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XOMA Begins Phase 2a Clinical Trial to Evaluate XOMA 629 Topical Gel as a Treatment for the Common Skin Disease, Impetigo

BERKELEY, Calif., July 24, 2008 (PRIME NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA), a leader in the discovery and development of antibody therapeutics, today announced the start of its Phase 2a clinical trial to evaluate XOMA 629, a topical gel formulation of an antimicrobial drug candidate, as a treatment for impetigo. Impetigo is a superficial skin infection caused by bacteria, and is more common in children and young adults. It is estimated to affect one million people in the U.S. annually.

XOMA 629 has demonstrated rapid and potent antimicrobial activity in in vitro studies against several difficult to control bacterial strains that cause impetigo, including Streptococcus pyogenes, methicillin-sensitive Staphylococcus aureus (MSSA) and methicillin-resistant S. aureus (MRSA). Preclinical data indicate that XOMA 629 has low potential for antimicrobial resistance.

XOMA 629 is a proprietary patented synthetic peptide derived from bactericidal/permeability-increasing protein, a human "host-defense" protein that is one of the body's early lines of defense against invading microorganisms. It has a unique mechanism of action that is not driven by pore-forming lysis.

The Phase 2a study is designed to assess the safety and efficacy of one percent XOMA 629 topical gel compared to a control cream indicated for impetigo. The clinical trial will evaluate 45 patients with primary impetigo in a two to one ratio of drug to control. Patients will be treated three times per day for five days. The primary endpoint of clinical success will be analyzed one week after the last day of treatment. Preliminary efficacy will be evaluated for clinical and microbiologic response. XOMA expects to have preliminary data from the study in the fourth quarter of 2008.

Impetigo is a contagious bacterial skin infection that can be spread by sharing towels, toys, clothing, and other items. Bacterial resistance to existing antibiotic treatments for impetigo, most notably the resistance of S. aureus, can increase the occurrence of serious complications such as cellulitis, an inflammatory condition affecting tissues below the skin surface.

In addition to studying XOMA 629 for impetigo, XOMA plans to commence clinical trials in the second half of 2008 for topical eradication of S. aureus, including MSSA and MRSA.

MRSA is a growing healthcare threat and caused 94,000 serious infections and 19,000 deaths in 2005, most associated with healthcare settings (Journal of the American Medical Association 2007;298(15):1763-1771). Certain strains of MRSA are resistant to a significant number of antibiotics, and in preclinical in vitro studies XOMA 629 was active against several of these multi-drug resistant strains.

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 antimicrobial 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 approval, and a team of 330 employees at its Berkeley location. For more information, please visit http://www.xoma.com.

Certain statements contained herein concerning product development including the timing of preliminary data, the significance of preclinical data and the number of people affected by the disease in question 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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