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XOMA and Takeda Expand Collaboration for Therapeutic Antibody Discovery and Development

BERKELEY, Calif. and OSAKA, Japan, Feb. 28, 2007 (PRIME NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) and Takeda Pharmaceutical Company Limited (TSE4502:Takeda) announced today they have amended their existing agreement to increase the number of potential therapeutic antibody programs under the collaboration initiated in November of 2006. With this expansion, XOMA estimates the aggregate upfront, R&D funding, milestone and other payments could exceed $230 million before royalties over the life of the agreement. Since entering the original agreement four months ago, XOMA has received or is otherwise due approximately $8 million as various collaboration-related payments.

"We are pleased that, in connection with the expiration of certain exclusivity obligations under an agreement with another entity, we are expanding our collaboration with Takeda to include additional therapeutic antibody programs in oncology. XOMA is well positioned to capitalize on the growing demand for monoclonal antibody solutions and this expanded agreement validates our strengths in translating targets into therapeutic product candidates and advancing their development thereafter," said John L. Castello, chairman of the board, president and chief executive officer of XOMA.

"Takeda has an extensive collection of cancer-related disease targets that hold promise for therapeutic intervention using monoclonal antibodies," said Shigenori Ohkawa, PhD, General Manager of Pharmaceutical Research Division of Takeda. "By expanding our collaboration with XOMA, we are able to accelerate our antibody drug discovery and development efforts in oncology."

About the XOMA / Takeda Collaboration

XOMA and Takeda began a collaboration in November of 2006 under which XOMA is using its extensive collection of phage display libraries and antibody optimization technologies to discover therapeutic antibodies against multiple targets selected by Takeda. Other XOMA activities are expected to include preclinical studies to support regulatory filings, cell line and process development, and production of antibodies for initial clinical trials. Takeda will be responsible for clinical trials and commercialization of drugs after IND submission, and is granted the right to manufacture once the product enters into phase 2 clinical trials.

The collaboration calls for Takeda to make up-front and milestone payments to XOMA, fund XOMA's R&D activities including manufacturing of the antibodies for preclinical and early clinical supplies, and pay royalties to XOMA on sales of products resulting from the

collaboration.

Under the November 2006 collaboration agreement, payments to XOMA potentially could have exceeded $100 million before royalties over the life of the collaboration. Today's announced amendment to the collaboration provides the potential for Takeda to add an undisclosed number of new antibody discovery and development programs to those specified in the initial agreement and raises the estimated potential payments to XOMA to $230 million before royalties.

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 AG) 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.

About Takeda

Located in Osaka, Japan, Takeda is a research-based global pharmaceutical company. As the largest pharmaceutical company in Japan and one of the global leaders of the industry, Takeda is committed to striving toward better health for individuals and progress in medicine by developing superior pharmaceutical products.

Aiming to become an "R&D-driven world-class pharmaceutical company," Takeda is enhancing its R&D pipeline by concentrating its management resources for that purpose in the following selected core therapeutic areas:

* metabolic diseases (diabetes, hypertension, hyperlipidemia, etc.)
* oncology and urological diseases
* central nervous system disorders, bone/joint diseases
* gastroenterological diseases

Additional information about Takeda is available through its corporate website, www.takeda.com.

Certain statements contained herein concerning product development 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. Such

statements include, but are not limited to, statements to the effect that payments to XOMA could exceed $230 million before royalties over the life of the collaboration as amended or could have exceeded $100 million before royalties over the life of the collaboration prior to the amendment. Such 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. In particular, XOMA will not receive the estimated total amounts of funds if it cannot successfully discover and develop antibodies as called for in this collaboration. These and other 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.

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