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Journal Article in Endocrinology Highlights Preclinical XOMA 052 Data in Type 2 Diabetes

Company Will Present Two Posters at 2010 American Diabetes Association Scientific Sessions

BERKELEY, Calif., June 22, 2010 (GLOBE NEWSWIRE) -- XOMA Ltd. (Nasdaq:XOMA), a leader in the discovery and development of therapeutic antibodies, announced the publication of data from a mouse model of diet-induced obesity in the June, 2010 edition of the journal Endocrinology. The data showed that mice treated with XOMA 052 both prophylactically and therapeutically experienced improvement in measures associated with diabetes and cardiovascular disease including reduction in glycosylated hemoglobin (HbA1c) levels, improvement in glucose control, improved beta-cell survival and function, and a reduction in total cholesterol without reduction in high density lipoprotein. Each of these parameters is an important goal for the management of Type 2 diabetes, and well-controlled blood glucose levels and reductions in lipid levels can help minimize the risk of long-term consequences associated with diabetes. Much of the data were presented at the American Diabetes Association's 2009 Scientific Sessions.

"Rarely do results from animal models mirror what we see in humans. So far, what we've seen when we compare mouse data to the Phase 1 human data is very encouraging, and while there are limitations to this comparison, we are hopeful that the similarities will carry through to our Phase 2a and Phase 2b data," said Patrick J. Scannon, M.D., Ph.D., Executive Vice President and Chief Medical Officer of XOMA. "With results demonstrating reduction in total cholesterol without decreasing high density lipoprotein, also referred to as 'good cholesterol', the data also highlight the potential application of IL-1 beta inhibition in the treatment of cardiovascular diseases."

In the experiments detailed in the paper, groups of mice received a high fat diet. Without treatment, the mice exhibited signs of Type 2 diabetes such as elevated blood glucose and HbA1c levels, impaired glucose tolerance and impaired insulin secretion. Treatment with XOMA 052 prevented these abnormalities as compared to treatment with an inactive control antibody. Treatment with XOMA 052 also reduced beta-cell apoptosis and increased beta-cell proliferation in the mice fed the high fat diet, and mice treated with XOMA 052 demonstrated improvements in insulin resistance induced by the high fat diet compared to control. The data provide evidence that targeting IL-1 beta in vivo could improve insulin sensitivity.

In addition, the study examined lipid levels in mice fed the high fat diet and either treated

with XOMA 052 or the control. Without treatment, mice eating the high fat diet showed increases in the blood levels of lipids like total cholesterol, triglycerides and free fatty acids. The mice treated with XOMA 052 demonstrated reduced levels of lipids compared to the control.

XOMA also announced that two posters on XOMA 052 in the treatment of Type 2 diabetes will be presented at the American Diabetes Association 70th Scientific Sessions, occurring June 25 through June 29, 2010. A third abstract from XOMA was accepted on a published-only basis. The two posters will be presented on June 28 between 12 noon and 2:00 PM Eastern time. They are entitled:

- Combination Studies of the Anti-Interleukin-1beta Monoclonal Antibody XOMA 052 with Exendin-4 or Sitagliptin in a Diet-Induced Obesity Mouse Model of Type 2 Diabetes Mellitus
- Inhibition of Interleukin-1beta with the Monoclonal Antibody XOMA 052 Reveals the Differential Sensitivities of Glycemic and Pancreatic Function Parameters to Chronic Inflammation

The published-only abstract is entitled:

- The Role of Interleukin-1beta in Insulin Resistance

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 involved in diseases including Type 2 diabetes, cardiovascular disease, rheumatoid arthritis, gout and auto-inflammatory diseases. IL-1 is a well-validated therapeutic target, with three marketed IL-1 inhibitors that have been used by more than 200,000 patients overall. By binding to IL-1 beta, XOMA 052 inhibits the activation of the IL-1 receptor, thereby preventing the cellular signaling events that produce inflammation.

XOMA is conducting two Phase 2 clinical trials of XOMA 052 in patients with Type 2 diabetes and a Phase 2 trial in Type 1 diabetes. The Phase 2 trials follow a successful 98 patient Phase 1 program in Type 2 diabetes patients in which XOMA 052 was shown to be well-tolerated, demonstrated evidence of biological activity in diabetes measures and cardiovascular biomarkers, and had a half-life that may provide convenient dosing of once per month or less frequently. The company has also demonstrated the potential for XOMA 052 in in vivo models of atherosclerosis and cardiac remodeling and in an in vitro model using human myeloma, or plasma cell cancer, cells.

About XOMA

XOMA discovers, develops and manufactures novel antibody therapeutics for its own proprietary pipeline as well as through license and collaborative agreements with pharmaceutical and biotechnology companies, and under its contracts with the U.S. government. The company's proprietary product pipeline includes:

- XOMA 052, an anti-IL-1 beta antibody in Phase 2 clinical development for Type 2 diabetes, Type 1 diabetes and cardiovascular disease, with

potential for the treatment of a wide range of inflammatory conditions.
-- XOMA 3AB, an antibody candidate in pre-IND studies to neutralize the botulinum toxin, among the most deadly potential bioterror threats, under development through funding provided by the National Institute of Allergy and Infectious Diseases of the National Institutes of Health (Contract # HHSN266200600008C).
-- A preclinical pipeline with candidates in development for several diseases.

In addition to its proprietary pipeline, XOMA develops products with premier pharmaceutical companies including Novartis AG, Schering Corporation, a subsidiary of Merck & Co., Inc. and Takeda Pharmaceutical Company Limited.

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 an unmatched collection of antibody phage display libraries and proprietary Human Engineering(TM), affinity maturation, Bacterial Cell Expression (BCE) and manufacturing 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 BCE licenses, and several licensed product candidates are in clinical development.

XOMA has a fully integrated product development infrastructure, extending from pre-clinical science to approval, and a team of about 215 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

Safe Harbor Statement

Certain statements contained herein concerning clinical trial results and 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. Among other things, results of early-stage clinical trials may not be supported by later findings, and larger trials and/or other actions required for regulatory approval may not be economically feasible.

These and other risks, including those related to inability to comply with NASDAQ's continued listing requirements; the generally unstable nature of current economic conditions; 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); 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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