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XOMA Signs Antibody Discovery Collaboration With Kaketsuken

BERKELEY, Calif., Nov. 3, 2009 (GLOBE NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA) and Kaketsuken have entered into a collaboration involving multiple proprietary XOMA antibody research and development technologies, including a new XOMA antibody phage display library, and a suite of integrated information and data management systems. Subject to certain technical verification required under the collaboration agreement, Kaketsuken has agreed to pay XOMA a fee of \$8 million and XOMA will be entitled to milestone payments and royalties on product sales. Founded in 1926 in Japan as the Chemo-Sero-Therapeutic Research Institute, Kaketsuken, a research foundation with current annual revenues of approximately US \$350 million, has blood plasma products, vaccines and therapeutics and is developing therapeutic solutions for infectious, and other diseases.

"Antibody technologies are increasingly important in the development of novel therapeutics for a wide range of diseases so it is essential to find the best technologies and partners to maximize the chances for success," said Dr. Hiroshi Mizokami, Executive Director of Kaketsuken. "With XOMA's successful record of antibody candidates and drug development relationships, we are confident that they can provide us with the technologies we need to accelerate our antibody development programs. We look forward to a mutually beneficial relationship."

The centerpiece of the collaboration is access to a highly diverse antibody phage display library constructed by XOMA. Phage display libraries enable rapid generation and screening of large numbers of candidate antibodies and antibody fragments to select for optimal binding and other characteristics. XOMA's new, proprietary antibody phage display library is one of a new category of libraries being developed by XOMA scientists to overcome existing limitations in library design by combining very high diversity and "best in class" techniques with XOMA's proprietary and patent-protected technologies to enable the selection of antibodies with very specific and high affinity binding and potency characteristics to an antigen of choice.

"We are pleased to collaborate with Kaketsuken, an innovator in immunology and developer of the DPT vaccine," said Steven B. Engle, XOMA's Chairman and Chief Executive Officer. "This is the third technology collaboration XOMA has initiated this year, which combined are expected to result in fee revenue totaling \$43 million and potential future milestone and royalty payments. We look forward to additional agreements that demonstrate the value of our extensive antibody expertise and increase the return on our research and development investment."

About XOMA

XOMA discovers, develops and manufactures therapeutic antibodies designed to treat inflammatory, autoimmune, infectious and oncological 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.

In addition to its new category of proprietary antibody phage display libraries, XOMA maintains what it believes to be the world's largest known collection of commercially available antibody phage display libraries. XOMA's access to these phage display libraries supplements its proprietary libraries to provide itself and its collaborators access to unparalleled diversity of antibody domains.

XOMA has multiple revenue streams resulting from the licensing of its antibody technologies, product royalties, development collaborations, and biodefense contracts. XOMA's technologies 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.

The company has a premier antibody discovery and development platform that incorporates leading capabilities in antibody phage display, library construction, proprietary antibody humanization and affinity enhancement and Bacterial Cell Expression (BCE) technologies. BCE 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 licenses to XOMA's BCE technology.

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 and a team of approximately 190 employees at its Berkeley, California 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 and capabilities of XOMA's technologies 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 inability to comply with NASDAQ's continued listing requirements; the declining and generally unstable nature of current economic conditions; the results of discovery research 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 and

licensing relationships; the ability of collaborators, licensees and other third parties 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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