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XOMA 052 Demonstrates Anti-Inflammatory Effects in Diabetes Animal Studies; Data Presented At ADA

SAN FRANCISCO, June 7, 2008 (PRIME NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) announced today at the American Diabetes Association's 68th Scientific Sessions that a study of XOMA 052, a potent anti-inflammatory drug candidate, preserved insulin production, reduced fasting glucose and cholesterol levels and preserved beta-cell function in mice with a diet-induced obesity model of Type 2 diabetes.

"The animal data indicate that XOMA 052 may be the first disease-modifying anti-diabetic therapy with the potential to improve glycemic control and address the risk of cardiovascular events," noted Alan Solinger, MD, XOMA's Vice President of Clinical Immunology. "Whereas most current therapies for Type 2 diabetes increase insulin production or peripheral insulin sensitivity, this approach offers the potential to normalize beta-cell function and prevent future damage to the beta-cells that generate insulin -- a disease modifying effect."

A poster detailing the data, titled "XOMA 052, an Anti-IL-1 beta Antibody, Preserves Beta-Cell Function and Reduces Hyperglycemia in the Diet-Induced Obesity Model of Type 2 Diabetes," is being presented at the Scientific Sessions on June 9, 2008 at 12:00 p.m. Pacific time.

Study Findings

In the 14-week study, mice were fed either a normal diet or a high-fat, high-sucrose diet. Subsets were then treated with either twice weekly injections of XOMA 052 (1 mg/kg) or a negative control antibody.

After 14 weeks, the mice treated with XOMA 052 showed:

* Statistically significant preservation of insulin production during glucose tolerance testing;
* Statistically significant reduction in glucose levels;
* Statistically significant reduction in cholesterol levels

The animal study also included a positive control group that received IL-1Ra, or anakinra. IL-1Ra is a recombinant IL-1 receptor antagonist that blocks the receptor signals from both IL-1 alpha and IL-1 beta. Unlike IL-1Ra, XOMA 052 is designed to specifically block only IL-1 beta. Results showed that blocking IL-1 beta alone was sufficient to preserve beta cell function.

XOMA 052 and Type 2 Diabetes

In April 2007, a clinical study published in the New England Journal of Medicine demonstrated proof of concept of IL-1 blockade in Type 2 diabetes. In the study, administration of anakinra, an IL-1 receptor blocker or antagonist, to Type 2 diabetes patients resulted in statistically significant improvement in the control of blood glucose, improvement in beta-cell secretory function and reduction of systemic inflammation.

Earlier preclinical data have shown that IL-1 beta plays a role in glucose-induced beta-cell apoptosis and dysfunction and that IL-1Ra treatment prevents hyperglycemia by improving glucose tolerance and insulin secretion in a mouse model of Type 2 diabetes.

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 respond to 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.

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

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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