January 17, 2007

# XOMA and Schering-Plough Add New Programs to Antibody Collaboration

BERKELEY, Calif., Jan. 17, 2007 (PRIME NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) announced that Schering-Plough Corporation (NYSE:SGP) exercised its right to initiate additional discovery and development programs under their collaboration for therapeutic antibody products. XOMA has received up-front payments for each of the additional collaboration programs and will also receive research funding for each project as well as success based milestones and royalties on the sale of any products that result from the collaboration.

"We have made significant progress on the first product program since its initiation with Schering-Plough in mid-2006," said Jack Castello, chairman of the board, president, and chief executive officer of XOMA. "We look forward to advancing the new programs in a similar high quality and expedited manner."

About the XOMA-Schering-Plough Collaboration

On May 23, 2006, XOMA announced the initiation of a collaboration with Schering-Plough Corporation through its research and development arm, Schering-Plough Research Institute, for therapeutic monoclonal antibody discovery and development. Under the agreement, XOMA is responsible for discovering therapeutic antibodies against multiple targets selected by Schering-Plough. Other XOMA activities are expected to include preclinical studies to support regulatory filings, cell line and process development, and production of antibodies for initial clinical trials. Schering-Plough will make up-front and milestone payments to XOMA, fund XOMA's R&D activities related to the agreement, and pay royalties to XOMA on sales of products resulting from the collaboration.

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 Serono, SA) to treat moderate-to-severe plaque psoriasis, and LUCENTIS(tm) (ranibizumab injection), a monoclonal antibody product marketed worldwide (by Genentech, Inc. 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 Human Engineering(tm) and bacterial cell expression (BCE)

technologies. More than 45 companies have signed BCE licenses. XOMA's development collaborators include Lexicon Genetics, Inc., Novartis, Schering-Plough 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 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. Such 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. In particular, XOMA will not receive the estimated total amounts of funds if it cannot successfully discover and develop antibodies in this collaboration. These and other risks, including those related to the results of discovery research and preclinical 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); uncertainties regarding the status of biotechnology patents; uncertainties as to the cost of protecting intellectual property; changes in the status of the existing collaborative and licensing relationships; the ability of collaborators, licensees and other third parties to meet their obligations; market demand for products; scale up and marketing capabilities; competition; international operations; share price volatility; XOMA's financing needs and opportunities and risks associated with XOMA's status as a Bermuda company, are described in more detail in XOMA's most recent annual report on Form 10-K and in other SEC filings. Consider such risks carefully in considering XOMA's prospects.

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