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Texas A&M University System and XOMA Sign Memorandum of Understanding

Organizations to Explore Research and Manufacturing Projects for Therapeutic Antibodies and Other Proteins

COLLEGE STATION, Texas and BERKELEY, Calif., Sept. 10, 2008 (GLOBE NEWSWIRE) -- The Texas A&M University System and XOMA, Ltd (Nasdaq:XOMA), a leader in the discovery and development of therapeutic antibodies, today announced an agreement to explore options for the development and manufacture of antibodies and protein-based therapeutics for human and veterinary applications. The memorandum of understanding between the Texas A&M System and XOMA covers programs for advancing healthcare research and technologies through the development of new methods, standards and intellectual properties that, if implemented, will advance the leadership position of the State of Texas in cutting-edge biopharmaceutical research.

XOMA and the Texas A&M System will discuss working together to develop next-generation systems and processes to improve and accelerate protein and antibody manufacturing. More specifically, the organizations plan to discuss the design and establishment of a state-of-the-art GMP manufacturing facility within the State of Texas to spur academic research in diverse biological and bioengineering disciplines, and create a world-class biological manufacturing capacity within the State. GMP standards, based on regulations from the U.S. Food and Drug Administration, require manufacturers of drug and related products to take proactive steps to ensure maximum safety and purity of their products.

For the Texas A&M System, this program could result in a significant gain in expertise, capabilities and capacity in monoclonal antibody research and production in the State of Texas. For XOMA, the program is intended to provide access to new processes and technologies, additional manufacturing capacity, process development facilities, and research personnel that could help accelerate the translation of XOMA's innovative technologies into the practice of biological manufacturing.

"XOMA and the Texas A&M System are engaging in these discussions at a time when the value of antibodies in medical treatment is proven and growing, and flexible next-generation manufacturing will be essential for developing and marketing the antibodies of the future," noted Steven Engle, Chairman and Chief Executive Officer of XOMA. "Through this innovative cross functional endeavor between industry and university, we hope to meet the advanced needs of the biological manufacturing industry for years to come."

Mr. Engle continued, "With this collaboration, we hope to combine the University's distinguished multi-disciplinary research organization with XOMA's proven technical

excellence in development and manufacturing. We have been fortunate over the years to have highly productive and successful collaborations with a variety of first-tier research institutions, public health agencies and universities. We are delighted to establish a relationship with the Texas A&M System and its distinguished research teams."

Brett Giroir, M.D., Vice Chancellor for Research for the Texas A&M System, said, "The Texas A&M University System is pleased to be working with XOMA, a biotechnology company with more than 25 years of experience as a successful innovator in antibody development and manufacturing. We expect that the project will generate new opportunities for rapid translation of biomedical discoveries into real life-saving products. The collaboration also holds the promise to develop manufacturing technologies that position the State of Texas as the partner of choice for biotechnology companies in the future."

About the Texas A&M System

The Texas A&M System is one of the largest systems of higher education in the nation, with a budget of $2.9 billion. Through a statewide network of nine universities, seven state agencies and a comprehensive health science center, the Texas A&M System educates more than 106,000 students and makes more than 15 million additional educational contacts through service and outreach programs each year. Externally funded research brings in almost $627 million every year and helps drive the state's economy.

About XOMA

XOMA discovers, develops and manufactures therapeutic antibody and other agents designed to treat inflammatory, autoimmune, infectious and cancerous diseases and is engaged in 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 future programs and/or 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.

These and other risks, including those related to XOMA's ability to reach agreement with potential collaborators on acceptable terms; the ability of collaborators and other partners to meet their obligations; 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; 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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