

March 7, 2007



XOMA Announces Automatic Conversion of All Remaining Outstanding Convertible Notes

BERKELEY, Calif., March 7, 2007 (PRIME NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) announced today that it has elected to automatically convert all of its remaining outstanding Convertible SNAPs(sm) due 2012 (approximately \$2.5 million) into common shares pursuant to the terms of the indenture governing the notes. In the automatic conversion, the Company will issue approximately 1.4 million common shares, including approximately 100 thousand shares to be issued in payment of a portion of the additional interest provided for in the indenture, and will pay holders of the notes a total of approximately \$300 thousand in cash in payment of the remaining portion of the additional interest. The automatic conversion will take effect on or about March 27, 2007. All other outstanding Convertible SNAPs(sm) due 2012 have been voluntarily converted by the holders prior to March 7, 2007. After giving effect to the automatic conversion, the Company expects to have approximately 131.5 million common shares outstanding.

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 HE(tm) and BCE technologies. More than 45 companies have signed BCE licenses. XOMA's development collaborators include Lexicon Pharmaceuticals, Inc., Novartis, Schering 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.

Certain statements contained herein related current plans for product development and existing and potential collaborative and licensing relationships, 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 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.

CONTACT: XOMA Ltd.
Paul Goodson, Sr. Director, Investor Relations
(510) 204-7270
goodson@xoma.com