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XOMA Provides Clinical Plan Update On Diabetes Drug Candidate

New Preclinical Animal Data Provides Additional Support for XOMA 052 Phase 2 Study Design

BERKELEY, Calif., Dec. 10, 2008 (GLOBE NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) announced that it has accelerated its plans to initiate a Phase 2 clinical trial of its antibody drug candidate, XOMA 052, for the treatment of Type 2 diabetes, in the second quarter of 2009. The decision to proceed into Phase 2 is based on ongoing Phase 1 results in humans with Type 2 diabetes and on new preclinical findings. Notably, these preclinical results indicate that animals treated with XOMA 052 have increased insulin production and proliferation of insulin-producing islet cells. They also show decreased islet cell death, reduced peripheral insulin resistance and lower cholesterol levels. There was an absence of weight gain and hypoglycemic events.

XOMA 052 is a potent monoclonal antibody with the potential to improve the treatment of patients with Type 2 diabetes. XOMA 052 binds strongly to Interleukin-1 beta (IL-1 beta), which is a pro-inflammatory cytokine that is involved in the pathophysiology and development of diabetes and other inflammatory diseases.

In September, XOMA announced positive interim data from two Phase 1 clinical studies of XOMA 052. In the studies, a single dose of XOMA 052 demonstrated biological activity in patients with Type 2 diabetes as measured by standard measures of diabetes and inflammatory markers for up to three months. The median glycosylated hemoglobin (HbA1c) levels were reduced in all 5 groups, and the reduction was as much as 0.6 percent compared to baseline as measured 28 days following treatment. XOMA 052 reduced median HbA1c in 4 of 5 drug dose levels when compared to placebo. A single dose of XOMA 052 reduced levels of ultrasensitive C-reactive protein, a standard measure of systemic inflammation, as compared to placebo in all of the dose groups. The studies also support XOMA 052's novel anti-inflammatory approach to Type 2 diabetes treatment that may preserve insulin-producing cells. XOMA 052 was well tolerated at all dose levels.

Preclinical studies have been conducted in mouse models of diabetes, particularly the Diet Induced Obesity model, and involve administration of multiple doses of XOMA 052. In these preclinical studies, animals treated with XOMA 052 demonstrate:

* Improved insulin production
* Improved beta cell survival through decreased programmed cell death and increased proliferation of pancreatic insulin-producing beta cells

* Decreased peripheral insulin resistance
* Improvement of lipid abnormalities including decreased cholesterol, triglyceride and free fatty acid blood levels
* Absence of weight gain
* Absence of hypoglycemic events

This improved insulin production and increased beta cell survival is consistent with interim findings of increased insulin production seen in humans during XOMA's single dose Phase 1 trials. Based on these data, XOMA plans to discuss the Phase 2 trial design with the US Food and Drug Administration (FDA) during the first quarter of 2009 and, based on a positive discussion, initiate a Phase 2 trial in the second quarter of 2009, well ahead of prior plans.

"In September, we presented encouraging results supporting one of the most significant medical advances in diabetes in decades -- a move from insulin therapy to anti-inflammatory treatment. For the first time, XOMA showed that a single dose of an interleukin-1 beta blocker, XOMA 052, increased Type 2 diabetes patient insulin production over three months," said Steven Engle, XOMA's Chairman and Chief Executive Officer. "The new preclinical study results of XOMA 052 indicate its ability to lower peripheral resistance to insulin, a major problem for diabetics, and improve blood lipids without weight gain or hypoglycemia. Although these animal results need to be confirmed in humans, they indicate that targeting IL-1 beta has high potential to be a disease-modifying approach for patients with Type 2 diabetes."

In 2009, XOMA plans to continue the ongoing Phase 1 trials; initiate additional exploratory clinical trials in other indications; and continue elucidating the XOMA 052 profile and mechanism of action through its preclinical studies.

XOMA 052

XOMA 052 is a potent monoclonal antibody with the potential to improve the treatment of patients with a wide variety of inflammatory diseases. XOMA 052 binds strongly to Interleukin-1 beta (IL-1 beta), a pro-inflammatory cytokine that is involved in the development of diabetes, rheumatoid arthritis, gout, and other diseases. By binding IL-1 beta, the drug blocks the activation of the IL-1 receptor, thereby preventing the cellular signaling events that produce inflammation. XOMA 052 is a humanized IgG2 antibody with a half-life of 22 days. Based on its binding properties, specificity to IL-1 beta and half-life, XOMA 052 may provide convenient dosing of once per month or longer. XOMA 052 was developed by XOMA using the Company's proprietary antibody technologies, capabilities and expertise. XOMA owns worldwide rights to the antibody and related intellectual property.

Studies of XOMA 052 are being planned for acute, chronic and orphan indications, including studies in Type 2 diabetes. XOMA 052 could prove to be a disease-modifying therapy for diabetes by addressing inflammation as an underlying cause of the epidemic disease, whereas current therapies focus almost exclusively on improving the body's ability to produce and respond to insulin. XOMA plans to initiate clinical studies of XOMA 052 in rheumatoid arthritis, acute gout and systemic juvenile idiopathic arthritis (sJIA).

The central role of the IL-1 pathway in multiple diseases has been clinically validated by several inhibitors of the IL-1 pathway in development and by two FDA approved therapies based on IL-1 blockade. These disease indications include rheumatoid arthritis, systemic

juvenile idiopathic arthritis, gout, Muckle-Wells syndrome, and others.

About XOMA

XOMA discovers, develops and manufactures therapeutic antibody and other agents designed to treat inflammatory, autoimmune, infectious and cancerous diseases. The company's proprietary product pipeline includes XOMA 052, an anti-IL-1 beta antibody, and XOMA 3AB, a biodefense anti-botulism antibody candidate.

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 and manufacturing technologies. Bacterial cell expression (BCE) 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 335 employees at its Berkeley location. For more information, please visit http://www.xoma.com.

Certain statements contained herein concerning interim data, lack of safety concerns, additional indications, timing of initiation and results of clinical trials , timing of meetings with regulators, partnering discussions and/or other aspects of 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. 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. Among other things, interim data may not be supported by final results or by results from later studies; safety concerns may arise at later stages of development; development in additional indications may not be warranted; timing of the initiation of, and/or availability of results from, clinical trials may vary for medical, regulatory or other reasons; timing of meetings with regulators may vary due to participant availability or intervening events or for other reasons; and partnering opportunities may not be available on acceptable terms. These and other risks, including those related to the results of discovery and pre-clinical 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);

changes in the status of existing collaborative relationships; the ability of collaborators and other partners to meet their obligations; XOMA's ability to meet the demands of the United States government agency with which it has entered into its government contracts; competition; market demands for products; scale-up and marketing capabilities; availability of additional licensing or collaboration opportunities; international operations; share price volatility; XOMA's financing needs and opportunities; uncertainties regarding the status of biotechnology patents; uncertainties as to the costs of protecting intellectual property; and risks associated with XOMA's status as a Bermuda company, are described in more detail in XOMA's most recent filing on Form 10-K and in other SEC filings. Consider such risks carefully when considering XOMA's prospects.

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