

August 25, 2017



XOMA Announces Transformational License Agreements for Gevokizumab and its IL-1 Beta Intellectual Property Portfolio

- \$31 million in upfront payments including \$5 million equity investment
- 50 percent reduction in XOMA's outstanding debt through repayment of its €12 million obligation to Les Laboratoires Servier
- Significant potential milestone payments plus tiered royalties on sales of gevokizumab
- Maturity date on XOMA's debt to Novartis extended by two years

BERKELEY, Calif., Aug. 25, 2017 (GLOBE NEWSWIRE) -- XOMA Corporation (Nasdaq: XOMA), a pioneer in the discovery and development of therapeutic antibodies, today announced it has licensed the global commercial rights to gevokizumab, a novel anti-IL-1 beta allosteric monoclonal antibody, to Novartis. In a separate agreement, XOMA has granted Novartis a license to its intellectual property covering the use of IL-1 beta targeting antibodies in the treatment of cardiovascular disease.

Under these agreements, XOMA will receive \$31 million in upfront payments, including a \$5 million equity investment, and is eligible to receive significant pre- and post-commercialization milestone payments plus tiered high-single to mid-double-digit royalties on net sales of gevokizumab. XOMA is also eligible to receive low-single-digit royalties on canakinumab sales in cardiovascular indications rising to mid-single-digit royalties under certain circumstances. Novartis has agreed to settle XOMA's €12 million debt to Les Laboratoires Servier and extend the maturity date on XOMA's debt to Novartis from September 2020 to September 2022.

"Today, we achieved a significant milestone in the transformational change that we initiated in March of this year. The immediate impact of these licensing agreements for gevokizumab and our IL-1 beta intellectual property eliminates almost half of XOMA's outstanding debt, more than doubles our cash position, and generates potential recurring revenues through royalties. It also validates both the value of XOMA's scientific advances and our business strategy to build shareholder value by licensing our portfolio of assets and intellectual property to partners who will continue the asset's clinical development," stated Jim Neal, Chief Executive Officer of XOMA.

About gevokizumab

Gevokizumab is a potent monoclonal antibody with unique allosteric modulating properties. It has the potential to treat patients with a wide variety of inflammatory and other diseases. Gevokizumab binds strongly to interleukin-1 beta (IL-1 beta), a pro-inflammatory cytokine, and modulates the cellular signaling events that produce inflammation. IL-1 beta has been shown to be involved in a diverse array of disease states, including cardiometabolic

diseases and other auto-inflammatory diseases.

About XOMA Corporation

XOMA has an extensive portfolio of products, programs, and technologies that are the subject of licenses the Company has in place with other biotech and pharmaceutical companies. Many of these licenses are the result of the Company's pioneering efforts in the discovery and development of antibody therapeutics. There are more than 20 such programs that are fully funded by partners and could produce milestone payments and royalty payments in the future. For more information, visit www.xoma.com.

Forward-Looking Statements

Certain statements contained in this press release 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, including statements regarding: potential receipt of pre- and post-commercialization milestone payments plus royalties on net sales of gevokizumab, as well as royalties on potential future sales of canakinumab in cardiovascular indications; the timing of the closing of the equity investment and loan repayment to Servier; the potential of XOMA's portfolio of partnered programs and licensed technologies generating substantial milestone and royalty proceeds over time; and success of XOMA's strategy. These statements are based on assumptions that may not prove accurate, and 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. Potential risks to XOMA meeting these expectations, including the risk that XOMA may not receive any milestone, royalty or other payments from Novartis, and XOMA's dependence on Novartis to successfully develop and commercialize gevokizumab and canakinumab, and other risks 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. Any forward-looking statement in this press release represents XOMA's views only as of the date of this press release and should not be relied upon as representing its views as of any subsequent date. XOMA disclaims any obligation to update any forward-looking statement, except as required by applicable law.

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Source: XOMA Corporation