September 15, 2008

# New Programs Added in Antibody Collaboration Between XOMA and Takeda

BERKELEY, Calif., Sept. 15, 2008 (GLOBE NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA), a leader in the discovery and development of antibody therapeutics, announced today the initiation of new therapeutic antibody programs under an existing antibody discovery and development collaboration between Takeda and XOMA. The new programs add to the multiple discovery and development programs already being advanced through the collaboration.

"Since 2006, Takeda and XOMA have worked together on antibody development," said Steven Engle, Chairman and Chief Executive Officer of XOMA. "We are pleased with the evolution of our collaboration and the confidence Takeda has shown in our ability to help advance valuable pipeline candidates."

In collaboration with a number of world-class companies and institutions, XOMA is engaged in more than 10 product development programs. These programs focus on multiple therapeutic areas including oncology, cardiovascular, anti-inflammatory, and infectious diseases.

About the Takeda and XOMA collaboration

In November 2006 XOMA and Takeda initiated a collaboration in which XOMA is using its extensive collection of antibody phage display libraries and antibody optimization technologies to discover therapeutic antibodies in multiple therapeutic areas. XOMA activities may also 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 has manufacturing rights once a 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.

About XOMA

XOMA discovers, develops and manufactures therapeutic antibody agents designed to treat inflammatory, autoimmune, infectious and cancerous diseases and is engaged in more than 16 active development projects. The Company's expanding pipeline includes XOMA 052, an anti-IL-1 beta antibody, and XOMA 629, a synthetic antimicrobial peptide compound derived from bactericidal/permeability-increasing protein.

XOMA's proprietary development pipeline is primarily funded by multiple revenue streams resulting from the licensing of its antibody technologies, product royalties, development collaborations, and biodefense contracts. XOMA's technologies and experienced team have contributed to the success of marketed antibody products, including RAPTIVA(r) (efalizumab) for chronic moderate to severe plaque psoriasis, LUCENTIS(r) (ranibizumab injection) for wet age-related macular degeneration and CIMZIA(r) (certolizumab pegol) for Crohn's disease.

The Company has a premier antibody discovery and development platform that incorporates leading antibody phage display libraries and XOMA's proprietary Human Engineering(tm) and bacterial cell expression technologies. Bacterial cell expression is a key breakthrough biotechnology for the discovery and manufacturing of antibodies and other proteins. As a result, more than 50 pharmaceutical and biotechnology companies have signed BCE licenses.

In addition to developing its own products, XOMA develops products with premier pharmaceutical companies including Novartis AG, Schering-Plough Research Institute and Takeda Pharmaceutical Company Limited. XOMA has a fully integrated product development infrastructure, extending from pre-clinical science to approval, and a team of 330 employees at its Berkeley location. For more information, please visit http://www.xoma.com.

Certain statements contained herein concerning product development and other similar matters 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.
Greg Mann
510-204-7270
mann@xoma.com

Porter Novelli Life Sciences
Media & Investors Contact:
Carolyn Hawley
619-849-5375
chawley@pnlifesciences.com