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XOMA Receives Milestone Payment From Pfizer Under Antibody Technology License

BERKELEY, Calif., Jan. 22, 2009 (GLOBE NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) today announced that it has received a milestone payment of $500,000 for the initiation of a Phase 3 clinical trial from Pfizer Inc. (Pfizer), the world's largest research-based biomedical and pharmaceutical company, pursuant to the parties' previously-announced license agreement. The agreement grants Pfizer non-exclusive, worldwide rights to XOMA's patented bacterial cell expression (BCE) technology for phage display and other research, development and manufacture of antibody products. The milestone payment arises from the initiation by Pfizer of Phase 3 clinical trials for an antibody drug candidate, tanezumab, for the treatment of chronic pain due to osteoarthritis.

"This payment provides further validation of XOMA's antibody research capabilities and affirms XOMA's ability to capitalize on the value of its patented technologies," said Steven Engle, Chairman and Chief Executive Officer of XOMA. "We are pleased with Pfizer's progress in their global drug development efforts, and we look forward to the development of additional products using XOMA's BCE technology."

"BCE is an enabling technology for antibody phage display discovery and for the manufacture of bacterially expressed therapeutic antibody products. It is a proven technology for commercially significant therapeutic antibodies as demonstrated by the approval of LUCENTIS(r) for wet age-related macular degeneration and CIMZIA(r) for Crohn's Disease. With over 50 license agreements in place, BCE continues to be an important enabling technology in antibody discovery and production," said Mr. Engle.

Under the terms of the agreement signed in 2007, XOMA received an upfront, non-dilutive cash payment of $30 million. It is eligible for milestone, royalty and other fees on future sales of all products subject to this license, including products currently in late-stage clinical development.

XOMA has licensed its BCE technology to many major pharmaceutical and biotechnology companies, including Merck & Co., Inc., Centocor, Inc. and Alexion Pharmaceuticals, Inc. for use in the development and manufacture of marketed and investigational therapeutic antibody products. Under a license agreement with Genentech, Inc., XOMA currently receives royalties for their marketed therapeutic antibody product, LUCENTIS(r), which was approved by the Food and Drug Association (FDA) in June of 2006 and in the European Union, where it is distributed by Novartis AG, in January of 2007. LUCENTIS(r) (ranibzumab) is an antibody fragment to Vascular Endothelial Growth Factor (VEGF).

BCE technology is also employed for the production of CIMZIA(r) (certolizumab), UCB S.A.'s

anti-TNF (Tumor Necrosis Factor) alpha antibody fragment, which was approved by the FDA in April of 2008 for the treatment of moderate to severe Crohn's disease in adult patients who have not responded to conventional therapy and is currently under review for approval in rheumatoid arthritis by the FDA in the U.S. and by the European Medicines Agency in Europe.

Bacterial Cell Expression Technology

Bacterial cell expression technology (BCE) is an enabling technology used to discover and screen, as well as develop and manufacture, recombinant antibodies for commercial purposes. BCE is also a key technology used in multiple systems for high-throughput screening of antibody domains. Expression of antibodies by phage display technology, for example, depends on the expression and secretion of antibody domains from bacteria as properly folded, functional proteins.

XOMA scientists were the first to demonstrate the secretion of antibody domains directly from the bacterial cells as fully functional, properly folded molecules. XOMA has received ten U.S. patents to date relating to aspects of its BCE system, including six patents that broadly cover the secretion of immunoglobulins from bacteria, including antibody fragments such as Fab and single-chain antibodies. Corresponding foreign patents have also been granted. XOMA's intellectual property estate is applicable to the practice of antibody phage display and other antibody screening applications.

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 200 employees at its Berkeley location. For more information, please visit

http://www.xoma.com.

Forward Looking Statements

Certain statements contained herein concerning anticipated revenues and 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, anticipated revenues may be lower than expected if our licensees do not succeed in product development. 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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