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Study Establishes XOMA's XMetA as the First Allosteric Insulin Receptor-Activating Antibody to Improve Glycemic Control In Vivo

Study Published Online in Journal Diabetes

BERKELEY, Calif., March 8, 2012 (GLOBE NEWSWIRE) -- XOMA Corporation (Nasdaq:XOMA) announced that its study of XMetA, the company's fully-human allosteric monoclonal antibody to the insulin receptor, is available online and will be published in the May issue of the American Diabetes Association's journal *Diabetes*. XMetA is the first antibody specific for the insulin receptor shown to correct hyperglycemia in a mouse model of diabetes. Results of a study conducted by XOMA and confirmed by investigators at the University of California, San Francisco, demonstrate that XMetA has the potential to be a novel, long-acting agent for the control of blood glucose levels in patients with diabetes.

The study by Bhaskar, et al. demonstrated that XMetA markedly reduced elevated fasting blood glucose levels and normalized glucose tolerance in mice experimentally rendered diabetic. After six weeks of treatment, there was a statistically significant reduction in hemoglobin A1c levels in animals treated with XMetA compared to controls ($p < 0.05$). In addition, elevated non-HDL cholesterol levels were improved relative to control mice ($p < 0.05$). Hypoglycemia and weight gain were not observed during this study, nor was proliferation of cell growth.

"In the treatment of diabetes, novel and improved therapeutic modalities for patients with impaired insulin secretory function are needed," said Ira D. Goldfine, M.D., Professor Emeritus, Department of Medicine and the Diabetes Center, University of California, San Francisco. Dr. Goldfine is currently a XOMA Distinguished Scientific Fellow. "XMetA has shown potential to deliver a long-acting, glucose-regulating effect without generating hypoglycemia. The characteristics of this molecule may result in an opportunity to leverage this potential therapeutic option earlier in the treatment of diabetes."

"Through insights into the regulation of signaling pathways gained using XOMA's ModulX™ technology, we have discovered three distinct classes of allosteric antibodies that act differentially on the insulin receptor. XMetA, an antibody from one such class, selectively activates pathways leading to glucose lowering while avoiding pathways leading to cellular proliferation. We believe this profile is unique and offers a new approach to treatment of diabetes," said Patrick J. Scannon, M.D., Ph.D., Executive Vice President and Chief Scientific Officer, XOMA.

Conventional monoclonal antibodies bind at the ligand-receptor binding site to provide either complete activation or inhibition akin to an on/off switch. However, many receptors also have sites, termed allosteric sites, which function as a dimmer switch to modulate the ligand-receptor interaction. XOMA's XMet antibodies bind to these allosteric sites, offering expanded potential for the targeted treatment of diabetes.

XOMA has developed proprietary methods for identifying allosteric modulating monoclonal antibodies using its ModulX™ technology platform and is focusing its research efforts towards the discovery of these types of antibodies. Its first allosteric antibody, gevokizumab, is an allosteric inhibitor of the ligand interleukin-1beta (IL-1β), currently in clinical development. XOMA is pursuing development partnerships to maximize the value of XMetA and other antibodies from its technology platforms.

About XOMA

XOMA discovers and develops innovative antibody therapeutics. XOMA's lead drug candidate is gevokizumab (XOMA 052), a humanized antibody that modulates the inflammatory cytokine interleukin-1 beta, or IL-1 beta. In collaboration with the Company's partner, Les Laboratoires Servier (Servier), XOMA is expected to initiate global Phase 3 clinical development of gevokizumab to treat non-infectious uveitis, including the subset of patients with Behçet's uveitis, in 2012. Separately XOMA has launched a Phase 2 proof-of-concept program for gevokizumab to evaluate additional indications for further development, including moderate-to-severe inflammatory acne.

In order to retain the value of XOMA's discoveries and its future revenue potential, XOMA made a strategic decision to establish a commercial capability. To implement this strategy, the Company established its U.S. commercial operations through the acquisition of U.S. rights to Servier's ACEON® (perindopril erbumine), a marketed angiotensin converting enzyme (ACE) inhibitor. The agreement with Servier includes a portfolio of fixed-dose combination product candidates where perindopril is combined with other active ingredients to treat hypertension. XOMA has the right to develop and commercialize these products for the U.S. market.

Through its unique discovery platform, the Company is focused on discovering and developing allosteric modulating antibodies that combine the beneficial pharmacology of small molecule drugs with the target specificity of antibodies. Among these novel discoveries are new classes of fully human antibodies exemplified by XMetA, which partially activates the insulin receptor, and XMetS, which sensitizes the insulin receptor. These two programs represent distinct and potentially breakthrough therapeutic approaches to the treatment of patients with diabetes. XOMA is headquartered in Berkeley, California. For more information, please visit www.xoma.com.

The XOMA Corporation logo is available at https://www.globenewswire.com/newsroom/prs/?pkgid=5960

Forward-Looking Statements

Certain statements contained herein concerning anticipated timing of the assumption of commercialization activities, continued sales of approved products, creation of commercial opportunities, regulatory approval of unapproved product candidates, the financial impact of

product sales and anticipated levels of cash utilization, 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, the timing of the assumption of commercialization activities may be other than as anticipated due to actions or inaction by third parties currently marketing the product, supplying the product or providing other services; continued sales of approved products and the ability to create commercial opportunities may be impacted by XOMA's ability to implement its marketing efforts, competition or unanticipated safety issues; regulatory approval of unapproved product candidates may be affected by the results of future clinical trials, actions or inaction by the FDA or unanticipated safety issues; the financial impact of product sales may be other than as anticipated due to lower than expected sales of product or higher than expected costs of sales; and anticipated levels of cash utilization may be other than as expected due to unavailability of additional licensing or collaboration opportunities, inability to obtain the services of contract manufacturing or service providers on anticipated terms, higher than expected costs for clinical trials, outsourced manufacturing or other services, the effects of the pace of development spending in light of the terms of XOMA's existing collaboration arrangements, or unanticipated changes in XOMA's research and development programs or other businesses.

These and other risks, including those related to the generally unstable nature of current economic and financial market conditions; 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 or licensing relationships; the ability of collaborators, licensees and other third parties to meet their obligations and their discretion in decision-making; XOMA's ability to meet the demands of the United States government agency with which it has entered into its government contracts; competition; market demand for products; scale-up, manufacturing 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; and uncertainties as to the costs of protecting intellectual property, 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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CONTACT: XOMA Corporation
Company and Investor Contact:
Carol DeGuzman

510-204-7270
deguzman@xoma.com

Juliane Snowden
The Oratorium Group, LLC
jsnowden@oratoriumgroup.com

Canale Communications
Media Contact:
Pam Lord
619-849-6003
pam@canalecomm.com

Source: XOMA Corporation