)**  
**Statement of Changes in Stockholders Deficit**  
**For the period from April 25, 2006 (inception) to December 31, 2008**

	Preferred Stock		Common Stock - Class A		Common Stock - Class B		Common Stock – Class A Shares To Be Issued		APIC	Deficit Accumulated during Development Stage	Total
	Shares	Par	Shares	Par	Shares	Par	Shares	Par			
Balance, April 25, 2006	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -
Stock issued to founder	-	-	33,229,200	180	-	-	-	-	-	-	180
Stock issued for services (\$0.08/share)	-	-	1,750,000	140,000	-	-	-	-	-	-	140,000
Stock issued for services (\$0.08/share)	-	-	70,000	5,600	-	-	-	-	-	-	5,600
Stock contributed by shareholder	-	-	(1,166,650)	-	-	-	-	-	-	-	-
Stock issued for cash (\$2.00/share)	-	-	400	200	-	-	-	-	-	-	200
Stock issued for cash (\$2.00/share)	-	-	400	200	-	-	-	-	-	-	200
Fair value of warrants issued	-	-	-	-	-	-	-	-	126,435	-	126,435
Net Loss	-	-	-	-	-	-	-	-	-	(530,321)	(530,321)
Balance, December 31, 2006	-	-	33,883,350	146,180	-	-	-	-	126,435	(530,321)	(257,706)
Stock issued for cash (\$.09/share)	-	-	175,000	15,000	-	-	-	-	-	-	15,000
Stock issued for cash (\$.09/share)	-	-	1,200,000	103,000	-	-	-	-	-	-	103,000
Stock issued for cash (\$.003/share)	-	-	900,000	3,000	-	-	-	-	-	-	3,000
Stock issued for cash (\$.08/share)	-	-	187,500	15,000	-	-	-	-	-	-	15,000
Stock issued for cash (\$.08/share)	-	-	187,500	15,000	-	-	-	-	-	-	15,000
Stock issued for services (\$0.08/share)	-	-	200,000	16,000	-	-	-	-	-	-	16,000
Stock issued for cash (\$.08/share)	-	-	1,312,500	105,000	-	-	-	-	-	-	105,000
Stock issued for cash (\$.03/share)	-	-	8,049,500	241,485	-	-	-	-	-	-	241,485
Stock issued for cash (\$.03/share)	-	-	20,000	600	-	-	-	-	-	-	600
Stock issued for cash (\$.03/share)	-	-	830,000	24,900	-	-	-	-	-	-	24,900
Stock issued for cash (\$.03/share)	-	-	2,500	75	-	-	-	-	-	-	75

Stock issued for cash (\$.03/share)	-	-	12,000	360	-	-	-	-	-	-	360
Stock issued for cash (\$.03/share)	-	-	102,500	3,075	-	-	-	-	-	-	3,075
Stock issued in connection to cash offering	-	-	2,812,500	84,375	-	-	-	-	(84,375)	-	-
Stock issued for services (\$.10/share)	-	-	60,000	6,000	-	-	-	-	-	-	6,000
Net loss, for the year ended December 31, 2007	-	-	-	-	-	-	-	-	-	(472,986)	(472,986)
Balance, December 31, 2007	-	-	49,934,850	779,050	-	-	-	-	42,060	(1,003,307)	(182,197)
Stock issuable for services (\$.10/share)	-	-	-	-	-	-	40,000	4,000	-	-	4,000
Net loss, for the year ended December 31, 2008	-	-	-	-	-	-	-	-	-	(360,104)	(360,104)
<b>Balance, December 31, 2008</b>	<b>-</b>	<b>\$ -</b>	<b>49,934,850</b>	<b>\$ 779,050</b>	<b>-</b>	<b>\$ -</b>	<b>40,000</b>	<b>\$ 4,000</b>	<b>\$ 42,060</b>	<b>\$ (1,363,411)</b>	<b>\$ (538,301)</b>

See accompanying notes to financial statements.

**Kraig Biocraft Laboratories, Inc.**  
**(A Development Stage Company)**  
**Statements of Cash Flows**

	<b>For the Years Ended December 31,</b>		<b>For the Period from April 25,</b>
	<b>2008</b>	<b>2007</b>	<b>2006 (Inception) to December 31, 2008</b>
<b>Cash Flows From Operating Activities:</b>			
Net Loss	\$ (360,104)	\$ (472,986)	\$ (1,363,411)
Adjustments to reconcile net loss to net cash used in operations			
Stock issuable for services	4,000	22,000	171,780
Warrants issued to employees	-	-	126,435
Changes in operating assets and liabilities:			
(Increase)Decrease in prepaid expenses	9,377	(12,500)	(3,123)
Increase in accrued expenses and other payables	86,817	26,574	365,211
Increase in royalty agreement payable - related party	120,000	12,857	120,000
Increase in accounts payable	43,629	12,988	65,750
<b>Net Cash Used In Operating Activities</b>	<b>(96,281)</b>	<b>(411,067)</b>	<b>(517,358)</b>
<b>Cash Flows From Investing Activities:</b>			
	-	-	-
<b>Cash Flows From Financing Activities:</b>			
Proceeds from Notes Payable - Stockholder	-	-	10,000
Repayments of Notes Payable - Stockholder	-	(10,000)	(10,000)
Proceeds from issuance of common stock	-	526,495	526,895
<b>Net Cash Provided by Financing Activities</b>	<b>-</b>	<b>516,495</b>	<b>526,895</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(96,281)</b>	<b>105,428</b>	<b>9,537</b>
Cash at Beginning of Period/Year	105,818	390	-
<b>Cash at End of Period/Year</b>	<b>\$ 9,537</b>	<b>\$ 105,818</b>	<b>\$ 9,537</b>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for interest	\$ -	\$ -	\$ -
Cash paid for taxes	\$ -	\$ -	\$ -

**SUPPLEMENTAL DISCLOSURE OF NON CASH ITEMS**

During the period ended December 31, 2006, the principal stockholder contributed 1,166,650 shares of common stock to the Company as an in kind contribution of stock. The shares were retired by the Company.

In accordance with the May 2007 stock purchase agreement which contains an anti-dilution clause which requires the Company to issue additional common shares under the stock purchase agreement for any subsequent issuance at a price below \$.08 per share for a period of 12 months. The Company has issued 2,812,500 additional shares through September 2007 as a result of the subsequent stock issuances in the amount of \$84,375 (\$.03/share).

See accompanying notes to financial statements.

**KRAIG BIOCRAFT LABORATORIES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2008 AND 2007**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION**

**(A) Organization**

Kraig Biocraft Laboratories, Inc. (a development stage company) (the "Company") was incorporated under the laws of the State of Wyoming on April 25, 2006. The Company was organized to develop high strength, protein based fiber, using recombinant DNA technology, for commercial applications in the textile and specialty fiber industries.

Activities during the development stage include developing the business plan, negotiating intellectual property agreements and raising capital.

**(B) Use of Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from those estimates.

**(C) Cash and Cash Equivalents**

For purposes of the cash flow statements, the Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents.

**(D) Loss Per Share**

Basic and diluted net loss per common share is computed based upon the weighted average common shares outstanding as defined by Financial Accounting Standards No. 128, "Earnings per Share." As of December 31, 2007, the Company does not have any dilutive securities outstanding. As of December 31, 2008, \$362,494 of debt is convertible to 18,124,680 shares as per agreement with CEO. The effect of these shares is anti-dilutive and not included in dilutive earnings per share.

**(E) Research and Development Costs**

The Company expenses all research and development costs as incurred for which there is no alternative future use. These costs also include the expensing of employee compensation and employee stock based compensation.

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**(F) Income Taxes**

The Company accounts for income taxes under the Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("Statement 109"). Under Statement 109, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Under Statement 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

As of December 31, 2008, and 2007 the Company has a net operating loss carry forward of approximately \$1,234,136 and \$874,061, respectively, available to offset future taxable income through 2028. The valuation allowance at December 31, 2008 was \$419,606. The change in the valuation allowance for the year ended December 31, 2008 and 2007 was an increase of \$122,426 and \$159,860, respectively.

**(G) Stock-Based Compensation**

The Company has adopted the provisions of SFAS No. 123R and related interpretations as provided by SAB 107. As such, compensation cost is measured on the date of grant at their fair value. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Common stock, stock options and common stock warrants issued to other than employees or directors are recorded on the basis of their fair value, as required by SFAS No. 123(R), which is measured as of the date required by EITF Issue 96-18, "Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services." In accordance with EITF 96-18, the stock options or common stock warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying common stock on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. Where expense must be recognized prior to a valuation date, the expense is computed under the Black-Scholes option pricing model on the basis of the market price of the underlying common stock at the end of the period, and any subsequent changes in the market price of the underlying common stock up through the valuation date is reflected in the expense recorded in the subsequent period in which that change occurs.

**(H) Business Segments**

The Company operates in one segment and therefore segment information is not presented.

**KRAIG BIOCRAFT LABORATORIES, INC.**  
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**(I) Recent Accounting Pronouncements**

In December 2007, the Financial Accounting Standards Board (FASB) issued SFAS No. 160, “*Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51*”. This statement improves the relevance, comparability, and transparency of the financial information that a reporting entity provides in its consolidated financial statements by establishing accounting and reporting standards that require; the ownership interests in subsidiaries held by parties other than the parent and the amount of consolidated net income attributable to the parent and to the noncontrolling interest be clearly identified and presented on the face of the consolidated statement of income, changes in a parent’s ownership interest while the parent retains its controlling financial interest in its subsidiary be accounted for consistently, when a subsidiary is deconsolidated, any retained noncontrolling equity investment in the former subsidiary be initially measured at fair value, entities provide sufficient disclosures that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. SFAS No. 160 affects those entities that have an outstanding noncontrolling interest in one or more subsidiaries or that deconsolidate a subsidiary. SFAS No. 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Early adoption is prohibited. The adoption of this statement is not expected to have a material effect on the Company’s financial statements.

In March 2008, the FASB issued SFAS No. 161, “*Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133*” (SFAS 161). This statement is intended to improve transparency in financial reporting by requiring enhanced disclosures of an entity’s derivative instruments and hedging activities and their effects on the entity’s financial position, financial performance, and cash flows. SFAS 161 applies to all derivative instruments within the scope of SFAS 133, “*Accounting for Derivative Instruments and Hedging Activities*” (SFAS 133) as well as related hedged items, bifurcated derivatives, and nonderivative instruments that are designated and qualify as hedging instruments. Entities with instruments subject to SFAS 161 must provide more robust qualitative disclosures and expanded quantitative disclosures. SFAS 161 is effective prospectively for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early application permitted. We are currently evaluating the disclosure implications of this statement.

In May 2008, the FASB issued SFAS No. 162, “*The Hierarchy of Generally Accepted Accounting Principles.*” SFAS No. 162 identifies the sources of accounting principles and provides entities with a framework for selecting the principles used in preparation of financial statements that are presented in conformity with GAAP. The current GAAP hierarchy has been criticized because it is directed to the auditor rather than the entity, it is complex, and it ranks FASB Statements of Financial Accounting Concepts, which are subject to the same level of due process as FASB Statements of Financial Accounting Standards, below industry practices that are widely recognized as generally accepted but that are not subject to due process. The Board believes the GAAP hierarchy should be directed to entities because it is the entity (not its auditors) that is responsible for selecting accounting principles for financial statements that are presented in conformity with GAAP. The adoption of FASB 162 is not expected to have a material impact on the Company’s financial position.

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In May 2008, the FASB issued SFAS No. 163, "Accounting for Financial Guarantee Insurance Contracts-an interpretation of FASB Statement No. 60." Diversity exists in practice in accounting for financial guarantee insurance contracts by insurance enterprises under FASB Statement No. 60, Accounting and Reporting by Insurance Enterprises. This results in inconsistencies in the recognition and measurement of claim liabilities. This Statement requires that an insurance enterprise recognize a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. This Statement requires expanded disclosures about financial guarantee insurance contracts. The accounting and disclosure requirements of the Statement will improve the quality of information provided to users of financial statements. The adoption of FASB 163 is not expected to have a material impact on the Company's financial position.

**(J) Reclassification**

The 2007 financial statements have been reclassified to conform to the 2008 presentation.

**NOTE 2 GOING CONCERN**

As reflected in the accompanying unaudited financial statements, the Company is in the development stage, has a working capital deficiency and stockholders deficiency of \$538,301 and used \$517,358 of cash in operations from inception. This raises substantial doubt about its ability to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management believes that actions presently being taken to obtain additional funding and implement its strategic plans provide the opportunity for the Company to continue as a going concern.

**NOTE 3 STOCKHOLDERS' DEFICIT**

**(A) Common Stock Issued for Cash**

On January 8, 2007 the Company issued 175,000 shares of common stock for \$15,000 (\$0.09/share). This agreement was subsequently terminated effective May 23, 2007.

On January 22, 2007 the Company issued 1,200,000 shares of common stock for \$103,000 (\$0.09/share). In addition, 900,000 shares were issued for \$3,000 (\$0.0033/share).

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On April 4, 2007, the Company issued 187,500 shares of common stock for cash of \$15,000 (\$0.08 per share).

On April 20, 2007, the Company issued 187,500 shares of common stock for cash of \$15,000 (\$0.08 per share).

On April 28, 2006, the Company issued 800 shares of common stock for cash of \$400 (\$0.50 per share).

On May 18, 2007, the Company issued 1,312,500 shares of common stock for cash of \$105,000 (\$0.08 per share).

On August 28, 2007 the Company entered into a stock purchase agreement to issue 8,049,500 shares common stock in the amount of \$241,485 (\$0.03/share).

On August 29, 2007 the Company entered into a stock purchase agreement to issue 20,000 shares common stock in the amount of \$600 (\$0.03/share).

On August 29, 2007 the Company entered into a stock purchase agreement to issue 830,000 shares common stock in the amount of \$24,900 (\$0.03/share).

On September 1, 2007 the Company entered into a stock purchase agreement to issue 2,500 shares common stock in the amount of \$75 (\$0.03/share).

On September 5, 2007 the Company entered into a stock purchase agreement to issue 12,000 shares common stock in the amount of \$360 (\$0.03/share)

On September 12, 2007 the Company entered into a stock purchase agreement to issue 102,500 shares common stock in the amount of \$3,075(\$0.03/share).

In accordance with the May 2007 stock purchase agreement which contains an anti-dilution clause which requires the Company to issue additional common shares under the stock purchase agreement for any subsequent issuance at a price below \$.08 per share for a period of 12 months. The Company has issued 2,812,500 additional shares through May 2008 as a result of the subsequent stock issuances \$0.03/share.

**(B) Common Stock Issued for Intellectual Property**

On April 26, 2006, the Company issued 33,229,200 shares of common stock to its founder having a fair value of \$180 (\$0.000005/share) in exchange for intellectual property. The fair value of the patent was determined based upon the historical cost of the intellectual property contributed by the founder.

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**(C) Common Stock Issued for Services**

On January 15, 2008 the Company issued 40,000 shares of common stock for consulting services rendered with a fair value of \$4,000 (\$0.10/share).

On May 8, 2006, the Company entered into a license agreement for research and development. Pursuant to the terms of the agreement, the Company issued 1,750,000 of common stock upon execution of the agreement. The Company also received a five-year call option from the license holder to repurchase 700,000 common shares at an exercise price of \$150,000 or \$.21 per share. The option gives the Company the right, but not the obligation to repurchase the shares of common stock. The call option expires May 4, 2011. As of December 31, 2008 the value of the stock was greater than \$.10 per share. However, the Company does not have the obligation to repurchase the shares. Accordingly, the net effect on the balance sheet is \$0(See Note 4).

On July 1, 2006 the Company entered into a five year consulting agreement for research and development. Pursuant to the terms of the agreement, the Company paid 70,000 shares of common stock upon execution. These shares had a fair value of \$5,600 (\$0.08/share) based upon the recent cash offering price. Additionally, 200,000 shares of common stock were issued on May 18, 2007 with a fair value of \$16,000 (\$0.08/share). As of December 31, 2008 the Company issued 100,000 shares of common stock for consulting services rendered with a fair value of \$10,000 (\$0.10/share).

**(D) Cancellation and Retirement of Common Stock**

On December 29, 2006, the Company's founder returned 1,166,650 shares of common stock to the Company. These shares were cancelled and retired. Accordingly, the net effect on equity is \$0.

**(E) Common Stock Warrants**

During 2006, the Company issued 4,200,000 warrants to an officer under his employment agreement. The Company recognized an expense of \$126,435 for the period from inception to December 31, 2006. The Company recorded the fair value of the warrants based on the fair value of each warrant grant estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2006, dividend yield of zero, expected volatility of 183%; risk-free interest rates of 4.98%, expected life of one year. The warrants vested immediately. The options expire between 5 and 9 years from the date of issuance and have an exercise price of between \$.21 and \$.40 per share. During November 2006, the Company and the officer entered into an amendment to the employment agreement whereby all the warrants were retired.

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**(F) Amendment to Articles of Incorporation**

On February 16, 2009, the Company amended its articles of incorporation to amend the number of shares the Company is authorized to issue as follows (See Note 6(A)):

- Common stock Class A, unlimited number of shares authorized, no par value
- Common stock Class B, unlimited number of shares authorized, no par value
- Preferred stock, unlimited number of shares authorized, no par value

**(G) Stock Split Effected in the Form of a Stock Dividend**

On March 23, 2009, the Company's Board of Directors declared a nine-for-one stock dividend to be distributed to shareholders of record on April 27, 2009. The financial statements were not retroactively restated to reflect the stock dividend.

**NOTE 4 COMMITMENTS AND CONTINGENCIES**

**(A) Employment Agreement**

On April 26, 2006, the Company entered into a five-year employment agreement with the Company's Chairman and Chief Executive Officer. The agreement renews annually so that at all times, the term of the agreement is five years. Pursuant to this agreement, the Company will pay an annual base salary of \$185,000 for the period May 1, 2006 through December 31, 2006. Base pay will be increased each January 1<sup>st</sup>, for the subsequent twelve month periods by six percent. The officer will also be entitled to life, disability, health and dental insurance. In addition, the officer received 700,000 five year warrants at an exercise price of \$.21 per share, 1,500,000 eight year warrants at an exercise price of \$.33 per share and 2,000,000 nine year warrants at an exercise price of \$.40 per share (See Note 3(E)). The warrants fully vested on the date of grant. The agreement also calls for the issuance of warrants and increase in the officer's base compensation upon the Company reaching certain milestones:

1. Upon the Company's successful laboratory development of a new silk fiber composed of one or more proteins that are exogenous to a host, the Company will issue 500,000 eight year warrants at an exercise price of \$.20 per share and raise executive's base salary by 14%.
2. Upon the Company's successful laboratory development of a new silk fiber composed of two or more proteins that are exogenous to a host, the Company will issue 600,000 eight year warrants at an exercise price of \$.18 per share and raise executive's base salary by 15%.
3. Upon the Company's successful laboratory development of a new silk fiber composed of at least in part of one or more synthetic proteins, the Company will issue 900,000 eight year warrants at an exercise price of \$.18 per share and raise executive's base salary by 18%.

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4. Upon the Company's successful laboratory development of a new silk fiber composed of at least in part of one or more proteins that are genetic modifications or induced mutations of a host silk protein, the Company will raise the executive's base salary by 8%.
5. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$35 million for over 120 calendar day period, the executive's base salary will increase to \$225,000.
6. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$65 million for over 91 calendar day period, the executive's base salary will increase to \$260,000.
7. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$100 million for over 91 calendar day period, the executive's base salary will increase to \$290,000.
8. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$200 million for over 120 calendar day period, the executive's base salary will increase to \$365,000.
9. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$350 million for over 150 calendar day period, the executive's base salary will increase to \$420,000.

On November 6, 2006, the Company entered into an addendum to the employment agreement whereby the officer agreed to retire all stock warrants issued or to be issued under his employment agreement in return for an increase in his severance allowance to \$600,000 or seventy five percent of total salary due under the remaining term of the employment agreement, which ever is greater and a death benefit of \$300,000 or thirty five percent of the total salary due under the remaining term of the employment agreement.

In addition, upon expiration or termination of the employment agreement, the Company agrees to keep the officer employed as a consultant for a period of six years at a rate of \$4,000 per month with annual increases of 3%. The agreement also calls for certain increases based on milestones reached by the company, including:

1. If the company achieves gross sales exceeding \$10 million or net income exceeding \$1 million for any two years within the ten year period after the date of this agreement or a market capitalization in excess of \$45 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 10 years.

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2. If the company achieves gross sales exceeding \$19 million or net income exceeding \$3 million for any two years within the twelve year period after the date of this agreement or a market capitalization in excess of \$65 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$6,500 per month with a 3% annual increase.

3. If the company achieves gross sales exceeding \$38 million or net income exceeding \$6 million for any two years within the twelve year period after the date of this agreement or a market capitalization in excess of \$120 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$10,000 per month with a 3% annual increase.

4. If the company achieves gross sales exceeding \$59 million or net income exceeding \$9 million for any year within the twelve year period after the date of this agreement or a market capitalization in excess of \$210 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$15,000 per month with a 3% annual increase.

5. If the company achieves gross sales exceeding \$78 million or net income exceeding \$12 million for any year within the twelve year period after the date of this agreement or a market capitalization in excess of \$320 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$20,000 per month with a 3% annual increase.

On October 10, 2008, the Company entered into an addendum to the employment agreement whereby all unpaid back salary will accrue interest at 7% per year. At December 31, 2008, the Company recorded interest expense and related accrued interest payable of \$5,351. In addition, the Company granted the CEO the right to convert any accrued salary into Class "A" Common Stock at either 1) The lowest price at which the Company's Class "A" Common Stock has traded over the preceding twelve month period, 2) At the lowest bid price for the preceding thirty days, 3) The lowest price paid in cash for the Class "A" Common Stock during the twelve months preceding the conversion. The conversion price is the lesser of options 1-3 or \$0.02. As of December 31, 2008, no accrued salary has been converted to Class "A" Common Stock. As of December 31, 2008 the Company owes \$340,263 in accrued salary (See Note 5).

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**(B) License Agreement**

On May 8, 2006, the Company entered into a license agreement. Pursuant to the terms of the agreement, the Company paid a non-refundable license fee of \$10,000. The Company will pay a license maintenance fee of \$10,000 on the one year anniversary of this agreement and each year thereafter. The Company will pay an annual research fee of \$13,700 with first payment due January 2007, then on each subsequent anniversary of the effective date commencing May 4, 2007. Pursuant to the terms of the agreement the Company may be required to pay additional fees aggregating up to a maximum of \$10,000 a year for patent maintenance and prosecution relating to the licensed intellectual property. As of December 31, 2008, the Company has not made the required payments and has accrued \$28,752 under the agreement. (See Note 3(C))

**(C) Royalty and Research Agreements**

On May 1, 2008 the Company entered into a five year consulting agreement for research and development. Pursuant to the terms of the agreement, the Company will be required to pay \$1,000 per month, or at the Company's option, the consulting fee may be paid in the form of Company common stock based upon the greater of \$0.50 per share or the average of the closing price of the Company's shares over the five days preceding such stock issuance. As of December 31, 2008 the Company accrued \$8,000 of accounts payable for the services provided.

On December 26, 2006, the Company entered into an addendum to the intellectual property transfer agreement with an officer. In consideration of the Company issuing either 200,000 preferred shares with the following preferences; no dividends and voting rights equal to 100 common shares per share of preferred stock or the payment of \$120,000, the officer agreed to terminate the royalty payments due under the agreement and give title to the exclusive license for the non protective apparel use of the intellectual property to the Company. On the date of the agreement, the Company did not have any preferred stock authorized with the required preferences. In accordance with SFAS 150, the Company determined that the present value of the payment of \$120,000 that was due on December 26, 2007, the one year anniversary of the addendum, should be recorded as an accrued expense until such time as the Company has the ability to assert that it has preferred shares authorized. As of December 31, 2008, the Company has recorded \$120,000 in accrued expenses- related party. On December 21, 2007 the officer extended the due date to July 30, 2008. On May 30, 2008 the officer extended the due date to December 31, 2008. On October 10, 2008, the officer extended the due date to the earlier of (a) March 30, 2010 or (b) upon demand by the officer. Additionally, the accrued expenses are accruing 7% interest per year. At December 31, 2008, the Company recorded interest expense and related accrued interest payable of \$1,887.

On February 1, 2007 the Company entered into a consulting agreement for research and development for a period of one year. As of December 31, 2008, all payments under the consulting agreement totaling \$150,000 were fully paid and expensed. In April 2008, this agreement was extended through March 31, 2009 on a cost reimbursement basis. Reimbursements are to be made quarterly and are not to exceed \$35,000.

**KRAIG BIOCRAFT LABORATORIES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2008 AND 2007**

On February 26, 2007 the Company entered into a five year consulting agreement for research and development. Pursuant to the terms of the agreement, the Company paid 200,000 shares of common stock upon execution. These shares had a fair value of \$16,000 (\$0.08/share) based upon the recent cash offering price. Additionally, the Company will be required to pay \$1,000 per month, or at the Company's option, the consulting fee may be paid in the form of Company common stock based upon the greater of \$0.10 per share or the average of the closing price of the Company's shares over the five days preceding such stock issuance. As of December 31, 2008 the Company issued 100,000 shares of common stock for consulting services rendered with a fair value of \$10,000 (\$0.10/share). The agreement also requires the Company to issue up to 450,000 additional shares to the consultant upon the consultant reaching certain milestone events. As of December 31, 2008, the consultant has not reached the milestone events and no additional shares are earned.

**NOTE 5** **RELATED PARTY TRANSACTIONS**

On October 6, 2006 the Company received \$10,000 from a principal stockholder. Pursuant to the terms of the loan, the advance bears interest at 12%, is unsecured and matures on May 1, 2007. At December 31, 2008, the Company recorded accrued interest payable of \$776. As of December 31, 2008, the loan principle was repaid.

**KRAIG BIOCRAFT LABORATORIES, INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS OF DECEMBER 31, 2008 AND 2007**

On December 26, 2006, the Company entered into an addendum to the intellectual property transfer agreement with an officer. In consideration of the Company issuing either 200,000 preferred shares with the following preferences; no dividends and voting rights equal to 100 common shares per share of preferred stock or the payment of \$120,000, the officer agreed to terminate the royalty payments due under the agreement and give title to the exclusive license for the non protective apparel use of the intellectual property to the Company. On the date of the agreement, the Company did not have any preferred stock authorized with the required preferences. In accordance with SFAS 150, the Company determined that the present value of the payment of \$120,000 that was due on December 26, 2007, the one year anniversary of the addendum, should be recorded as an accrued expense until such time as the Company has the ability to assert that it has preferred shares authorized. As of December 31, 2008, the Company has recorded \$120,000 in royalty agreement payable- related party. On December 21, 2007 the officer extended the due date to July 30, 2008. On May 30, 2008 the officer extended the due date to December 31, 2008. On October 10, 2008, the officer extended the due date to the earlier of (a) March 30, 2010 or (b) upon demand by the officer. Additionally, the accrued expenses are accruing 7% interest per year. At December 31, 2008, the Company recorded interest expense and related accrued interest payable of \$1,887 (See Note 4 (C)).

As of December 31, 2008 the Company owes \$340,263 in accrued salary to principal stockholder. On October 10, 2008, the Company entered into an addendum to the employment agreement whereby all unpaid back salary will accrue interest at 7% per year. At December 31, 2008, the Company recorded interest expense and related accrued interest payable of \$5,351. In addition, the Company granted the CEO the right to convert any accrued salary into Class "A" Common Stock at either 1) The lowest price at which the Company's Class "A" Common Stock has traded over the preceding twelve month period, 2) At the lowest bid price for the preceding thirty days, 3) The lowest price paid in cash for the Class "A" Common Stock during the twelve months preceding the conversion. The conversion price is the lesser of options 1-3 or \$0.02. As of December 31, 2008, no accrued salary has been converted to Class "A" Common Stock (See Note 4 (A)).

On January 1, 2007, the company entered into a one year lease agreement with an officer for office space. The agreement calls for monthly rent of \$100 plus the reimbursement to officer for internet services at \$50 per month. The terms of this agreement became month-to-month on January 1, 2008. Payments under the agreement totaled \$1,800 for the year ended December 31, 2008.

**NOTE 6**    **SUBSEQUENT EVENT**

**(A) Amendment to Articles of Incorporation**

On February 16, 2009, the Company amended its articles of incorporation to amend the number and class of shares the Company is authorized to issue as follows (See Note 3 (F)):

- Common stock Class A, unlimited number of shares authorized, no par value
- Common stock Class B, unlimited number of shares authorized, no par value
- Preferred stock, unlimited number of shares authorized, no par value

**(B) Stock Split Effected in the Form of a Stock Dividend**

On March 23, 2009, the Company's Board of Directors declared a nine-for-one stock dividend to be distributed to shareholders of record on April 27, 2009. The financial statements were not retroactively restated to reflect the stock dividend. (See Note 3 (G)).

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

Our accountant is Webb & Company, P.A. Independent Registered Public Accounting Firm. We do not presently intend to change accountants. At no time have there been any disagreements with such accountants regarding any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure.

### **ITEM 9A(T). CONTROLS AND PROCEDURES**

#### **Evaluation of Disclosure Controls and Procedures**

Pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934 ("Exchange Act"), the Company carried out an evaluation, with the participation of the Company's management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") (the Company's principal financial and accounting officer), of the effectiveness of the Company's disclosure controls and procedures (as defined under Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that the Company files or submits under the Exchange Act, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including the Company's CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure.

#### **Management's Annual Report on Internal Control Over Financial Reporting.**

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Our internal control system was designed to, in general, provide reasonable assurance to the Company's management and board regarding the preparation and fair presentation of published financial statements, but because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. The framework used by management in making that assessment was the criteria set forth in the document entitled "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that assessment, our management has determined that as of December 31, 2008, the Company's internal control over financial reporting was not effective for the purposes for which it is intended based on the following material weaknesses:

- We do not have a system in place to ensure all of our consulting agreements are timely reconciled to the financial statements.

We are developing a plan to ensure that all information will be recorded, processed, summarized and reported accurately, and as of the date of this report, we have taken the following steps to address the above-referenced material weaknesses in our internal control over financial reporting:

1. We will continue to educate our management personnel to comply with the disclosure requirements and financial reporting controls necessary; and
2. We will increase management oversight of accounting and reporting functions in the future.

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit the Company to provide only management's report in this annual report.

#### **Changes in Internal Control over Financial Reporting**

No change in our system of internal control over financial reporting occurred during the period covered by this report, fourth quarter of the fiscal year ended December 31, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS: COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT**

Our sole executive officer and director as of April 14, 2009 is as follows:

<b>NAME</b>	<b>AGE</b>	<b>POSITION</b>	<b>DATE APPOINTED</b>
Kim Thompson	46	President, Chief Executive Officer, Director	April 25, 2006

The following summarizes the occupation and business experience during the past five years for our sole officer and directors.

**KIM THOMPSON.**

Mr. Thompson was a founder of the California law firm of Ching & Thompson which was founded in 1997 where he specialized in commercial litigation. He has been a partner in the Illinois law firm of McJessy, Ching & Thompson since 2004 where he also specializes in commercial litigation. Mr. Thompson received his bachelor's degree in applied economics from James Madison College, Michigan State University, and his Juris Doctorate from the University of Michigan.

**Term of Office**

Our directors are appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our officers are appointed by our board of directors and hold office until removed by the board. Mr. Thompson is employed as the CEO of the company pursuant to a five year employment contract.

Our officer and director has not filed any bankruptcy petition, been convicted of or been the subject of any criminal proceedings or the subject of any order, judgment or decree involving the violation of any state or federal securities laws within the past five (5) years.

**Family relationships**

None.

**Term of Office**

Our sole director was appointed for a one-year term to hold office until the next annual general meeting of our shareholders or until removed from office in accordance with our bylaws. Our sole officer was appointed by our board of directors and holds office until removed by the board

**Current Issues and Future Management Expectations**

No board audit committee has been formed as of the filing of this Annual Report.

**Compliance With Section 16(A) Of The Exchange Act.**

Section 16(a) of the Exchange Act requires the Company's officers and directors, and persons who beneficially own more than 10% of a registered class of the Company's equity securities, to file reports of ownership and changes in ownership with the Securities and Exchange Commission and are required to furnish copies to the Company. To the best of the Company's knowledge, any reports required to be filed were timely filed in fiscal year ended December 31, 2008.

**Code of Ethics**

The Company has adopted a Code of Ethics applicable to its Chief Executive Officer and Chief Financial Officer. This Code of Ethics was previously filed with the 10KSB on March 26, 2008 as an exhibit.

**ITEM 11. EXECUTIVE COMPENSATION**

The following summary compensation table sets forth all compensation awarded to, earned by, or paid to the named executive officer during the years ended December 31, 2008, and 2007 in all capacities for the accounts of our executive, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO):

**SUMMARY COMPENSATION TABLE**

Name and principal position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Kim Thompson, President, Chief Executive Officer and Director	2008	\$ 207,866			\$		\$	7,230(1)	\$ 215,096
	2007	\$ 196,100	0	0	\$ 0	0	\$ 0	8,204(2)	\$ 204,304

- 1) For the calendar year 2008, Kim Thompson is to receive \$7,229 in medical and dental insurance pursuant to an employment agreement entered into with us.
- 2) For the calendar year 2007, Kim Thompson is to receive \$7,229 in medical and dental insurance as well as \$950 for automobile expenses pursuant to an employment agreement entered into with us.

**Employment Agreements**

On April 26, 2006, the Company entered into a five-year employment agreement with the Company's Chairman and Chief Executive Officer. The agreement renews annually so that at all times, the term of the agreement is five years. Pursuant to this agreement, the Company will pay an annual base salary of \$185,000 for the period May 1, 2006 through December 31, 2006. Base pay will be increased each January 1<sup>st</sup>, for the subsequent twelve month periods by six percent. The officer will also be entitled to life, disability, health and dental insurance. In addition, the officer received 700,000 five year warrants at an exercise price of \$.21 per share, 1,500,000 eight year warrants at an exercise price of \$.33 per share and 2,000,000 nine year warrants at an exercise price of \$.40 per share (See Note 3(E)). The warrants fully vested on the date of grant. The agreement also calls for the issuance of warrants and increase in the officer's base compensation upon the Company reaching certain milestones:

1. Upon the Company's successful laboratory development of a new silk fiber composed of one or more proteins that are exogenous to a host, the Company will issue 500,000 eight year warrants at an exercise price of \$.20 per share and raise executive's base salary by 14%.
2. Upon the Company's successful laboratory development of a new silk fiber composed of two or more proteins that are exogenous to a host, the Company will issue 600,000 eight year warrants at an exercise price of \$.18 per share and raise executive's base salary by 15%.
3. Upon the Company's successful laboratory development of a new silk fiber composed of at least in part of one or more synthetic proteins, the Company will issue 900,000 eight year warrants at an exercise price of \$.18 per share and raise executive's base salary by 18%.
4. Upon the Company's successful laboratory development of a new silk fiber composed of at least in part of one or more proteins that are genetic modifications or induced mutations of a host silk protein, the Company will raise the executive's base salary by 8%.
5. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$35 million for over 120 calendar day period, the executive's base salary will increase to \$225,000.
6. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$65 million for over 91 calendar day period, the executive's base salary will increase to \$260,000.
7. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$100 million for over 91 calendar day period, the executive's base salary will increase to \$290,000.
8. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$200 million for over 120 calendar day period, the executive's base salary will increase to \$365,000.
9. Upon the Company becoming either a registered company or upon its stock trading and the company achieving a market capitalization in excess of \$350 million for over 150 calendar day period, the executive's base salary will increase to \$420,000.

On November 6, 2006, the Company entered into an addendum to the employment agreement whereby the officer agreed to retire all stock warrants issued or to be issued under his employment agreement in return for an increase in his severance allowance to \$600,000 or seventy five percent of total salary due under the remaining term of the employment agreement, which ever is greater and a death benefit of \$300,000 or thirty five percent of the total salary due under the remaining term of the employment agreement.

In addition, upon expiration or termination of the employment agreement, the Company agrees to keep the officer employed as a consultant for a period of six years at a rate of \$4,000 per month with annual increases of 3%. The agreement also calls for certain increases based on milestones reached by the company, including:

1. If the company achieves gross sales exceeding \$10 million or net income exceeding \$1 million for any two years within the ten year period after the date of this agreement or a market capitalization in excess of \$45 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 10 years.

2. If the company achieves gross sales exceeding \$19 million or net income exceeding \$3 million for any two years within the twelve year period after the date of this agreement or a market capitalization in excess of \$65 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$6,500 per month with a 3% annual increase.

3. If the company achieves gross sales exceeding \$38 million or net income exceeding \$6 million for any two years within the twelve year period after the date of this agreement or a market capitalization in excess of \$120 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$10,000 per month with a 3% annual increase.

4. If the company achieves gross sales exceeding \$59 million or net income exceeding \$9 million for any year within the twelve year period after the date of this agreement or a market capitalization in excess of \$210 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$15,000 per month with a 3% annual increase.

5. If the company achieves gross sales exceeding \$78 million or net income exceeding \$12 million for any year within the twelve year period after the date of this agreement or a market capitalization in excess of \$320 million for over 180 calendar days within six years from the date of this agreement, the term of the consulting agreement will be extended to 20 years or the life of the officer and his spouse at a rate of \$20,000 per month with a 3% annual increase.

**Outstanding Equity Awards**

None

Long-Term Incentive Plan (“LTIP”) Awards Table. There were no awards made to a named executive officer in the last completed fiscal year under any LTIP

Compensation of Directors

Directors are permitted to receive fixed fees and other compensation for their services as directors. The Board of Directors has the authority to fix the compensation of directors. No amounts have been paid to, or accrued to, directors in such capacity.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table provides the names and addresses of each person known to us to own more than 5% of our outstanding shares of common stock as of April 14, 2009 and by the officers and directors, individually and as a group. Except as otherwise indicated, all shares are owned directly.

<b>Title of Class</b>	<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Owner</b>	<b>Percent of Class (1)</b>
Common Stock	Kim Thompson 120 N. Washington Square, Suite 805 Lansing, MI 48933	32,062,550	64.21%
Common Stock	Lion Equity 1001 Brickell Bay Dr, Suite 1812 Miami, FL 33131	4,500,000	9.01%
Common Stock	Sean March 8901 South Ocean Dr. #14 W. Hollywood, FL 33019	4,000,000	8.01%
Common Stock	All executive officers and directors as a group	32,062,550	64.21%

(1)The percent of class is based on 49,974,850 shares of our common class “A” stock issued and outstanding as of April 14, 2009.

### Stock Option Grants

To date, we have not granted any stock options. In 2006, our CEO, Kim Thompson, received substantial warrants on our stock pursuant to the employment agreement between Mr. Thompson and us. However, Mr. Thompson surrendered all such warrants and options to the corporation prior to the close of the 2006 calendar year. As of this date, we have no outstanding stock options.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTION, AND DIRECTOR INDEPENDENCE**

On October 6, 2006 the Company received \$10,000 from a principal stockholder. Pursuant to the terms of the loan, the advance bears interest at 12%, is unsecured and matures on May 1, 2007. At December 31, 2007, the Company recorded interest expense and related accrued interest payable of \$776. As of December 31, 2007, the loan principle was repaid.

During 2006, the Company entered into addendum to the Intellectual Property transaction and agreed to issue the CEO either 20,000 preferred shares or a payment of \$120,000 (See Note 4 (C)).

On January 1, 2007, the company entered into a one year lease agreement with an officer for office space. The agreement calls for monthly rent of \$100 plus the reimbursement to officer for internet services at \$50 per month. Payments under the agreement totaled \$1,800 for the year ended December 31, 2007. The terms of this agreement became month-to-month on January 1, 2008. Payments under the agreement totaled \$1,800 for the period ended December 31, 2008.

As of December 31, 2008 the Company owes \$340,263 in accrued salary to principal stockholder. On October 10, 2008, the Company entered into an addendum to the employment agreement whereby all unpaid back salary will accrue interest at 7% per year. At December 31, 2008, the Company recorded interest expense and related accrued interest payable of \$5,351. In addition, the Company granted the CEO the right to convert any accrued salary into Class "A" Common Stock at either 1) The lowest price at which the Company's Class "A" Common Stock has traded over the preceding twelve month period, 2) At the lowest bid price for the preceding thirty days, 3) The lowest price paid in cash for the Class "A" Common Stock during the twelve months preceding the conversion. The conversion price is the lesser of options 1-3 or \$0.02. As of December 31, 2008, no accrued salary has been converted to Class "A" Common Stock..

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

#### **Audit Fees**

For the Company's fiscal years ended December 31, 2008 and 2007, we were billed approximately \$14,692 and \$10,684 for professional services rendered for the audit and review of our financial statements.

#### **Audit Related Fees**

There were no fees for audit related services for the years ended December 31, 2008 and 2007.

#### **Tax Fees**

For the Company's fiscal years ended December 31, 2008 and 2007, we were not billed for professional services rendered for tax compliance, tax advice, and tax planning.

#### **All Other Fees**

The Company did not incur any other fees related to services rendered by our principal accountant for the fiscal years ended December 31, 2008 and 2007.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Effective May 6, 2003, the Securities and Exchange Commission adopted rules that require that before our auditor is engaged by us to render any auditing or permitted non-audit related service, the engagement be:

-approved by our audit committee; or

-entered into pursuant to pre-approval policies and procedures established by the audit committee, provided the policies and procedures are detailed as to the particular service, the audit committee is informed of each service, and such policies and procedures do not include delegation of the audit committee's responsibilities to management.

We do not have an audit committee. Our entire board of directors pre-approves all services provided by our independent auditors.

The pre-approval process has just been implemented in response to the new rules. Therefore, our board of directors does not have records of what percentage of the above fees were pre-approved. However, all of the above services and fees were reviewed and approved by the entire board of directors either before or after the respective services were rendered.

**PART IV**

**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES.**

**a) Documents filed as part of this Annual Report**

3. Exhibits

14 Code of Ethics \*

31.1 Rule 13a-14(a)/ 15d-14(a) Certification of Chief Executive Officer and Chief Financial Officer

32.1 Section 1350 Certification of Chief Executive Officer and Chief Financial Officer

\* Filed with the original Form 10-KSB on March 25, 2008

**SIGNATURES**

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: April 14, 2009

**Kraig Biocraft Laboratories, Inc.**

By: /s/ Kim Thompson

Kim Thompson  
Chief Executive Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED:

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Kim Thompson</u> Kim Thompson	Chief Executive Officer	April 14, 2009

**CERTIFICATION  
OF CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Kim Thompson, certify that:

1. I have reviewed this Form 10-K of Kraig Biocraft Laboratories, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods present in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the small business issuer and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding their liability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involved management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: April 14, 2009

/s/ Kim Thompson

Kim Thompson

Chief Executive Officer

Chief Financial and Accounting Officer

**Exhibit 32.1**

**CERTIFICATION OF  
CHIEF EXECUTIVE OFFICER  
AND CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350**

In connection with the accompanying Yearly Report on Form 10-K of Kraig Biocraft Laboratories, Inc. for the year ending December 31, 2008, I, Kim Thompson, Chief Executive Officer and Chief Financial and Accounting Officer of Kraig Biocraft Laboratories, Inc. hereby certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, to the best of my knowledge and belief, that:

1. Such Yearly Report of Form 10-K for the year ending December 31, 2008, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in such Yearly Report on Form 10-K for the year ended December 31, 2008, fairly represents in all material respects, the financial condition and results of operations of Kraig Biocraft Laboratories, Inc.

Date: April 14, 2009

**Kraig Biocraft Laboratories, Inc.**

By: /s/ Kim Thompson  
Kim Thompson  
Chief Executive Officer  
Chief Financial and Accounting Officer