February 28, 2007

XOMA Announces Expiration of Oncology Exclusivity Obligation With Novartis

Collaboration Focused On Advancing Multiple Products Including HCD122, an Anti-CD40 Monoclonal Antibody Currently in Phase I Studies

Expiration of the Oncology Exclusivity Term Expands XOMA's Independent Partnering Opportunities for Therapeutic Antibody Discovery and Development

BERKELEY, Calif., Feb. 28, 2007 (PRIME NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) announced today that pursuant to the terms of its collaboration agreement with Chiron Corp. (subsequently acquired by Novartis AG, "Novartis"), the parties' mutual obligations to conduct antibody discovery, development and commercialization work together on an exclusive basis in oncology have expired, except with respect to existing collaboration projects which have reached the development stage. XOMA and Novartis are continuing to jointly develop multiple products, including HCD122, an anti-CD40 fully-human monoclonal antibody possessing a unique dual mechanism of action that is currently in two Phase I clinical trials for Multiple Myeloma and Chronic Lymphocytic Leukemia.

All other terms of the collaboration remain in effect including XOMA's access to the original $50 million loan facility.

XOMA entered into the collaboration agreement with Novartis in order to achieve several important objectives, including:

- To obtain rights to develop and commercialize HCD122, a product candidate identified as having significant medical and commercial potential;
- To further build XOMA's pipeline by securing access to a collection of validated targets for the discovery and development of new therapeutic antibody product candidates; and
- To secure funding to partially offset the expense of XOMA's oncology research and development efforts.

Jack Castello, chairman, president and chief executive officer of XOMA, said, "We are pleased to have accomplished these important objectives and we look forward to continuing to work with Novartis in advancing the existing collaboration projects. In addition, the expiration of the oncology exclusivity provision, particularly in view of the fact that more than half of the promising therapeutic antibodies that reach the clinic are oncology-related,

provides XOMA with a major opportunity for new product development and partnering relationships."

About XOMA

XOMA is a leader in the discovery, development and manufacture of therapeutic antibodies, with a therapeutic focus that includes cancer and immune diseases. XOMA has royalty interests in RAPTIVA(r) (efalizumab), a monoclonal antibody product marketed worldwide (by Genentech, Inc. and Merck Serono S.A.) to treat moderate-to-severe plaque psoriasis, and LUCENTIS(r) (ranibizumab injection), a monoclonal antibody product marketed worldwide (by Genentech and Novartis) to treat neovascular (wet) age-related macular degeneration.

The company has built a premier antibody discovery and development platform that includes access to seven of the leading commercially available antibody phage display libraries and XOMA's proprietary Human Engineering(tm) and bacterial cell expression (BCE) technologies. More than 45 companies have signed BCE licenses. XOMA's development collaborators include Lexicon Pharmaceuticals, Inc., Novartis, Schering-Plough Corporation and Takeda Pharmaceutical Company Limited. With a fully integrated product development infrastructure, XOMA's product development capabilities extend from preclinical sciences to product launch. For more information, please visit the company's website at www.xoma.com.

Certain statements contained herein concerning the development of HCD122 or that otherwise relate to future periods are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements are based on assumptions that may not prove accurate. Actual results could differ materially from those anticipated due to certain risks inherent in the biotechnology industry and for companies engaged in the development of new products in a regulated market. These risks, including those related to the results of discovery research and preclinical testing; the timing or results of pending and future clinical trials (including the design and progress of clinical trials; safety and efficacy of the products being tested; action, inaction or delay by the FDA, European or other regulators or their advisory bodies; and analysis or interpretation by, or submission to, these entities or others of scientific data); uncertainties regarding the status of biotechnology patents; uncertainties as to the cost of protecting intellectual property; changes in the status of the existing collaborative and licensing relationships; the ability of collaborators, licensees and other third parties to meet their obligations; market demand for products; scale up and marketing capabilities; competition; international operations; share price volatility; XOMA's financing needs and opportunities and risks associated with XOMA's status as a Bermuda company, are described in more detail in XOMA's most recent annual report on Form 10-K and in other SEC filings. Consider such risks carefully in considering XOMA's prospects.

CONTACT: XOMA Ltd.
Paul Goodson, Sr. Director, Investor Relations
(510) 204-7270
goodson@xoma.com
www.xoma.com