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XOMA Announces New U.S. Government Biodefense Subcontract for Development of Therapeutic Antibodies to Treat SARS

BERKELEY, Calif., July 30, 2009 (GLOBE NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) today announced that it has been awarded a new $1.7 million subcontract by SRI International to produce novel antibody drugs against the virus that causes severe acute respiratory syndrome (SARS), a highly contagious infectious disease that often progresses to pneumonia and may be fatal. SARS infections resulted in a near-pandemic between late 2002 and mid-2003, when more than 8,000 cases and nearly 800 deaths were reported worldwide.

The project is funded under a 2006 prime contract between SRI, a nonprofit scientific research institute based in Menlo Park, California and the National Institute of Allergy and Infectious Diseases (NIAID), part of the National Institutes of Health. XOMA's responsibilities will include the evaluation of several antibodies for growth, productivity, manufacturability and performance in bioreactors. XOMA may receive additional awards under this five year contract.

"XOMA was selected for this project because of their depth and breadth in monoclonal antibody manufacture. We are delighted to have them as a key part of our team," said Jon Mirsalis, Ph.D., Managing Director of SRI's Biosciences Division and Principal Investigator of the NIAID-funded program.

XOMA has extensive expertise in the discovery, development, engineering and evaluation of antibody drug candidates to a wide range of infectious diseases and other targets. The company also has significant antibody manufacturing experience and the capacity in its GMP-certified facility to produce large quantities of antibody-based drugs for stockpiling and therapeutic uses.

"We are pleased that the foundation we set for the development of antibodies against the SARS virus will now advance toward preclinical testing," said Wayne A. Marasco, M.D., Ph.D., Associate Professor of Medicine at Dana Farber Cancer Institute and Harvard Medical School. Dr. Marasco's group originally identified the SARS antibodies that are the subject of this award.

"We are pleased that XOMA has been selected for this important new project," said Steven B. Engle, XOMA's Chairman and Chief Executive Officer. "Currently, the federal government is funding another key project under which we will develop and evaluate antibody products to the botulinum neurotoxin, with the goal of entering into a long-term manufacturing and stockpiling contract."

Last fall, XOMA announced a $65 million multiyear contract to support XOMA's ongoing development of drug candidates towards clinical trials in the treatment of botulism poisoning, a potentially deadly muscle paralyzing disease. NIAID has awarded three contracts for a total of nearly $100 million to XOMA to develop anti-botulism antibodies. The first product candidate resulting from this work, XOMA 3AB, is currently undergoing pre-IND studies.

About XOMA

XOMA discovers, develops and manufactures antibody therapeutics 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. 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 (BCE) and manufacturing technologies.

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 LUCENTIS(r) (ranibizumab injection) for wet age-related macular degeneration and CIMZIA(r) (certolizumab pegol) for rheumatoid arthritis and Crohn's disease.

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 about 200 employees at its Berkeley 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 XOMA's ability to remain in compliance with or renegotiate the requirements of its loan agreements; 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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