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XOMA 052 Demonstrates Anti-Inflammatory Effect in Arthritis Animal Studies; Data Presented At FOCIS

SAN FRANCISCO, June 7, 2008 (PRIME NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) announced today at the Federation of Clinical Immunology Societies 2008 FOCIS Annual Meeting that a study of XOMA 052 in a mouse model of rheumatoid arthritis demonstrated that XOMA 052 significantly reduced the bone and cartilage destruction caused by collagen-induced arthritis and effectively prevented and treated disease as assessed by a standard measure of inflammation and swelling. A poster detailing the data titled "Efficacy of XOMA 052 Anti-IL-1 beta Antibody in the DBA/1 Mouse Collagen-Induced Arthritis Model" is being presented at the meeting today at 5:45 p.m. Eastern time.

"We are very encouraged by the results linking IL-1 beta so clearly to the cartilage and bone changes seen in an inflammatory arthritis model," said Alan Solinger, MD, XOMA's Vice President of Clinical Immunology. "These data indicate the central location of this key mediator, IL-1 beta, in a group of disorders with a major need for effective therapies."

Study Findings -- Arthritis

In a placebo-controlled study, XOMA 052 was administered in the collagen-induced arthritis mouse model on both a therapeutic and prophylactic basis. XOMA 052 administered therapeutically following disease onset lowered the mean disease score, demonstrating clinically relevant therapeutic intervention. Prophylactic dosing of XOMA 052 at the time of disease induction significantly lowered the mean arthritic score throughout the course of the disease.

The study of XOMA 052 in mice with collagen-induced arthritis showed:

* XOMA 052 neutralizes mouse and human IL-1 beta in vivo and in vitro;

* XOMA 052 protects against the onset of collagen-induced arthritis;

* XOMA 052 protects against the effects of collagen-induced arthritis after disease onset;

* XOMA 052 reduces bone and cartilage destruction pathology

In 2008, XOMA plans to initiate clinical studies of XOMA 052 in rheumatoid arthritis, acute gout, and systemic juvenile idiopathic arthritis (sJIA).

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 interleukin-1 beta (IL-1 beta), a pro-inflammatory cytokine that is involved in the development of diabetes, rheumatoid arthritis, gout, and other diseases. By binding IL-1 beta, the drug blocks the activation of the IL-1 receptor, thereby preventing the cellular signaling events that produce inflammation. XOMA 052 is a humanized IgG2 antibody with an expected half-life of 15 to 21 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 every two months.

XOMA 052 is currently being developed for acute, chronic and orphan indications, including its evaluation in two Phase 1 clinical studies in Type 2 diabetes. XOMA 052 could prove to be a disease-modifying therapy for diabetes by addressing inflammation as an underlying cause of the epidemic disease, whereas current therapies focus almost exclusively on improving the body's ability to produce and process insulin.

The two randomized, placebo-controlled, double-blind Phase 1 studies of XOMA 052 in Type 2 diabetes are designed to assess safety and pharmacokinetics, and include measures of systemic inflammation, Hemoglobin A1c and other diabetes readings. Each study, one in Europe and one in the U.S., will enroll up to 36 patients in six cohorts, and involves single-dose intravenous administration and dose-escalation by cohort. The U.S. study includes two additional parts that will investigate single-dose subcutaneous and multi-dose intravenous administration in up to 36 additional patients.

The central role of the IL-1 pathway in multiple diseases has been clinically validated by several inhibitors of the IL-1 pathway in development and by two FDA approved therapies based on IL-1 blockade. These disease indications include rheumatoid arthritis, systemic juvenile idiopathic arthritis, gout, Muckle-Wells syndrome and others.

About XOMA

XOMA is a leader in the discovery, development and manufacture of therapeutic antibodies. The Company's expanding pipeline includes XOMA 052, an anti-IL-1 beta antibody, and XOMA 629, a synthetic peptide compound derived from bactericidal/permeability-increasing protein.

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 technologies. Bacterial cell expression 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 product launch, and a team of 330 employees at its Berkeley location. For more information, please visit http://www.xoma.com.

Certain statements contained herein that relate to 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 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.

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