

September 30, 2009



## **XOMA Presents Results Demonstrating Novel Mechanism of Action for XOMA 052 in Regulating IL-1 Beta Levels**

VIENNA, Austria, Sept. 30, 2009 (GLOBE NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA), a leader in the discovery and development of therapeutic antibodies, announced new data demonstrating the unique regulatory mechanism of action of XOMA 052, a potent antibody drug candidate that inhibits the inflammatory cytokine interleukin-1 beta (IL-1 beta). XOMA 052 is currently under study for the treatment of patients with Type 2 diabetes, cardiovascular and other diseases. The new results were reported at the European Association for the Study of Diabetes medical conference in Vienna today.

"XOMA 052 is the first example of using an antibody to regulate, or fine-tune, a physiological pathway by altering a cytokine's affinity for its receptor, rather than by completely blocking signaling," noted Stephen Doberstein, Ph.D., Vice President of Research for XOMA. "Using XOMA's state-of-the-art antibody discovery and engineering technologies, we are able to create sophisticated antibodies to regulate the activities of a wide range of therapeutic targets. This is a major advance in the field of antibody discovery and development."

Unlike traditional antibodies that completely block all contact between target and receptor, XOMA 052 regulates IL-1 beta signaling, allowing the maintenance of beneficial low levels of signaling while reducing pathologically high levels that cause disease. XOMA 052 acts by reducing the affinity of IL-1 beta for its signaling receptor, while having no effect on the decoy receptors that clear excess IL-1 beta from the body. This regulatory mechanism of action for XOMA 052 may confer advantages for the drug in the treatment of IL-1 beta implicated diseases, such as Type 2 diabetes and cardiovascular disease, compared to antibodies that completely block the IL-1 beta pathway.

While excess IL-1 beta secretion is known to cause inflammation and disease, IL-1 beta also has beneficial effects. Low levels of IL-1 beta act as a stimulatory, growth and survival factor for the pancreatic beta cells that are responsible for insulin secretion. High levels of IL-1 beta secretion lead to insulin resistance and a loss of healthy beta cell function and mass, which contributes to the pathology of Type 2 diabetes. An optimal therapy would reduce high levels of IL-1 beta activity to lower, beneficial levels. In addition, IL-1 beta has an important role in infection resistance, and clinical results to date with XOMA 052 suggest that this role may be unaffected by XOMA 052 treatment.

A more detailed summary of the research presented at EASD has been submitted for publication in a peer-reviewed journal.

## About XOMA 052

XOMA 052 is a potent monoclonal antibody with the potential to improve the treatment of patients with a wide variety of inflammatory diseases. XOMA 052 binds strongly to IL-1 beta, a pro-inflammatory cytokine involved in the development of Type 2 diabetes, cardiovascular disease, rheumatoid arthritis, gout and other diseases. By binding to IL-1 beta, XOMA 052 inhibits the activation of the IL-1 receptor, thereby preventing the cellular signaling events that produce inflammation. XOMA 052 has a half-life of 22 days. Based on its binding properties, specificity to IL-1 beta and half-life, XOMA 052 may provide convenient dosing of once per month or less frequently. Phase 1 clinical trials with XOMA 052 are complete. XOMA 052 was well tolerated in these trials and demonstrated evidence of biological activities in diabetic and cardiovascular outcomes.

XOMA developed XOMA 052 using the company's proprietary antibody technologies, capabilities and expertise. XOMA owns worldwide rights to the antibody and related intellectual property. The company is actively pursuing a partnership for the development and commercialization of XOMA 052.

## About XOMA

XOMA discovers, develops and manufactures therapeutic antibodies designed to treat inflammatory, autoimmune, infectious and oncological 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 has multiple revenue streams resulting from the licensing of its antibody technologies, product royalties, development collaborations, and biodefense contracts. XOMA's technologies have contributed to the success of marketed antibody products, including LUCENTIS(R) (ranibizumab injection) for wet age-related macular degeneration and CIMZIA(R) (certolizumab pegol) for rheumatoid arthritis and Crohn's disease.

The company has a premier antibody discovery and development platform that incorporates unmatched capabilities in library construction, proprietary antibody humanization and affinity enhancement and Bacterial Cell Expression (BCE) technologies. 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 licenses to our BCE technology.

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 and a team of approximately 190 employees at its Berkeley, California location. For more information, please visit <http://www.xoma.com>.

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

## Forward-Looking Statements

Certain statements contained herein concerning 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 risks, including those related to inability to comply with NASDAQ's continued listing requirements, the declining and generally unstable nature of current economic 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 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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